

Quarterly Disclosure Statement for the 12 months ended 30 June 2016 Generate KiwiSaver Scheme Conservative Fund

What is the purpose of this statement?

This statement provides key information about the Generate KiwiSaver Scheme Conservative Fund. It tells you how the fund has performed and what fees it charged, and will help you to compare it with other funds. We prepared this statement in accordance with the KiwiSaver (Periodic Disclosure) Regulations 2013. This information is not audited and may be updated.

Description of the fund

The objective of the Conservative Fund is to provide a conservative investment return for members over the medium to long term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets.

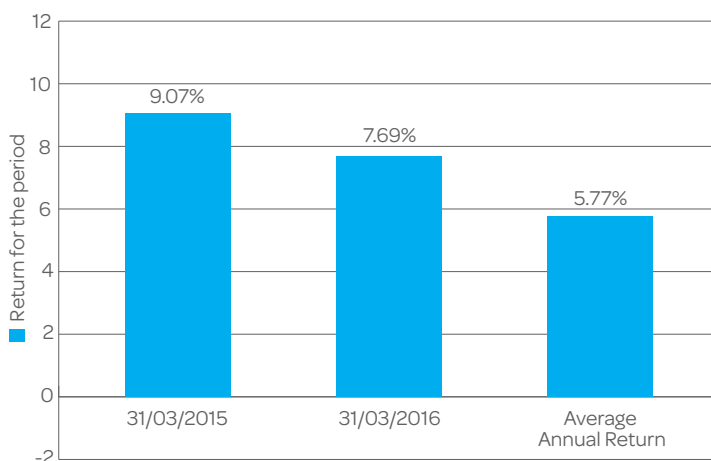
| | |
|-------------------------------|-----------------|
| Total value of the fund | \$42,395,251.72 |
| Number of members in the fund | 5,182 |
| Date the fund started | 16 April 2013 |

How has the fund performed?

| | |
|---|-----------|
| | Past year |
| Return (after deductions for fund fees and tax ¹) | 7.69% |

How has the fund performed in the past?

This shows the return after fund fees and tax for each tax year since the fund started and the average annual return since the fund started. It's important to note that this doesn't tell you how the fund will perform in the future.



What fees were members charged?

The returns above are after deductions for fund fees.²

These fees were last totalled up for the year to 31 March 2016 and were:

| | |
|------------------------|-------------------------------|
| Total fund fees | 1.22% of members' investments |
| Annual management fee | 0.96% |
| Performance-based fees | 0.00% |
| Other fees and costs | 0.26% |

Members were also charged membership fees³ of \$36 over the year to 31 March 2016.

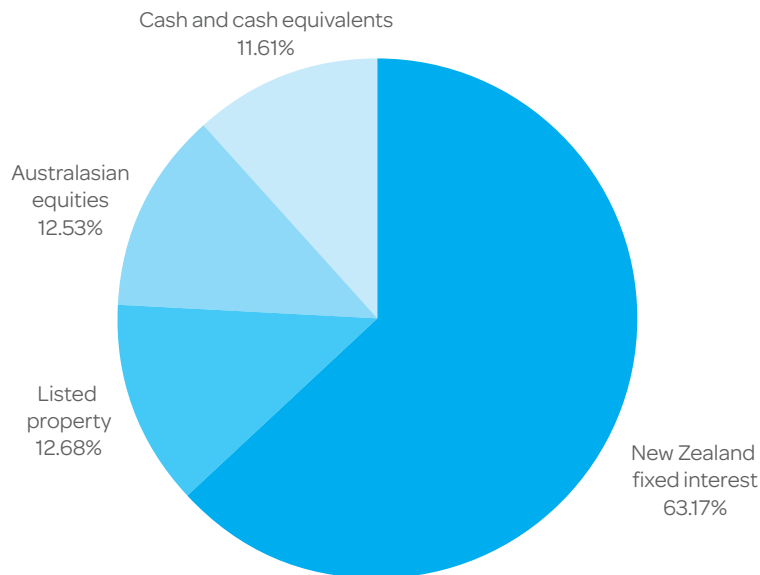
Example of how this applies to a member

Sarah had \$10,000 in the fund at the start of year and didn't make any further contributions. At the end of the year, Sarah received a return after fund fees and tax were deducted of \$769 (that's 7.69% of her initial \$10,000). Sarah also paid \$36 in membership fees. This gives Sarah a total return of \$733 for the year.

What does the fund invest in?

