



# Fund update

Quarter ending 30 June 2024

## What is the purpose of this update?

This document tells you how the Simplicity Homes and Income Investment Fund (Homes and Income 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 Homes and Income Investment Fund provides investors with an exposure to a mix of growth and income assets, with a focus on residential property.

The returns from the Fund are expected to be a combination of stable returns in the short term from income assets such as residential mortgages and steady growth over the long term from investments in growth assets, primarily shares in an unlisted build-to-rent property company.

|                           |                 |
|---------------------------|-----------------|
| Total value of the fund   | \$ 16,051,119   |
| The date the fund started | 27 October 2023 |

## What are the risks of investing?

Risk indicator for the Homes and Income Fund<sup>1</sup>:

### 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 31 October 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<br>(after deductions for charges and tax)                   | Not applicable |
| Annual return<br>(after deductions for charges but before tax)            | Not applicable |
| Market index annual return<br>(reflects no deduction for charges and tax) | 4.52%          |

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 Homes and Income Fund are charged fund charges. In the year to 31 March 2024, these were<sup>2</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                          | \$0.00                     |

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

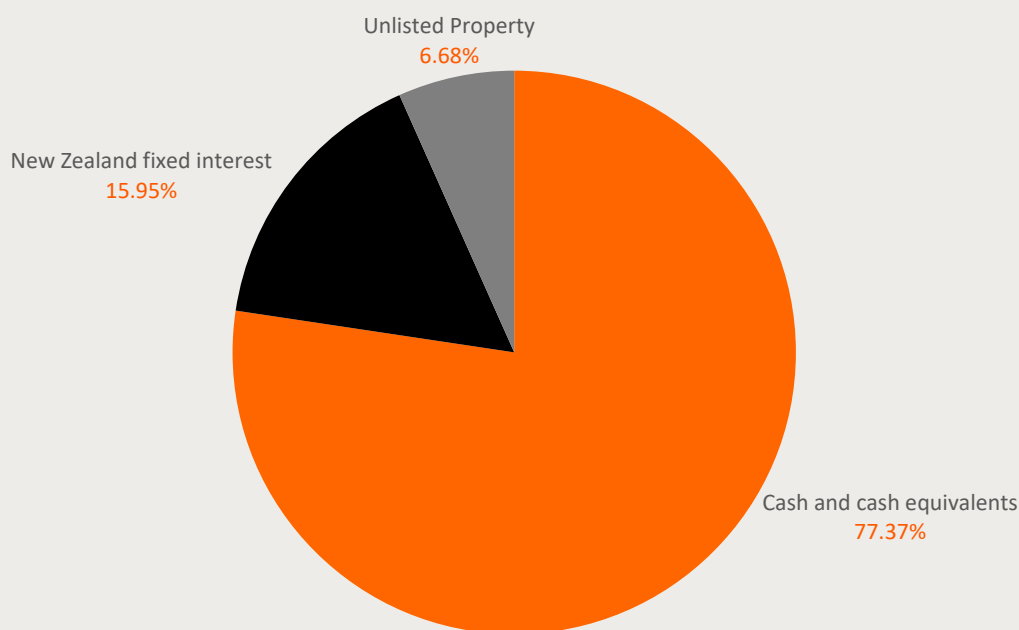
Small differences in fees and charges can have a big impact on your investment over the long term<sup>3</sup>.

Artie had \$10,000 in the fund at the start of November 2023 and did not make any further contributions. At the end of June 2024, Artie received a return after fund charges were deducted of \$379 (that is 3.79% of their initial \$10,000). This gives Artie a total return after tax of \$276 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    | 40% | International equities | 0%  |
| New Zealand fixed interest   | 35% | Listed property        | 0%  |
| International fixed interest | 0%  | Unlisted property      | 25% |
| Australasian equities        | 0%  | Commodities            | 0%  |



## Top 10 investments

| Asset Name                                    | % of fund net assets | Type                       | Country | Credit rating |
|---|----------------------|----------------------------|---------|---------------|
| Westpac NZ Floating rate note 6 July 2026     | 15.41%               | Cash & Cash Equivalents    | NZ      | AA-           |
| Rabobank NZ Floating rate note 5 April 2027   | 9.74%                | Cash & Cash Equivalents    | NZ      | AA-           |
| Rabobank NZ Floating rate note 12 August 2026 | 7.62%                | Cash & Cash Equivalents    | NZ      | AA-           |
| Simplicity Living Ltd Ordinary Shares         | 6.68%                | Unlisted Property          | NZ      | N/A           |
| CFHB 5.580% 07/06/2029                        | 6.25%                | New Zealand Fixed Interest | NZ      | Unrated       |
| UDC Endeavour ABS Trust                       | 4.55%                | Cash & Cash Equivalents    | NZ      | AA+           |
| IRD Deposit NZTTC 6.3% 02 July 2024           | 3.78%                | Cash & Cash Equivalents    | NZ      | Unrated       |
| Dunedin City Treasury Ltd 08 July 2024        | 3.78%                | Cash & Cash Equivalents    | NZ      | A-1+          |
| IRD Deposit NZTTC 6.3% 09 July 2024           | 3.78%                | Cash & Cash Equivalents    | NZ      | Unrated       |
| IRD Deposit NZTTC 6.2% 16 July 2024           | 3.77%                | Cash & Cash Equivalents    | NZ      | Unrated       |

The top ten investments make up 65.36% of the fund.



## Key personnel

| Name            | Current position                     | Term                 | Previous or other current position               | Term                 |
|-----------------|--------------------------------------|----------------------|--|----------------------|
| Sam Stubbs      | Managing Director, Simplicity        | 8 years and 3 months | Chief Executive Officer, TOWER Investments       | 5 years and 1 month  |
| Joy Marslin     | Director, Simplicity                 | 7 years and 7 months | Head of Private Wealth Management, Westpac NZ    | 3 years and 7 months |
| Reuben Halper   | Director, Simplicity                 | 7 years and 1 month  | Agency Lead, Google NZ (current position)        | 8 years and 9 months |
| Andrew Lance    | Chief Investment Officer, Simplicity | 4 months             | Chief Operating Officer, Simplicity              | 7 years and 8 months |
| Matthew Houtman | Head of Private Capital, Simplicity  | 3 years and 7 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 27 October 2023, five-year actual returns for the fund are not available. To calculate the risk indicator for the five-year period ending 30 June 2024, market index returns have been used up to 31 October 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 27 October 2023, this calculation is based on the actual return for the period from that date to 30 June 2024, minus the total fund charges and tax for that period.