

Kiwi Wealth KiwiSaver Scheme

Annual Report 1 April 2020 - 31 March 2021

**Kiwi
Wealth.**

WHAT A YEAR IT'S BEEN



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Kia Ora

After a year like none of us had ever known, and even as the effects of COVID-19 are felt keenly in many parts of the world, daily life in New Zealand is settling back into a form of normality and there is a palpable sense of hope that this period of shock and uncertainty is nearly behind us.

The volatility in global markets has tested our funds, which are performing well thanks to an investment approach focused on diversification, liquidity and quality.

The Kiwi Wealth KiwiSaver Scheme has gone from strength to strength in the past year. After a review of KiwiSaver default providers, the number of providers was reduced from nine to six in May 2021, with Kiwi Wealth retaining our default provider status - recognition of our commitment to providing value for money and great customer service.

What happened in global investment markets

Following the sharp sell-off at the beginning of the COVID-19 pandemic in March, stock markets started the financial year strongly. Central banks and governments around the world created huge rescue and spending packages support which had never been seen before, dwarfing the 2008 Global Financial Crisis response.

However, economic data released over the first half of the financial year suggested that we were not out of the woods just yet. The unprecedented global restrictions on people movement hampered economic activity and caused a sharp rise in unemployment. Signs of the world reopening early on helped buoy hopes of a “V”- shaped recovery, but second waves of the virus and more aggressive variants sent much of the Northern Hemisphere back into stringent lockdowns. Regardless, stock markets seemed indifferent to rising case numbers and depressed economic activity.

With people stuck at home for months on end, technology and companies (like Amazon and Netflix) thrived while sectors such as travel, energy and retail slumped. This all changed in November, however, with the welcoming of positive vaccine news. Three different potential vaccine candidates released trial results, with 95% effectiveness. Invested money moved towards companies that were likely to benefit from an economic recovery instead of those that previously benefited from the stay-at-home trend.

Markets kicked off 2021 upbeat as the global roll-out of vaccines ramped up. In the US, a surprise sweep in the Georgia Senate run-off elections gave the Democrats control of the

Congress, paving the way for further stimulus. The enormous amount of support, along with the gradual reopening of economies, helped markets end the financial year on a high note. However, the resulting demand has put a strain on global supply chains and labour markets, generating inflation fears. The focus now shifts to how markets will handle inflation and when central banks will start unravelling the supportive policies put in place to tackle the COVID-19 crisis.

Responsible Investment

2020 saw us take significant steps in the Responsible Investment (RI) space. We signed as a Principles for Responsible Investment (PRI) signatory, made public our first annual assessment and came away with an A+ rating in Strategy and Governance. Kiwi Wealth was named as one of the leading investment managers in Responsible Investment Association Australasia's (RIAA) Responsible Investment Benchmark Report New Zealand 2020, and we formed an RI Committee to help guide our understanding and decision-making around ESG issues and RI.

In addition, we undertook a substantive revision of our RI policy, further refining our approach to RI integration and introducing new sections into the policy to set out our

increased commitment to disclosures and active ownership.

Throughout the year, we were involved in a collaborative engagement, led by the NZ Super Fund, with social media companies on concerns around the management of objectional content. This has led to substantial commitments by social media companies to enforce higher standards in their content management. The need for higher standards was evident in 2020, particularly to combat misinformation related to general elections and the COVID-19 pandemic.

We have been talking with bond issuers about key ESG issues with a focus on climate change planning to ensure we assess risk with ESG awareness, and to ensure issuers know how important these issues are to us as investors. We are keenly aware of greenwashing issues in the industry, and our interaction with issuers allows us to fully assess the extent of this.

On the equity side, climate action was one of our proxy voting themes with support for 20 climate-related shareholder proposals aimed at aligning corporate strategy and planning with Paris targets.

