

**Quarterly Disclosure Statement for 1 July 2014 – 31 December 2014
Kiwi Wealth KiwiSaver Scheme
Default 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) Default 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 Default Fund holds 15% - 25% in shares at all times, with the remainder (75% - 85%) invested in a combination of cash and fixed interest assets. The objective is to deliver a benchmark return similar to being invested in a portfolio of 50% in New Zealand cash, 30% in New Zealand fixed interest and 20% in shares, through a combination of active and passive management.

The Default fund is referred to as the “Default investment portfolio” in the Kiwi Wealth KiwiSaver Scheme investment statement and prospectus.

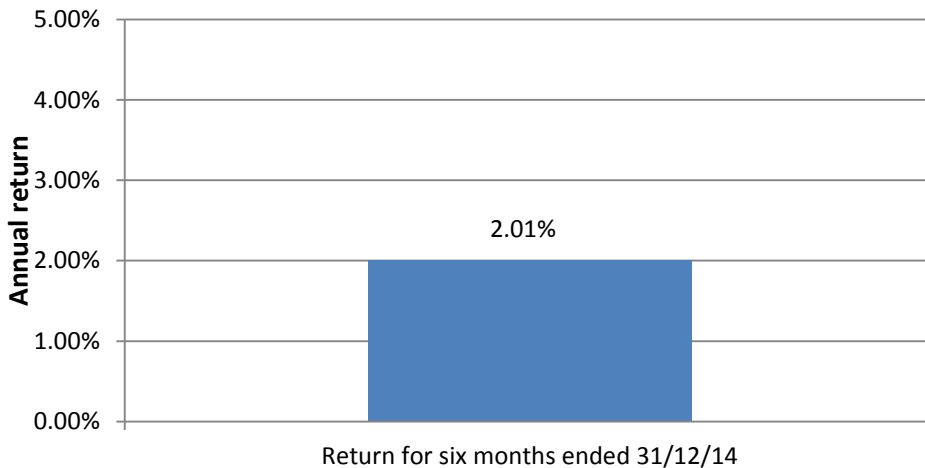
| | |
|-------------------------------|--------------|
| Total value of the fund | \$11,614,967 |
| Number of members in the fund | 4,053 |
| Date the fund started | 1/7/2014 |

How has the fund performed?

| | Past period (1 July 2014 to 31 December 2014) ¹ |
|---|--|
| Annual return <i>(after deductions for fund fees and tax²)</i> | 2.01% |

How has the fund performed in the past?

The fund has not been in existence for a full tax year. Therefore the graph shows only the return since the fund started on 1 July 2014 until 31 December 2014; it is not a full year return. 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**³. These fees were totalled up for the period 1 July 2014 to 31 December 2014 and were:

| Total fund fees | 0.65 % of members' investments |
|-----------------------------------|--------------------------------|
| <i>Which are made up of:</i> | |
| Annual management fee | 0.64% ⁴ |
| Performance-based fees | 0.00% |
| Other fees and costs ⁵ | 0.01% |

Members were also charged **membership fees**⁶ of \$0 for the period 1 July 2014 to 31 December 2014.

The annual management fee is referred to as the "annual member fee" in the Kiwi Wealth KiwiSaver Scheme investment statement and prospectus. The fund's actual annual management fee is charged at 0.55% per annum. The annual member fee each member pays is subject to a minimum fee of \$40 per annum. Therefore for members with an account balance of less than \$7,272, the actual member fee charged as a percentage of the member account balance may be higher than that stated in the Kiwi Wealth KiwiSaver Scheme investment statement and prospectus.