Actual investment mix

This shows the types of assets that the fund invests in. In the graph below 'Cash and cash equivalents' includes the value of foreign exchange hedging derivatives related to the fund's off-shore investments.



Target investment mix

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

| | |
|------------------------------|--------|
| Cash and cash equivalents | 5% |
| New Zealand fixed interest | 62.5% |
| International fixed interest | 0% |
| Australasian equities | 16.25% |
| International equities | 0% |
| Listed property | 16.25% |
| Unlisted property | 0% |
| Other | 0% |

Top 10 investments

| Name | Percentage of fund net assets | Type | Country | Credit rating (if applicable) |
|--|-------------------------------|----------------------------|-------------|-------------------------------|
| ANZ on Call Bank Account | 6.54% | Cash and cash equivalents | New Zealand | |
| Other Cash Accounts* | 4.98% | Cash and cash equivalents | Multiple | |
| Infratil | 4.71% | Australasian equities | New Zealand | |
| ASB Bank May 2021 Bonds | 2.86% | New Zealand fixed interest | New Zealand | AA- |
| Ryman Healthcare | 2.75% | Listed property | New Zealand | |
| Spark Finance Oct 2019 Bonds | 2.66% | New Zealand fixed interest | New Zealand | A- |
| ASB Jun 2021 Term Deposit | 2.60% | New Zealand fixed interest | New Zealand | |
| Contact Energy | 2.59% | Australasian equities | New Zealand | |
| GMT Bond Issuer Sep 2017 Bonds | 2.48% | New Zealand fixed interest | New Zealand | BBB+ |
| ANZ National Bank Apr 2018 Perpetual Bonds | 2.43% | New Zealand fixed interest | New Zealand | BBB |

The top 10 investments make up 34.60% of the fund.

*Includes cash held in foreign currencies

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 or other position |
|-------------------|--|--------------------------|---|------------------------------------|
| Sam Goldwater | Portfolio Manager/Investment Committee Member/Executive Director | Since April 2013 | Led the investment management of a sizeable portfolio of family assets (previous) | 7 years |
| Henry Tongue | Chief Executive Officer/Investment Committee Member/Director | Since April 2013 | Senior Portfolio Manager - Huljich Wealth Management (previous) | 4 years |
| Warren Couillault | Chairman of the Investment Committee/Director | Since April 2013 | CEO of Richmond Investment Management (current) | 5 years |
| Peter Brook | Investment Committee Member/Director | Since April 2013 | Board Member of Trust Investments Management (current) | 11 years |
| Jonty Edgar | Investment Committee Member | Since April 2013 | Executive Director - Forsyth Barr Asia (current) | 1 Year |

Further information

Information about conflicts of interest

There have not been changes to the nature, or increases in the scale of the fund's related party transactions compared with the last quarter. See the Generate KiwiSaver Scheme annual financial statements for more information about the Scheme's related party transactions.

Changes to trade allocation, execution and proxy voting policies

As the Fund does not have any trade allocation, execution or proxy voting policies this section is not applicable.

Changes to valuation methods

There have not been changes to the fund's valuation methods in the past three months.

Electronic disclosure of this information

Most of the information contained in this statement, including some additional information, is available in spreadsheet at:
<http://www.generatekiwisaver.co.nz/disclosure-statement>

See the Generate KiwiSaver Scheme's Investment Statement for more information which is available at:
<http://www.generatekiwisaver.co.nz/forms-and-downloads>

Notes

- Returns in this statement are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax rate may be lower.
- Fund fees are charged as a percentage of a member's interest in the fund (i.e. as a percentage of their KiwiSaver account balance).
- Membership fees are the fixed dollar charges for membership in the KiwiSaver scheme.

**Generate KiwiSaver Scheme
Conservative Fund**

Quarterly Disclosure Statement

Under the KiwiSaver (Periodic Disclosure) Regulations 2013

Manager's Certificate

Quarter End Date: 30 June 2016

The **attached** disclosure statement has been prepared for the purposes of the KiwiSaver (Periodic Disclosure) Regulations 2013 (the Regulations).

To the best of Generate Investment Management Limited's knowledge, after making reasonable inquiry, all information required by the Regulations has been disclosed in accordance with the Regulations and the information presented is accurate.

The disclosure statement does not contain any matter that is likely to deceive or mislead with regard to any particular that would be material to an offer of an interest in the Generate KiwiSaver Scheme.

Generate Investment Management Limited



Sam Goldwater
Executive Director

Date: 20 July 2016