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Details of the Scheme

Scheme name	Kiwi Wealth KiwiSaver Scheme
Type of Scheme	KiwiSaver Scheme
Manager	Kiwi Wealth Limited
Supervisor	Public Trust
The date of the latest Product Disclosure Statement	27 August 2020
Status of the latest Product Disclosure Statement	Open for applications
The date of the latest fund update for each fund to which the scheme relates	Dated 28 July 2021 and are for the quarter ended 30 June 2021.
The latest financial statements and auditors report	The Scheme's latest audited financial statements (including the auditor's report) for the year ended 31 March 2021 were lodged with the Registrar on 21 July 2021.

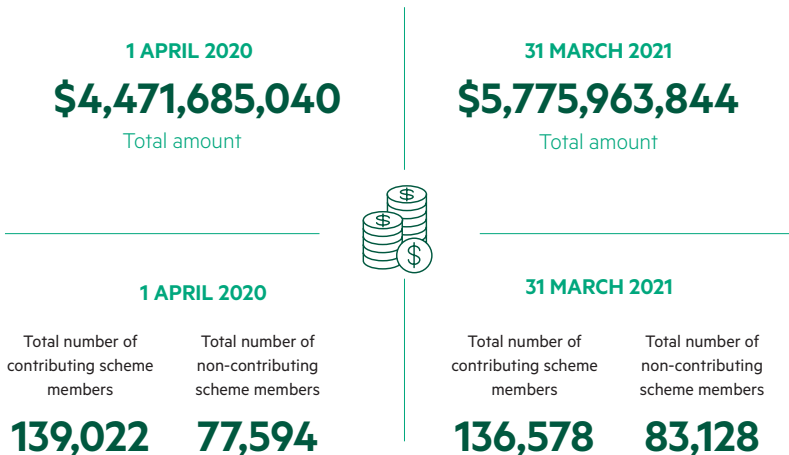
02

Information on contributions and scheme members

Total number of scheme members



Total amount of scheme members accumulations, and the number of scheme members to which that relates:



Total number of persons who became scheme members

Total	New members	Transfers in
15,812	8,681	7,131

Total number of persons who ceased to be scheme members

Total	Retirement	Deceased	Transfers Out	Other
12,708	1,261	248	10,025	1,174

Total amount of contributions received during the period and the number of scheme members to which this relates



\$844,931,035

total contributions
by **168,146** members



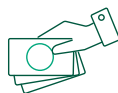
\$320,056,822

member contributions
by **145,830** members



\$168,858,233

member voluntary
additional contributions
by **42,118** members



\$185,894,314

employer contributions
for **142,637** members



\$62,833,202

Government contributions
for **146,200** members

03

Changes relating to the scheme

Changes to SIPO

The SIPO was updated twice during the year.

September 2020

There were no changes to how the Scheme's funds are invested, but there were some changes made for consistency with the SIPOs on issue for other Kiwi Wealth products.

November 2020

There were changes made to the hedging ranges for the Cash and CashPlus funds.

Changes to Trust Deed

Changes were made to the Trust Deed to reflect the requirements of the Trusts Act 2019 (which came into effect on 30 January 2021) and other minor changes.

Related party transactions

There were no material changes to the nature or scale of related party transactions for the Scheme. All related party transactions during the year to 31 March 2021 were on an arm's length basis and enacted on normal commercial terms.

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Other information for particular types of managed funds

Withdrawals

The number of members who made a withdrawal during the Scheme year were as follows:

Reason for withdrawal	Number of members
First home (and second chance) withdrawal	3,050
Significant financial hardship	2,925
Serious illness	239
Permanent emigration	133
Deceased	249
End payment date (retirement) withdrawal	3,558

Investment Performance

The below table shows the crediting rate or rates applied to members' balances for the accounting period as at the end of that period. This means the investment returns applied to the particular funds your money is invested into. We also take into account the prescribed investor rate applied to your KiwiSaver account.

Scheme Investment Statement	Prescribed Investor Rate		
	10.5%	17.5%	28.0%
Cash	0.98%	0.90%	0.79%
CashPlus	1.02%	0.94%	0.83%
Default	8.23%	8.06%	7.80%
Conservative	12.17%	12.00%	11.73%
Balanced	22.22%	21.97%	21.58%
Growth	31.83%	31.50%	30.99%

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Manager's Statement

The Manager of the Scheme, Kiwi Wealth Limited, confirms that

- all the benefits required to be paid from the Scheme in accordance with the terms of the governing document and (where applicable) the KiwiSaver scheme rules have been paid; and
- the market value of the Scheme property at the end of 31 March 2021 equalled or exceeded the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the balance date.



