

BNZ KIWISAVER SCHEME

Moderate Fund



Fund Update

For quarter ending 30 June 2020

This Fund Update was first made publicly available on 28 July 2020.

What is the purpose of this update?

This document tells you how the Moderate Fund (Fund) has performed and what fees were charged. The document will help you to compare the Fund with other funds. BNZ Investment Services Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

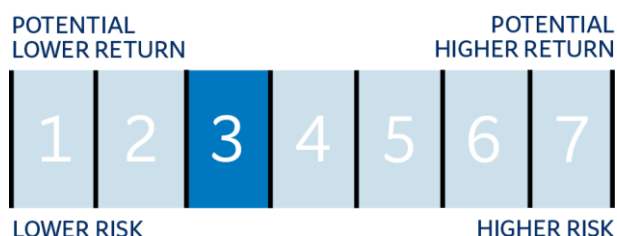
Description of this Fund

The Moderate Fund invests mostly in income assets which have lower levels of risks and returns. It also has a sizeable allocation to growth assets which have higher risks and returns. It aims to achieve moderate returns over the medium term.

| | |
|---------------------------------|------------------|
| Total value of the Fund | \$564,595,985.60 |
| Number of investors in the Fund | 32,506 |
| Date the Fund started | 11 February 2013 |

What are the risks of investing?

Risk indicator for the Moderate Fund



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at bnz.co.nz/whatfund. Note that

even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 30 June 2015 to 30 June 2020. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future Fund Updates.

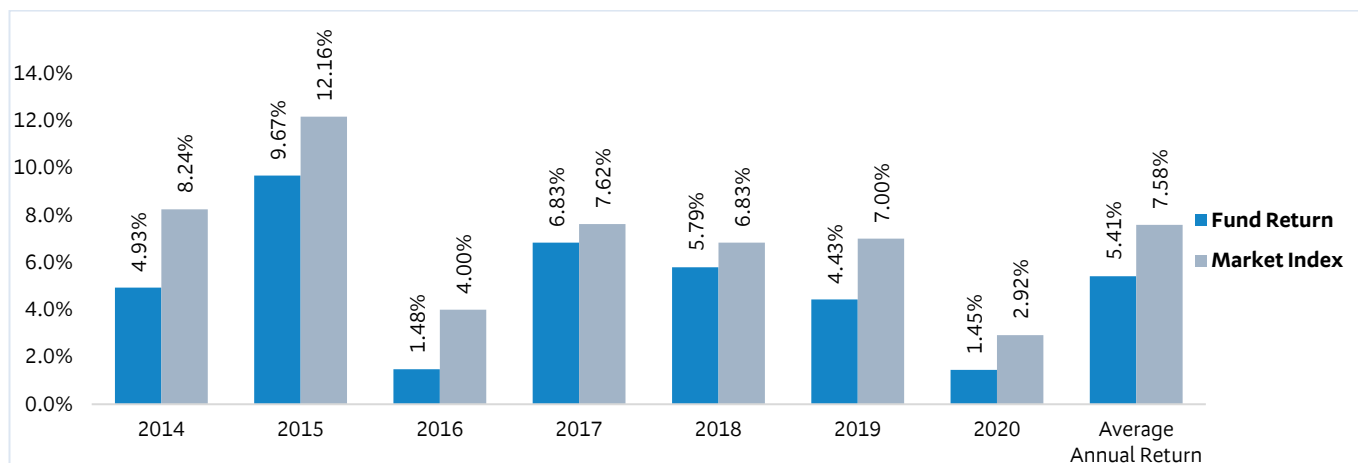
See the BNZ KiwiSaver Scheme Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

How has the Fund performed?

| | Average over past 5 years | Past year |
|---|---------------------------|-----------|
| Annual return (after deductions for charges and tax) | 5.17% | 4.56% |
| Annual return (after deductions for charges but before tax) | 6.29% | 5.60% |
| Market index annual return (reflects no deductions for charges and tax) | 6.99% | 5.90% |

The market index (benchmark) return is based on a composite index made up of related market indices that represent the target investment mix (including currency hedging where relevant). Additional information can be located in the 'Statement of Investment Policy and Objectives' document available on the Scheme's Disclose Register entry at companiesoffice.govt.nz/disclose

Annual return graph



The graph shows the return after Fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the average annual return since the Fund started, up to 30 June 2020.

Important: This does not tell you how the Fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

Market index returns do not include Fund charges or deductions for tax.

What fees are investors charged?

Investors in the Moderate Fund are charged Fund charges. In the year to 31 March 2020 these were (excluding GST):

| | % of net asset value |
|--|-----------------------------------|
| Total fund charges* | 0.62% |
| <i>Which are made up of:</i> | |
| Total management and administration charges | 0.62% |
| <i>Including:</i> | |
| Manager’s basic fee | 0.62% |
| Other management and administration charges | 0.00% |
| Total performance-based fees | 0.00% |
| | |
| Other charges | Dollar amount per investor |
| Member fees ¹ | \$1.95 |

No GST is currently payable on BNZ KiwiSaver Scheme charges above.

* The total fund charges for the Fund were reduced to 0.58%pa on 13 May 2019.

See the BNZ KiwiSaver Scheme PDS for more information about these fees. This can be accessed from the Disclose Register at companiesoffice.govt.nz/disclose

Small differences in fees and charges can have a big impact on your investment over the long term.

