



# Fund update

Quarter ending 30 September 2024

## What is the purpose of this update?

This document tells you how the Simplicity Balanced Investment Fund (Balanced Fund) has performed and what fees were charged. The document will help you to compare the fund with other funds. Simplicity NZ Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

## Description of this fund

The Balanced Fund provides investors with an exposure to a mix of growth and income assets. As a result, the return from the Fund is likely to be lower over the longer term (10 years or more) than the Growth Fund, but the value of its investments is likely to fluctuate more than the Conservative Fund.

|                           |                |
|---------------------------|----------------|
| Total value of the fund   | \$ 523,944,681 |
| The date the fund started | 3 April 2017   |

## What are the risks of investing?

Risk indicator for the Balanced Fund:

### Risk indicator



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at <https://www.sorted.org.nz/tools/investor-profiler>

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of the fund's future performance. The risk indicator is based on the returns data for the last 5 years. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.



## How has the fund performed?

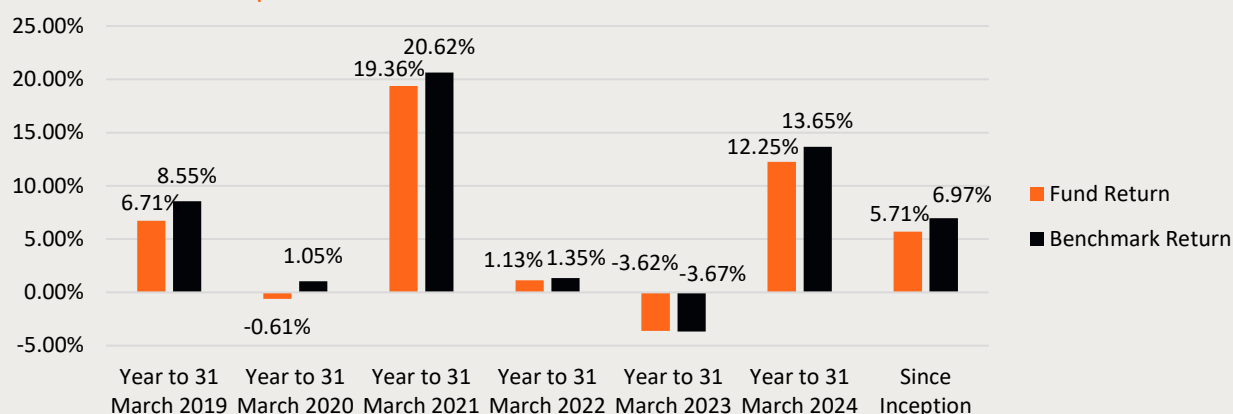
|   | AVERAGE OVER<br>PAST 5 YEARS | PAST YEAR |
|---|------------------------------|-----------|
| Annual return<br>(after deductions for charges and tax)                   | 5.00%                        | 15.93%    |
| Annual return<br>(after deductions for charges but before tax)            | 5.68%                        | 17.96%    |
| Market index annual return<br>(reflects no deduction for charges and tax) | 5.66%                        | 17.90%    |

The market index annual return is a composite index, calculated using the return of each asset class index the fund invests in, weighted by the fund's benchmark asset allocation. See the Statement of Investment Policy and Objectives (SIPO) for details of the fund's benchmark asset allocation and the asset class indices.

Additional information about the market index is available on the Disclose Register:

<http://www.companiesoffice.govt.nz/disclose>

### Annual Returns Graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2024.

**Important:** This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.



## What fees are investors charged?

Investors in the Balanced Fund are charged fund charges. In the year to 31 March 2024 these were<sup>1</sup>:

|                                    |       |
|------------------------------------|-------|
| Total fund charges (including GST) | 0.29% |
|------------------------------------|-------|

Which are made up of

|   |       |
|---|-------|
| Total management and administration charges | 0.29% |
|---|-------|

Including:

|   |       |
|---|-------|
| Manager's basic fee                         | 0.29% |
| Other management and administration charges | 0.00% |
| Total performance-based fees                | 0.00% |

Other charges

Dollar amount per investor

|                    |              |
|--------------------|--------------|
| Administration Fee | \$0 per year |
|--------------------|--------------|

Investors are not charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds).

## Example of how this applies to an investor

Small differences in fees and charges can have a big impact on your investment over the long term.