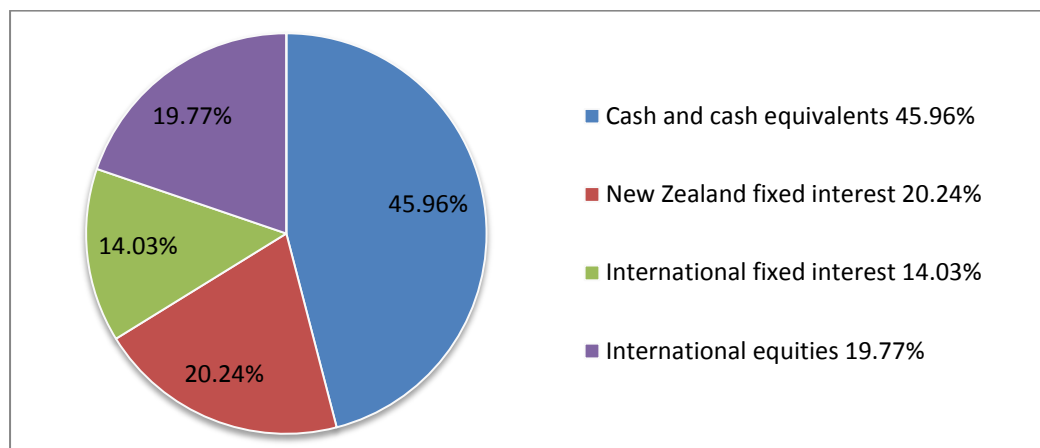
Example of how this applies to a member

Alice had \$10,000 in the fund at the start of the period commencing 1 July 2014 and didn't make any further contributions. At the end of the period, Alice received a return after fund fees and tax were deducted of \$201 (that's 2.01% of her initial \$10,000). Alice also paid \$0.00 in membership fees. This gives Alice a total return of \$201 for the period.

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.⁷

| | |
|------------------------------|--------|
| Cash and cash equivalents | 50.00% |
| New Zealand fixed interest | 30.00% |
| International fixed interest | 0.00% |
| Australasian equities | 0.00% |
| International equities | 20.00% |
| 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 | Vanguard Total Stock Market ETF | 9.97% | Fund | United States | |
| 2 | Vanguard Total International Stock ETF | 9.66% | Fund | United States | |
| 3 | Westpac NZD Account | 9.43% | Cash and cash equivalents | New Zealand | |
| 4 | NZ Local Government Funding Authority due 15/3/2019 | 8.59% | New Zealand fixed Interest | New Zealand | AA+ |
| 5 | Rentenbank Bond due 12/3/2019 | 3.48% | International fixed interest | Germany | AAA |
| 6 | ANZ Bank Term Deposit due 22/6/2015 | 3.17% | Cash and cash equivalents | New Zealand | AA- |
| 7 | KBN Norway Bond due 28/3/2019 | 2.83% | International fixed interest | Norway | AAA |
| 8 | Transpower Bond due 12/11/2019 | 2.61% | New Zealand fixed Interest | New Zealand | AA- |
| 9 | RaboDirect Term Deposit due 20/5/2015 | 2.08% | Cash and cash equivalents | New Zealand | A+ |
| 10 | ASB Bank Term Deposit due 4/5/2015 | 1.50% | Cash and cash equivalents | New Zealand | AA- |

The top 10 investments make up 53.32% 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 |
|---------------|---|--------------------------|---|------------------------------------|
| Simon O'Grady | Chief Investment Officer - Gareth Morgan Investments Limited Partnership | 2 years, 2 months | Head of Investment Strategy - Suncorp Investment Management | 5 years |
| Susan Easton | Head of Investment Strategy - Gareth Morgan Investments Limited Partnership | 5 years | Investment Strategist - Gareth Morgan Investments Limited Partnership | 3 years, 6 months |
| Diana Gordon | Portfolio Manager, Fixed Interest - Gareth Morgan Investments Limited Partnership | 2 years, 4 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 | 5 years, 2 months | Portfolio Administrator - Gareth Morgan Investments Limited Partnership | 1 year, 6 months |
| John Carran | Senior Economist - Gareth Morgan Investments Limited Partnership | 3 years, 4 months | Senior Economist - Infometrics Ltd | 2 years, 9 months |

Further information

Information about conflicts of interest

There have been no changes to the nature, or increases in the scale of, the fund's related-party transactions compared with the last quarter. See the Kiwi Wealth KiwiSaver Scheme annual financial statements for more information about the scheme's related-party transactions.

Changes to trade allocation, execution and proxy voting policies

There have not been changes to the fund's trade allocation, execution and proxy voting policies in the past three months. See www.gmi.co.nz/kiwisaver/trade-policies for more information about these policies.

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 a spreadsheet at www.kiwiwealth.co.nz.

Notes

¹This return is for the period 1 July 2014 to 31 December 2014, it does not represent a full year's return and it is not annualised.

²Returns 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.

³Fund 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).

⁴The total fund fee calculated for the purposes of this disclosure statement is materially different to how total fund fees are charged to an individual member due to the period of time the fund has been in existence resulting in significantly below average account balances in the fund. The fund's actual annual management fee is charged at 0.55% per annum subject to a minimum fee of \$40 per annum.

⁵An 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 statements.

⁶Membership fees are the fixed dollar charges for membership in the KiwiSaver scheme.

⁷The target investment mix is the asset allocation mix of our chosen benchmark for the fund. The actual investment mix will at times differ to the target investment mix because we have an active and passive investment management style.

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



Ian Burns, Chief Executive
3 February 2015

Kiwi Wealth Limited
Level 10 109 Featherston Street PO Box 10068 Wellington 6143
Tel: 0800 427 384 Email: questions@kiwiwealth.co.nz

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