

Quarterly Disclosure Statement for the 12 months ended 30 June 2014

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.

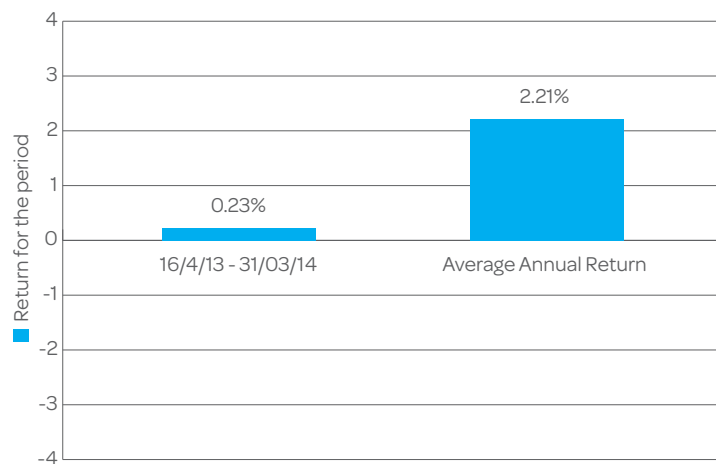
Total value of the fund	\$2,926,017.87
Number of members in the fund	815
Date the fund started	16 April 2013

How has the fund performed?

	Past year
Return (after deductions for fund fees and tax ¹)	5.62%

How has the fund performed in the past?

The fund has not been in existence for a full tax year. Therefore the graph shows the return for the period 16 April 2013 to 31 March 2014² and the average annual return since the fund started. It is 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.³

These fees were last totaled up for the year to 31 March 2014 and were:

Total fund fees	1.27% of members' investments
Annual management fee	1.00%
Performance-based fees	0.00%
Other fees and costs	0.27%

Members were also charged membership fees⁴ of \$36 over the year to 31 March 2014.

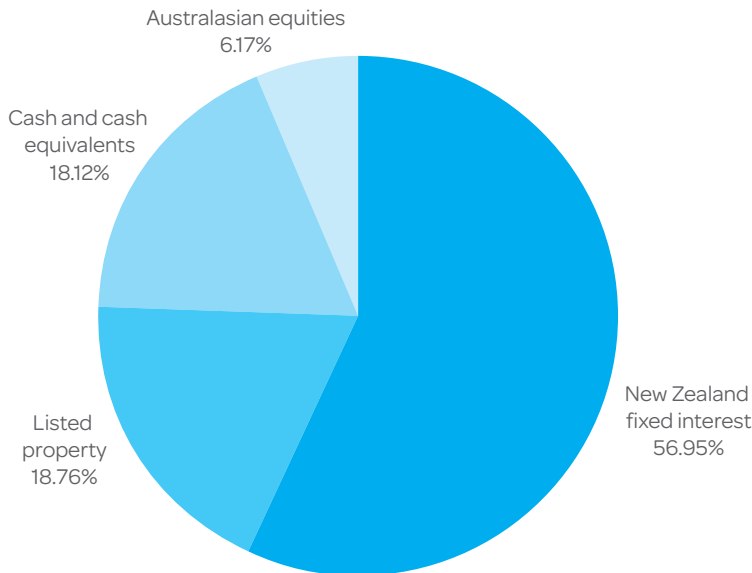
Example of how this applies to a member

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 \$562 (that's 5.62% of her initial \$10,000). Sarah also paid \$36 in membership fees. This gives Sarah a total return of \$526 for the year.

What does the fund invest in?

Actual investment mix

This shows the types of assets that the fund invests in.



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	65%
International fixed interest	0%
Australasian equities	15%
International equities	0%
Listed property	15%
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	12.67%	Cash and cash equivalents	New Zealand	
GMT Bond Issuer 7.75% 19 Jun 2015 Bonds	7.10%	New Zealand fixed interest	New Zealand	BBB+
TrustPower 15 Dec 2014 7.6% Bonds	6.79%	New Zealand fixed interest	New Zealand	Unrated
Westpac Term Deposits	5.20%	Cash and cash equivalents	New Zealand	
The Warehouse 7.37% 15 Jun 2015 Bonds	4.80%	New Zealand fixed interest	New Zealand	Unrated
Meridian Energy 7.15% 16 March 2015	4.79%	New Zealand fixed interest	New Zealand	BBB+
Vector 7.8% 15 Oct 2014 Bonds	4.66%	New Zealand fixed interest	New Zealand	BBB
BNZ 28 Mar 2018 FRN's	4.52%	New Zealand fixed interest	New Zealand	AA-/Aa3
Fonterra Co-op 7.75% 10 March 2015	3.94%	New Zealand fixed interest	New Zealand	A+
TCNZ Finance 7.04% 22 March 2016	3.79%	New Zealand fixed interest	New Zealand	A-

The top 10 investments make up 58.27% 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 or other position
Sam Goldwater	Portfolio Manager/Investment Committee Member/Executive Director	15 months	Led the investment management of a sizeable portfolio of family assets (previous)	7 years
Henry Tongue	Chief Executive Officer/Investment Committee Member	15 months	Senior Portfolio Manager - Huijich Wealth Management (previous)	4 years
Warren Couillault	Chairman of the Investment Committee/Director	15 months	CEO of Richmond Investment Management (current)	3 years
Peter Brook	Investment Committee Member/Director	15 months	Board Member of Trust Investments Management (current)	9 years
Jonty Edgar	Investment Committee Member	15 months	Managing Director Religare Capital Markets (current)	6 years

Further information

Information about conflicts of interest

There have been changes to the nature, or increases in the scale of the fund's related party transactions compared with the last quarter. During the quarter, the fund has increased its investment in Argosy Property Ltd. Peter Brook is a director of Generate Investment Management Limited and Argosy Property Limited. These transactions were on arm's-length terms. See the Generate KiwiSaver Scheme annual financial statements for more information about the Scheme's related party transactions.⁵

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/media/5429/kss10074-001-qdsjun2014-generate-conservative-fund.csv>

See the Generate KiwiSaver Scheme's Investment Statement for more information which is available at:
<http://www.generatekiwisaver.co.nz/media/5322/generate-investment-statement-02-14-new-version-.pdf>

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.
- The date the fund started was 16 April 2013. This means that the return shown is for the period 16 April 2013 to 31 March 2014. It does not represent a full year return.
- 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.
- The first annual financial statements for the Generate KiwiSaver Scheme will be issued for the period ended 31 March 2014. These are expected to be publicly available in August/September 2014.

**Generate KiwiSaver Scheme
Conservative Fund**

Quarterly Disclosure Statement

Under the KiwiSaver (Periodic Disclosure) Regulations 2013

Manager's Certificate

Quarter End Date: 30 June 2014

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: 18 July 2014