2020 Simplicity KiwiSaver Scheme

Annual Report for the year ended 31 March 2020

Funds under management

$980,309,736

Annual fees saved *

$12,054,013

Charitable donations **

$542,216

GROWTH FUND / 24504 MEMBERS

BALANCED FUND / 6996 MEMBERS

CONSERVATIVE FUND / 2452 MEMBERS

GUARANTEED INCOME FUND / 110 MEMBERS

Number of members

34,062

Highlights

- Celebrating our third birthday
- Winning Canstar's Most Satisfied Customers KiwiSaver Award 2019
- Offering our members NZ's lowest-cost first home loan ***

* This is the sum of the difference (calculated by Simplicity NZ) between Simplicity's Total Expense Ratio (TER) for all diversified funds managed by Simplicity NZ vs the average TER for all KiwiSaver funds and the average TER for the largest non-KiwiSaver funds with the same risk profile annualised, based on all the funds under management as at 31 March 2020. KiwiSaver Scheme TER data from sorted.org.nz and non-KiwiSaver Scheme TER data from the Disclose Register.

** We donate 15% of the management fees you pay for all the funds managed by Simplicity NZ to the Simplicity Charitable Trust. The Trust determines which charities receive the donations. The amount reported above is the donation for all funds managed by Simplicity in the year ending 31 March 2020.

*** For a product disclosure statement, see www.simplicity.kiwi. Simplicity NZ Limited is the issuer.

All numbers effective as of 31 March 2020

%) Simplicity

Hi there

Greetings to our members, staff and volunteers, all of whom played a part in another banner year.

Simplicity is at heart a dignity company. We believe a dignified life is one with choices, and that more money means more choices. It's that simple.

In achieving this, the numbers speak for themselves. We're now managing well over $1 billion in KiwiSaver and Investment Funds, saving our members many millions in fees, and delivering best in class returns. And we've begun offering our members New Zealand's lowest cost home loans.

We believe it's possible to make our members money and do good. 15% of all our fees go to the Simplicity Charitable Trust, which has now reached a cumulative $930,000 in donations. And we're delighted that our members get a say in where the donations go %).

Simplicity is a nonprofit fund manager, owned by the Simplicity Charitable Trust. That means all the benefits of scale go back to our members. So please keep talking about us!

Many thanks for your support. Our success only happens with amazing people and a common purpose.

Yours in Simplicity %)

Sam Stubbs
Managing Director
Sam and the team at Simplicity

Contents

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SECTION ONE — DETAILS OF SCHEME

Name of the scheme: Simplicity KiwiSaver Scheme
Type of scheme: KiwiSaver Scheme
Manager: Simplicity NZ Limited (Simplicity)
Supervisor: Public Trust

Product Disclosure Statement: The current Product Disclosure Statement for the scheme is dated 12 August 2020 and is open for applications.

Fund Updates: A Fund Update dated 24 July 2020 for each of the four investment funds is available for the quarter ending 30 June 2020.

Financial statements and auditor's report:
The latest full financial statements for the scheme that comply with, and have been registered under, the Financial Markets Conduct Act 2013 cover the financial year 1 April 2019 to 31 March 2020 and were authorised for issue by the manager, Simplicity NZ Limited, on 29 September 2020. The auditor's report on those financial statements was dated 30 September 2020. The auditor's report was unmodified.

SECTION TWO — INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

Membership details FY 2020	Contributing Members	Non Contributing Members	Total Number Of Members	Members' Accumulation
Number of members at the start of the year	14,566	5,339	19,905	$577,143,542
PLUS:				
Total New Members			3,321	
New Members transferring from other KiwiSaver schemes			11,360	
Other new Members			0	
LESS:				
Members transferring to other KiwiSaver schemes			450	
Retirement			25	
Death			7	
Other exits			42	
Total membership at the end of the year	25,252	8,810	34,062	$980,309,736

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CONTRIBUTIONS TABLE

Contributions FY 2020	Number of Members	Total Amount
Type		
Member contributions	23,805	$65,017,727
Member voluntary contributions	9,201	$40,621,102
Employer contributions	23,578	$33,240,579
Government contributions	21,573	$9,345,406
Transfers from other KiwiSaver schemes	11,295	$331,643,972
Transfers from Australian superannuation schemes	122	$4,313,128

SECTION THREE — CHANGES RELATING TO THE SCHEME

During the accounting period, there have been no material changes to the Scheme's Trust Deed or the Terms of Offer of Interests in the Scheme.

On 3 May 2019, the Statement of Investment Policy and Objectives (SIPO) and the Product Disclosure Statement (PDS) of the Scheme's Funds were changed to include an investment in unlisted shares by the Simplicity KiwiSaver Growth Fund and a change to the asset allocation of the Guaranteed Income Fund. On 8 July 2019, the SIPO and the PDS of the Scheme's Funds were changed to reflect a revision of the foreign exchange hedge ratio for international shares from 100% to 65%. On 2 December 2019, the SIPO and the PDS of the Scheme's Funds were changed to include an investment in first home mortgages by all of the Scheme's Funds. Additionally the payments rates from the Guaranteed Income Fund were changed and the minimum investment in the Guaranteed Income Fund was lowered to $20,000. On 2 March 2020, the PDS of the Scheme was changed to reflect a reduced annual membership fee of $20 from $30.