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Changes to persons involved in the Scheme

There were no changes to the Manager, Investment Manager, Administration Manager, Securities Registrar, the Supervisor, Custodian, or Auditor of the Scheme.

Changes to the directors of the manager

On 26 November 2020

Alistair Nicholson stepped down as a director.

Changes in senior management of the manager

On 3 April 2020

Joe Bishop resigned from his position as Chief Customer Officer at Kiwi Wealth.

1 January 2021

Melissa Vasta was appointed to GM Product and Retail.

On 22 February 2021

Ian Burns resigned from his position as Chief Executive Officer.

Rhiannon McKinnon was appointed as Acting Chief Executive Officer.

Changes to the supervisor's board or the supervisor's board members

There have been no changes to the supervisor of the Scheme or the board members of the Supervisor in the year ended 31 March 2021.

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How to find further information

Further information relating to the Scheme, including financial statements, annual reports, the Scheme's trust deed, and SIPO is available on the scheme register at www.disclose-register.companiesoffice.govt.nz. The quarterly fund updates, the PDS, and other material information is available on the offer register at www.disclose-register.companiesoffice.govt.nz. A copy of the information on the offer register or scheme register is available on request from the Registrar of Financial Service Providers. The above information is also available free of charge at www.kiwiwealth.co.nz or by contacting us through one of the ways listed on page 12.

Once the processing of your application has been completed, you can view monthly online reports and other information about your investment by logging on through www.kiwiwealth.co.nz or through Kiwibank internet banking (if you are a Kiwibank customer with access to Kiwibank internet banking). You will also be sent an Annual PIE Tax Statement which will include the amount of PIE income attributed to you and the amount of PIE tax paid at your PIR. You will also be asked to confirm your IRD number and PIR. You can obtain general information about us and the Scheme at www.kiwiwealth.co.nz.



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Contact details and complaints

We'd love to hear from you, the good, the bad and the ugly! If you'd like to get in touch, please contact us through the following channels:

**Online:**

www.kiwiwealth.co.nz



Call: 0800 427 384
during normal business hours



Email: questions@kiwiwealth.co.nz

**Write to:**

FreePost 210729
Kiwi Wealth Limited
PO Box 50617
Porirua 5240

**Attention:**

Kiwi Wealth KiwiSaver Scheme
Customer Services Manager

The Manager

If you have a complaint, ensure your letter is clearly addressed using the details on the left.

Attention: Kiwi Wealth KiwiSaver Scheme
Member Complaints Officer

We are a member of the Insurance & Financial Services Ombudsman Scheme (IFSO), an approved dispute resolution scheme. If you have complained to us and you have reached the end of our internal complaints process without your complaint being resolved to your satisfaction, the IFSO may be able to consider your complaint. Other criteria must also be met.



Call: 0800 888 202



Fax: (04) 499 7614



Email: info@ifso.nz

**Write to:**

Insurance & Financial Services
Ombudsman Scheme
PO Box 10-845
Wellington 6143

The IFSO will not charge a fee to any complainant to investigate or resolve a complaint.

The Supervisor

You can also make a complaint to Public Trust:



Call: 0800 371 471 during normal business hours



Write to:

General Manager
Corporate Trustee Services
Public Trust
Private Bag 5902
Wellington 6140

Public Trust is a member of an approved dispute resolution scheme operated by Financial Services Complaints Limited (FSCL). If your complaint to Public Trust has not been resolved you can refer it to FSCL.



Call: 0800 347 257



Write to:

Financial Services Complaints Limited
4th Floor, 101 Lambton Quay
PO Box 5967
Wellington 6145

FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

**Kiwi
Wealth.**

Kiwi Wealth KiwiSaver Scheme

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