

Simplicity Investment Funds

Defensive Investment Fund

Fund update

This update was first made publicly available on 29 April 2024



Fund update

Quarter ending 31 March 2024

What is the purpose of this update?

This document tells you how the Simplicity Defensive Investment Fund (Defensive 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 Defensive Fund provides investors with exposure to mostly income assets. There is very limited exposure to growth assets (unlisted property). The return from the Fund is likely to be lower over the longer term (10 years or more) than the Conservative Fund, and volatility is likely to be lower than the Conservative Fund.

Total value of the fund	\$ 2,350,107
The date the fund started	28 April 2023

What are the risks of investing?

Risk indicator for the Defensive 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/guides/kiwisaver-which-fund-suits](https://www.sorted.org.nz/guides/kiwisaver-which-fund-suits)

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 a fund's future performance. As the fund has not been in existence for five years, the risk indicator is based on five year information including actual performance figures from 28 April 2023 and market returns data for the period prior to that date. As a result of this, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. 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?

PAST YEAR

Annual return (after deductions for charges and tax)	Not applicable
Annual return (after deductions for charges but before tax)	Not applicable
Market index annual return (reflects no deduction for charges and tax)	3.64%

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>

What fees are investors charged?

Investors in the Defensive Fund are charged fund charges. In the year to 31 March 2024, these were expected to be²:

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	\$0.00

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

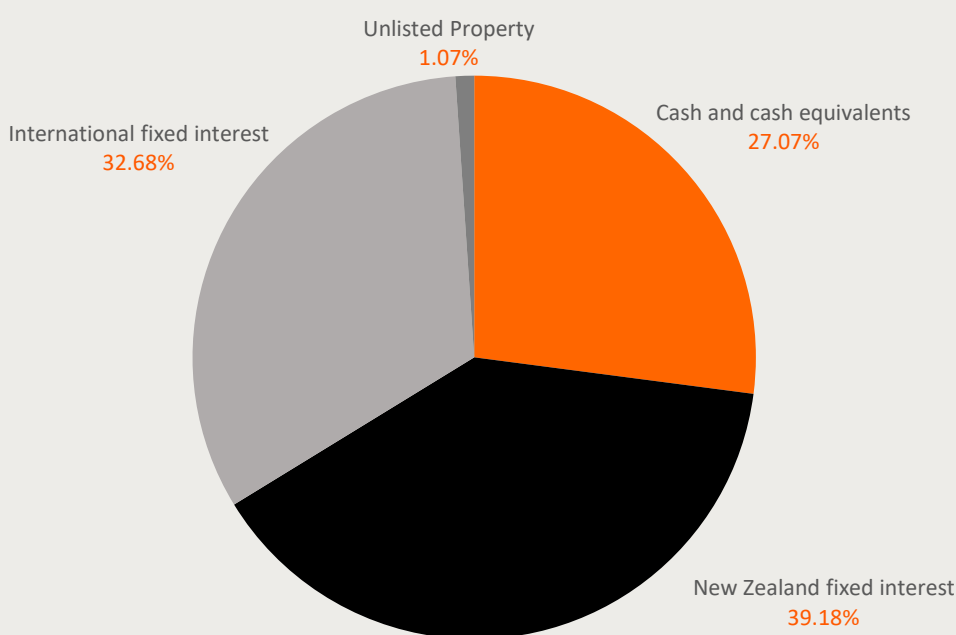
Small differences in fees and charges can have a big impact on your investment over the long term³.

Artie had \$10,000 in the fund at the start of May 2023 and did not make any further contributions. At the end of March 2024, Artie received a return after fund charges were deducted of \$301 (that is 3.01% of their initial \$10,000). This gives Artie a total return after tax of \$210 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

Cash and cash equivalents	15%	International equities	0%
New Zealand fixed interest	44%	Listed property	0%
International fixed interest	36%	Unlisted property	5%
Australasian equities	0%	Commodities	0%



Top 10 investments

Asset Name	% of fund net assets	Type	Country	Credit rating
Cash on call	17.60%	Cash & Cash Equivalents	NZ	AA+
New Zealand govt bond 0.5% 15 May 2024	3.53%	New Zealand Fixed Interest	NZ	AA+
New Zealand govt bond 1.5% 15 May 2031	2.78%	New Zealand Fixed Interest	NZ	AA+
LGFA bond 2.75% 15 April 2025	2.42%	New Zealand Fixed Interest	NZ	AA+
New Zealand govt bond 1.75% 15 May 2041	2.31%	New Zealand Fixed Interest	NZ	AA+
New Zealand govt bond 2.75% 15 April 2037	2.25%	New Zealand Fixed Interest	NZ	AA+
Westpac NZ Floating rate note 6 July 2026	1.96%	Cash & Cash Equivalents	NZ	AA-
Housing NZ 3.42% 18 October 2028	1.65%	New Zealand Fixed Interest	NZ	AA+
New Zealand govt bond 4.5% 15 April 2027	1.60%	New Zealand Fixed Interest	NZ	AA+
New Zealand govt bond 3.5% 14 April 2033	1.51%	New Zealand Fixed Interest	NZ	AA+

The top ten investments make up 37.61% of the fund. The fund's exposure to assets denominated in foreign currencies was 33%, of which 100% was hedged. This means the fund's unhedged foreign currency exposure was 0% of the net asset value of the fund.⁴



Key personnel

Name	Current position	Term	Previous or other current position	Term
Sam Stubbs	Managing Director, Simplicity	8 years	Chief Executive Officer, TOWER Investments	5 years and 1 month
Joy Marslin	Director, Simplicity	7 years and 4 months	Head of Private Wealth Management, Westpac NZ	3 years and 7 months
Reuben Halper	Director, Simplicity	6 years and 10 months	Agency Lead, Google NZ (current position)	8 years and 6 months
Andrew Lance	Chief Investment Officer, Simplicity	1 month	Chief Operating Officer, Simplicity	7 years and 8 months
Matthew Houtman	Head of Private Capital, Simplicity	3 years and 4 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. As the fund started on 28 April 2023, five-year actual returns for the fund are not available. To calculate the risk indicator for the five-year period ending 31 March 2024, market index returns have been used up to 28 April 2023 with actual fund returns used for the balance of the period. As a result of those market returns, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.
2. Effective from 1 February 2024 the Manager's basic fee is reduced to 0.25%.
3. As the fund started on 28 April 2023, this calculation is based on the actual return for the period from that date to 31 March 2024, minus the total fund charges and tax for that period.
4. 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.