On 30 January 2020 a related party transaction certificate was provided to Public Trust as supervisor of the Simplicity KiwiSaver Funds, notifying Public Trust of a related party benefit due to the potential exposure to the loss of Scheme property invested in the Simplicity First Home Mortgage Fund, a wholesale fund managed by Simplicity NZ Limited. As at 31 March 2020, the Simplicity KiwiSaver Funds had $236,844 invested in the Simplicity First Home Mortgage Fund.

All related party transactions were conducted on normal commercial terms and conditions during the accounting period and were on arm's-length terms.

SECTION FOUR — OTHER INFORMATION

Withdrawals FY 2020	Number of members
First home withdrawal	565
Retirement withdrawals (full)	25
Retirement withdrawals (partial)	116
Significant financial hardship	25
Serious illness withdrawals	15
Transfers to Australian superannuation schemes	5
Withdrawals on death	7
Transfers to other KiwiSaver schemes	450
Permanent emigration	19
Other enactments	5
Invalid enrolments	8

Unit Prices	Unit price: 31 March 2019	Unit price: 31 March 2020	Return to 31 March 2020*
Simplicity Conservative	1.1301	1.1695	3.68%
Simplicity Balanced	1.1823	1.1887	0.79%
Simplicity Growth	1.2591	1.2387	-1.34%
Simplicity Guaranteed Income	1.0779	1.0701	-0.51%

* Annual return before tax, after fees

Manager's Annual Statement

As the manager of the Simplicity KiwiSaver Scheme, we confirm that for the year ended 31 March 2020:

- all the benefits required to be paid from the Scheme in accordance with the governing documents and KiwiSaver Scheme rules have been paid;
- the market value of the assets of the Scheme at the close of the financial year, 31 March 2020, equalled or exceeded the total value of the benefits that would have been payable had all Members of the Scheme ceased to be Members at that date and, where necessary, had provision been made for the continued payment of all benefits being paid to Members and other beneficiaries as at the close of the financial year.

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SECTION FIVE — CHANGES TO PERSONS INVOLVED IN THE SCHEME

Shamubeel Eaqub resigned from the Simplicity NZ Limited board of directors on 30 July 2019.

At the supervisor, Public Trust, Kirsty Campbell and Vicki Sykes became Trust Board Members on 1 April 2019. Kevin Murphy and Meleane Burgess became Trust Board Members on 1 February 2020. Fiona Oliver and Bevan Killick resigned as a Trust Board Members effective 31 October 2019.

SECTION SIX — HOW TO FIND FURTHER INFORMATION

Information relating to the Simplicity KiwiSaver Scheme on the offer register and the scheme register can be found at www.business.govt.nz/disclose.

The scheme register includes financial statements, trust deed and Statement of Investment Policy and Objectives.

The offer register includes information relating to the membership and funds. It also includes Fund Updates and Other Material Information.

Information relating to the scheme, such as Fund Updates, the annual report, current Product Disclosure Statement and other useful information is available at www.simplicity.kiwi

If you require any information from us, please contact us by email: info@simplicity.kiwi

All the information can be obtained from us without charge.

SECTION SEVEN — CONTACT DETAILS AND COMPLAINTS

Contact details for the manager:

Simplicity NZ Limited
Level 16, 5-7 Byron Avenue
Auckland 0622

Telephone: 022 548 0212

Contact details for the registrar:

MMC Limited
Level 25, QBE Centre
125 Queen Street
Auckland 1010

Telephone: 09 309 8926

Contact details of the supervisor:

Public Trust
Level 9, 34 Shortland St
Auckland 1140

Telephone: 0800 371 471

Any queries or complaints about the Scheme can be made to:
Head of Compliance
Simplicity NZ Limited
Level 16, 5-7 Byron Avenue
Auckland 0622

Please direct any complaints about your investment to us:

Simplicity NZ Limited
Level 16, 5-7 Byron Avenue
Auckland 0622

Telephone: 022 548 0212

Email: info@simplicity.kiwi

If we are unable to resolve your complaint, you may choose to contact the supervisor:

Public Trust
Level 9,
34 Shortland Street
PO Box 1598
Auckland 1140
Attn: Customer Complaints
Telephone: 0800 371 471

Simplicity NZ Limited is a member of the Financial Services Complaints Limited (FSCL), which is an independent dispute resolution scheme approved by the Ministry of Consumer Affairs. FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

If you make a complaint to us or our supervisor and the complaint cannot be resolved, you may refer it to FSCL as follows:

Financial Services
Complaints Limited
PO Box 5967
Wellington 6145

Telephone: 0800 347 257

Hello.
We are Simplicity™.
We're the nonprofit KiwiSaver Plan.
We help manage your money.
But we're not a bank.
We make you more.
Without making profits ourselves.
Because that's what's right.
That's what's fair.
We are Simplicity™.