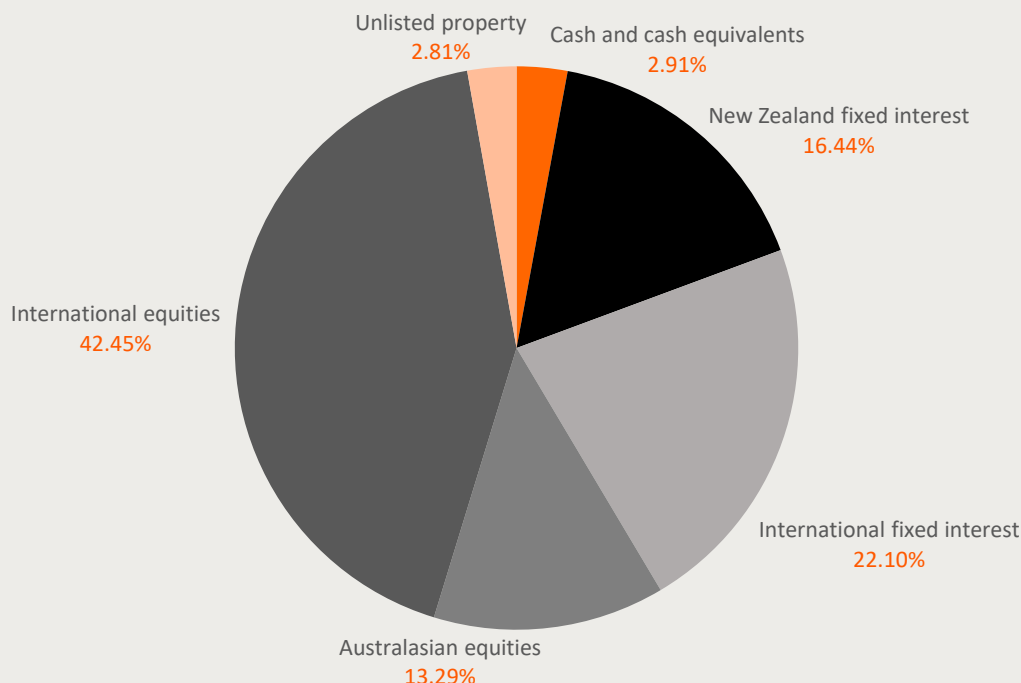
Artie had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Artie received a return after fund charges were deducted of \$1,796 (that is 17.96% of their initial \$10,000). This gives Artie a total return after tax of \$1,593 for the period.



# What does the fund invest in?

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

## Actual investment mix



## Target investment mix<sup>2</sup>

|                              |       |                        |       |
|------------------------------|-------|------------------------|-------|
| Cash and cash equivalents    | 2%    | International equities | 42.8% |
| New Zealand fixed interest   | 16.5% | Listed property        | 0%    |
| International fixed interest | 22.5% | Unlisted property      | 3.5%  |
| Australasian equities        | 12.7% | Commodities            | 0%    |

## Top 10 investments

| Asset Name                            | % of fund net assets | Type                       | Country | Credit rating |
|---------------------------------------|----------------------|----------------------------|---------|---------------|
| Simplicity Living Ltd Ordinary Shares | 2.81%                | Unlisted property          | NZ      | N/A           |
| Apple Inc                             | 2.67%                | International Equities     | US      | N/A           |
| Microsoft Corporation                 | 2.47%                | International Equities     | US      | N/A           |
| NVIDIA Corp                           | 2.22%                | International Equities     | US      | N/A           |
| Fisher & Paykel Healthcare Ltd        | 2.11%                | Australasian Equities      | NZ      | N/A           |
| Amazon.Com Inc                        | 1.34%                | International Equities     | US      | N/A           |
| Infratil Ltd                          | 1.26%                | Australasian Equities      | NZ      | N/A           |
| Auckland International Airport Ltd    | 1.24%                | Australasian Equities      | NZ      | N/A           |
| LGFA bond 2.75% 15 April 2025         | 1.24%                | New Zealand Fixed Interest | NZ      | AA+           |
| Cash on call                          | 0.97%                | Cash & Cash Equivalents    | NZ      | AA-           |

The top ten investments make up 18.33% of the fund. The fund's exposure to assets denominated in foreign currencies was 66%, of which 77% was hedged. This means the fund's unhedged foreign currency exposure was 15% of the net asset value of the fund.<sup>3</sup>



## Key personnel

| Name            | Current position                     | Term                  | Previous or other current position               | Term                 |
|-----------------|--------------------------------------|-----------------------|--|----------------------|
| Sam Stubbs      | Managing Director, Simplicity        | 8 years and 6 months  | Chief Executive Officer, TOWER Investments       | 5 years and 1 month  |
| Joy Marslin     | Director, Simplicity                 | 7 years and 10 months | Head of Private Wealth Management, Westpac NZ    | 3 years and 7 months |
| Reuben Halper   | Director, Simplicity                 | 7 years and 4 months  | Agency Lead, Google NZ (current position)        | 9 years              |
| Andrew Lance    | Chief Investment Officer, Simplicity | 7 months              | Chief Operating Officer, Simplicity              | 7 years and 8 months |
| Matthew Houtman | Head of Private Capital, Simplicity  | 3 years and 10 months | Co-Managing Director, Pioneer Capital Management | 16 years             |

## Further information

You can also obtain this information, the PDS for the Simplicity Investment Funds and some additional information from the offer register at <http://www.companiesoffice.govt.nz/disclose>

## Notes

1. Effective from 1 February 2024 the Manager's basic fee is reduced to 0.25%. The Manager's basic fee was reduced by 0.01% to 0.29% with effect from 1 April 2023.
2. Our target equities exposures are 12% to New Zealand equities and 43.5% to International equities (which includes approximately 1.5% Australian equities). We have no target for listed property. Exposures to real estate investment trusts are included in equities.
3. Our hedging policy is set using the market average hedging ratio of providers that make up at least 80% of KiwiSaver industry funds under management, resulting in our international fixed interest and equity investments being 100% and 65% hedged into New Zealand dollars respectively. The hedging policy for equities is reviewed six monthly and adjusted from time to time to follow the market reference within a range of 55% - 75%. Hedging instruments are not listed in the top 10 investments.