

Annual Disclosure Statement for 1 April 2013 – 31 March 2014 Kiwi Wealth KiwiSaver Scheme Conservative Fund

What is the purpose of this statement?

This statement provides key information about the Kiwi Wealth KiwiSaver Scheme (called the Gareth Morgan KiwiSaver Scheme before 1 April 2014) 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 Conservative Fund has up to 20% in shares with the balance invested in cash and fixed interest assets. The objective is to exceed the returns you would receive from investing 85% of your money in New Zealand fixed interest assets and 15% in global shares.

The Conservative Fund is referred to as the "Conservative investment portfolio" in the Kiwi Wealth KiwiSaver Scheme investment statement and prospectus.

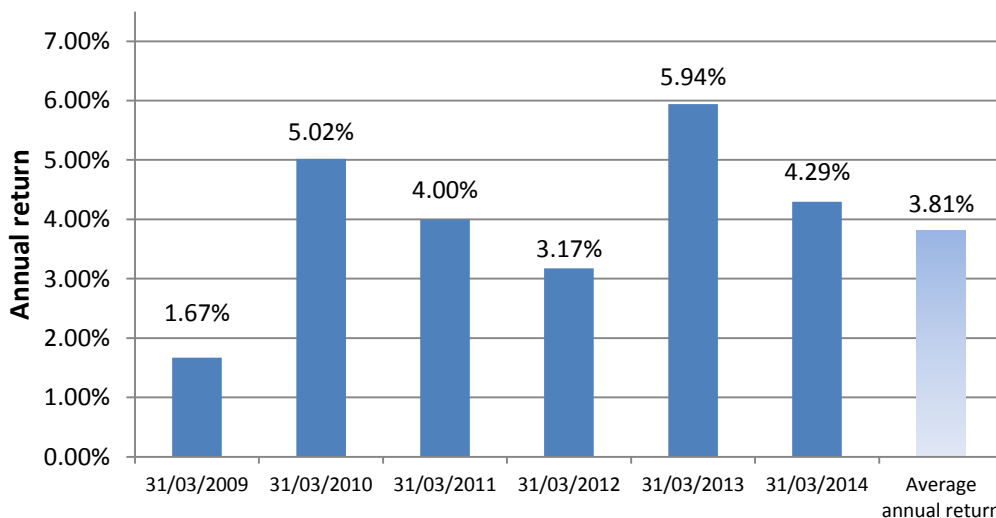
| | |
|-------------------------------|---------------|
| Total value of the fund | \$176,541,107 |
| Number of members in the fund | 19,202 |
| Date the fund started | 1/10/2007 |

How has the fund performed?

| | Past five years | Past year |
|---|-----------------|-----------|
| Annual return <i>(after deductions for fund fees and tax¹)</i> | 4.48% | 4.29% |

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. Over the past year these were:

| Total fund fees | 1.10 % of members' investments |
|-----------------------------------|--------------------------------|
| <i>Which are made up of:</i> | |
| Annual management fee | 1.06% |
| Performance-based fees | 0.00% |
| Other fees and costs ³ | 0.04% |

Members were also charged **membership fees**⁴ of **\$0** over the year.

The annual management fee is referred to as the "annual member fee" in the Kiwi Wealth KiwiSaver Scheme investment statement and prospectus. The annual member fee each member pays is subject to a minimum fee of \$50 per annum. Therefore, the actual member fee charged as a percentage of the member account balance for some members may be higher than that stated in the Kiwi Wealth KiwiSaver Scheme investment statement and prospectus.