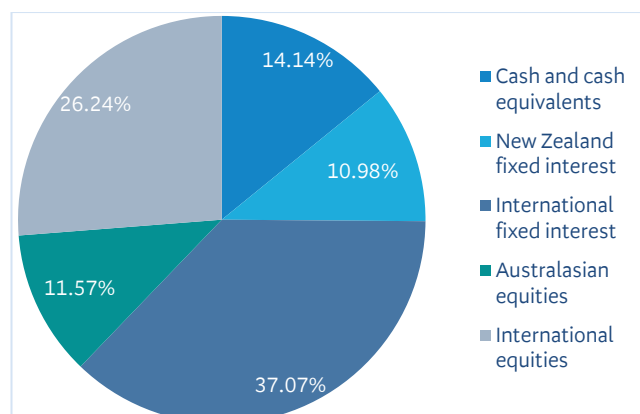
Example of how this applies to an investor

John had \$10,000 in the Fund at the start of the year and did not make any further contributions. At the end of the year, John received a return after Fund charges were deducted of \$456.00 (that is 4.56% of his initial \$10,000). John also paid \$0.00 in other charges. This gives John a total return of \$456.00 for the year.

What does the Fund invest in?

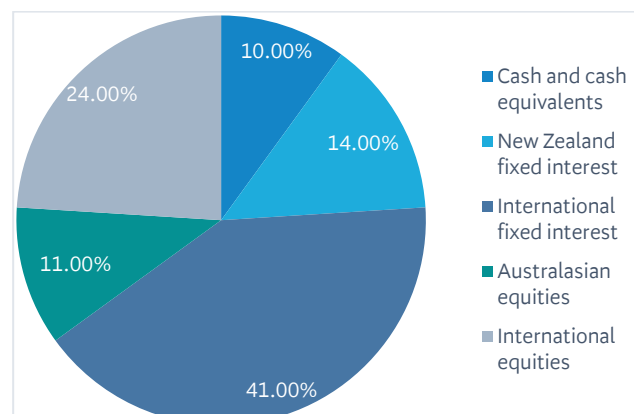
This shows the types of assets the Fund invests in.

Actual investment mix²



This shows the mix of assets the Fund generally intends to invest in.

Target investment mix



Currency hedging

Currency hedging may be used to mitigate the impact of currency movements on investments in foreign securities. As at the date of this Fund Update, the Manager applies the following currency hedging ratios:

- 100% of the fund's international fixed interest exposure
- 40% of fund's international equities exposure
- 100% of the fund's Australian equities exposure

The Statement of Investment Policy and Objectives (SIPO) sets out the policy for our currency hedging strategy in Section 5 and is available on the Scheme's Disclose Register entry at companiesoffice.govt.nz/disclose

Top 10 investments³

| | Name | % of fund net assets | Type | Country | Credit rating (if applicable) |
|----|--------------------------------------|----------------------|----------------------------|---------------|-------------------------------|
| 1 | Fisher & Paykel Healthcare Ltd | 1.94% | Australasian equities | New Zealand | |
| 2 | A2 Milk Company Ltd | 1.67% | Australasian equities | New Zealand | |
| 3 | Spark New Zealand Ltd | 1.02% | Australasian equities | New Zealand | |
| 4 | BNP Paribas Bank Account NZD | 0.95% | Cash and cash equivalents | New Zealand | A+ |
| 5 | Bank of New Zealand Bank Account NZD | 0.89% | Cash and cash equivalents | New Zealand | AA- |
| 6 | Microsoft Corporation | 0.86% | International equities | United States | |
| 7 | Apple Inc | 0.85% | International equities | United States | |
| 8 | NZ Government Bond 1.5% 15/05/2031 | 0.81% | New Zealand fixed interest | New Zealand | AA+ |
| 9 | Meridian Energy Limited | 0.68% | Australasian equities | New Zealand | |
| 10 | Amazon.Com Inc | 0.66% | International equities | United States | |

The top 10 investments make up 10.33% of the net asset value of the Fund.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the Fund.

| Name | Current position | Time in current position | Previous or other position | Time in previous position |
|-----------------|---|--------------------------|---|---------------------------|
| Richard Morath | Director, BNZ Investment Services Limited | 7 years, 0 months | Non-Executive Director, BNZ Life Insurance Limited (current position) | 16 years, 7 months |
| Richard Ansell | Director, BNZ Investment Services Limited | 1 year, 4 months | Chair, BNZ Investment Review Committee | 10 months |
| Hayley Cassidy | Director, BNZ Investment Services Limited | 1 year, 2 months | Chief General Counsel, BNZ (current position) | 1 year, 3 months |
| Christine Yates | Director, BNZ Investment Services Limited | 0 years, 8 months | Chief Customer Officer, Private Wealth and Insurances, BNZ (current position) | 1 year, 4 months |
| Paul Richardson | Director, BNZ Investment Services Limited | 0 years, 7 months | Chief Investment Officer/Executive Director, Mint Asset Management Limited | 4 years, 8 months |

Further information

You can also obtain this information, the PDS for the BNZ KiwiSaver Scheme, and some additional information from the offer register at companiesoffice.govt.nz/disclose.

Contact details

If you have any questions about this Fund, call us on 0800 269 5494 or visit our website at bnz.co.nz/kiwisaver.

Notes

1. Member fees in the BNZ KiwiSaver Scheme were \$1.95 per member per month and were charged proportionately across funds where a member invests in more than one BNZ KiwiSaver Scheme fund. The member fee was removed effective 1 May 2019.
2. The calculation of cash and cash equivalents within the actual investment mix allocation may include investor flows not yet unitised, liquidity cash and fund accruals but excludes cash and cash equivalents held by our investment managers for operational and hedging purposes which are categorised within the asset class to which they apply.
3. Investor flows not yet unitised, unsettled trades, currency hedging gains (or losses) and any operating accruals are excluded from the Top 10 investments.