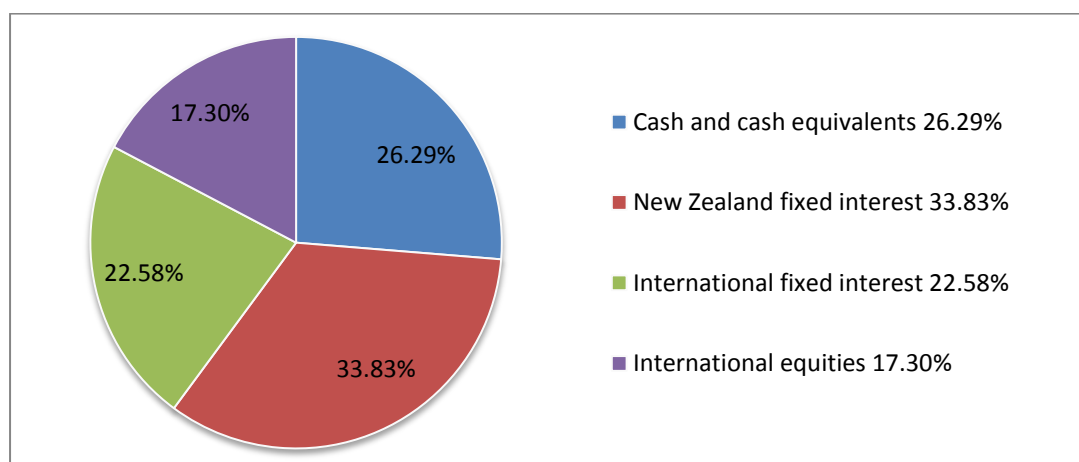
Example of how this applies to a member

Henry had \$10,000 in the fund at the start of the year and didn't make any further contributions. At the end of the year, Henry received a return after fund fees and tax were deducted of \$429 (that's 4.29% of his initial \$10,000). Henry also paid \$0.00 in membership fees. This gives Henry a total return of \$429 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 | 42.50% |
| New Zealand fixed interest | 42.50% |
| International fixed interest | 0.00% |
| Australasian equities | 0.00% |
| International equities | 15.00% |
| Listed property | 0.00% |
| Unlisted property | 0.00% |
| Other | 0.00% |

Top 10 investments

| | Name | Percentage of fund net assets | Type | Country | Credit rating (if applicable) |
|----|---|-------------------------------|------------------------------|---------------|-------------------------------|
| 1 | Westpac NZD Account | 7.43% | Cash and cash equivalents | New Zealand | |
| 2 | PIMCO Global Bond Fund | 3.55% | Fund | Ireland | |
| 3 | Transpower Bond due 30/11/2018 | 3.38% | New Zealand fixed interest | New Zealand | AA- |
| 4 | Blackrock Wholesale Indexed International Equity Fund | 2.65% | Fund | Australia | |
| 5 | KBN Norway due 28/3/2019 | 2.40% | International fixed interest | Norway | AAA |
| 6 | New Zealand Post Unsubordinated note due 15/11/2016 | 2.29% | New Zealand fixed interest | New Zealand | A+ |
| 7 | Morgan Stanley Unsubordinated Note due 8/08/2017 | 1.93% | International fixed interest | United States | A- |
| 8 | Rentenbank due 12/3/2019 | 1.91% | International fixed interest | Germany | AAA |
| 9 | Genesis Energy Limited Bond due 15/9/2016 | 1.82% | New Zealand fixed interest | New Zealand | BBB+ |
| 10 | HSBC Unsubordinated FRN 23/5/2016 | 1.82% | Cash and cash equivalents | New Zealand | AA- |

The top 10 investments make up 29.18% of the fund. See www.kiwiwealth.co.nz for a full list.

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 |
|---------------|---|--------------------------|---|------------------------------------|
| Simon O'Grady | Chief Investment Officer - Gareth Morgan Investments Limited Partnership | 1 year, 5 months | Head of Investment Strategy - Suncorp Investment Management | 5 years |
| Susan Easton | Head of Investment Strategy - Gareth Morgan Investments Limited Partnership | 4 years, 3 months | Investment Strategist - Gareth Morgan Investments Limited Partnership | 3 years, 6 months |
| Diana Gordon | Portfolio Manager, Fixed Interest - Gareth Morgan Investments Limited Partnership | 1 year, 7 months | Senior High Yield Portfolio Manager, - Goldman Sachs Asset Management, New York | 10 years, 10 months |
| Greg Hayton | Fixed Interest Analyst - Gareth Morgan Investments Limited Partnership | 4 years, 5 months | Portfolio Administrator - Gareth Morgan Investments Limited Partnership | 1 year, 6 months |
| John Carran | Senior Economist - Gareth Morgan Investments Limited Partnership | 2 years, 7 months | Senior Economist - Infometrics Ltd | 2 years, 9 months |

Further information

Electronic disclosure of this information

Most of the information contained in this statement, including some additional information, is available in a spreadsheet at www.kiwiwealth.co.nz.

Notes

¹ 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.

² Fund fees are fees charged as a percentage of a member's interest in the fund (i.e. as a percentage of their KiwiSaver account balance).

³ An estimate has been used to calculate the underlying fund fees which are included in 'Other fees and costs'. Underlying fund fees have been estimated using end of month holdings and the total expense ratio (TER) stated in the underlying funds' disclosure documents.

⁴ Membership fees are the fixed dollar charges for membership in the KiwiSaver scheme.

Manager's certificate

This disclosure statement has been prepared by Kiwi Wealth Limited (formerly called Gareth Morgan KiwiSaver Limited), the manager of the Kiwi Wealth KiwiSaver Scheme, for the purposes of the KiwiSaver (Periodic Disclosure) Regulations 2013; and

- to the best of our 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; and
- 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 Kiwi Wealth KiwiSaver Scheme.

On behalf of the manager, Kiwi Wealth Limited



Tracey Berry
Acting Chief Executive
25 June 2014

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The investment statement for the Kiwi Wealth KiwiSaver Scheme is available on our website at www.kiwiwealth.co.nz or by calling 0800 427 384