

Westpac KiwiSaver Scheme

Default Fund

Fund Update for the quarter ended:

31 March 2020

This fund update was first made publicly available on 1 May 2020.

What is the purpose of this update?

This document tells you how the Default Fund¹ has performed and what fees were charged. The document will help you to compare the fund with other funds. BT Funds Management (NZ) Limited² 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 Default Fund aims to provide stable returns over the short to medium term. The fund invests primarily in income assets but is required to have an allocation to growth assets of between 15% and 25%. Volatility is expected to be higher than the Cash Fund but lower than the Conservative Fund in the Westpac KiwiSaver Scheme.

Total value of the fund	\$ 279,756,137
Number of investors in the fund	36,387
The date the fund started	2 July 2014

What are the risks of investing?

Risk indicator for the Default Fund.³



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 westpac.co.nz/kiwisaverriskprofiler

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. The risk indicator is based on the returns data for the five years to 31 March 2020. 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.

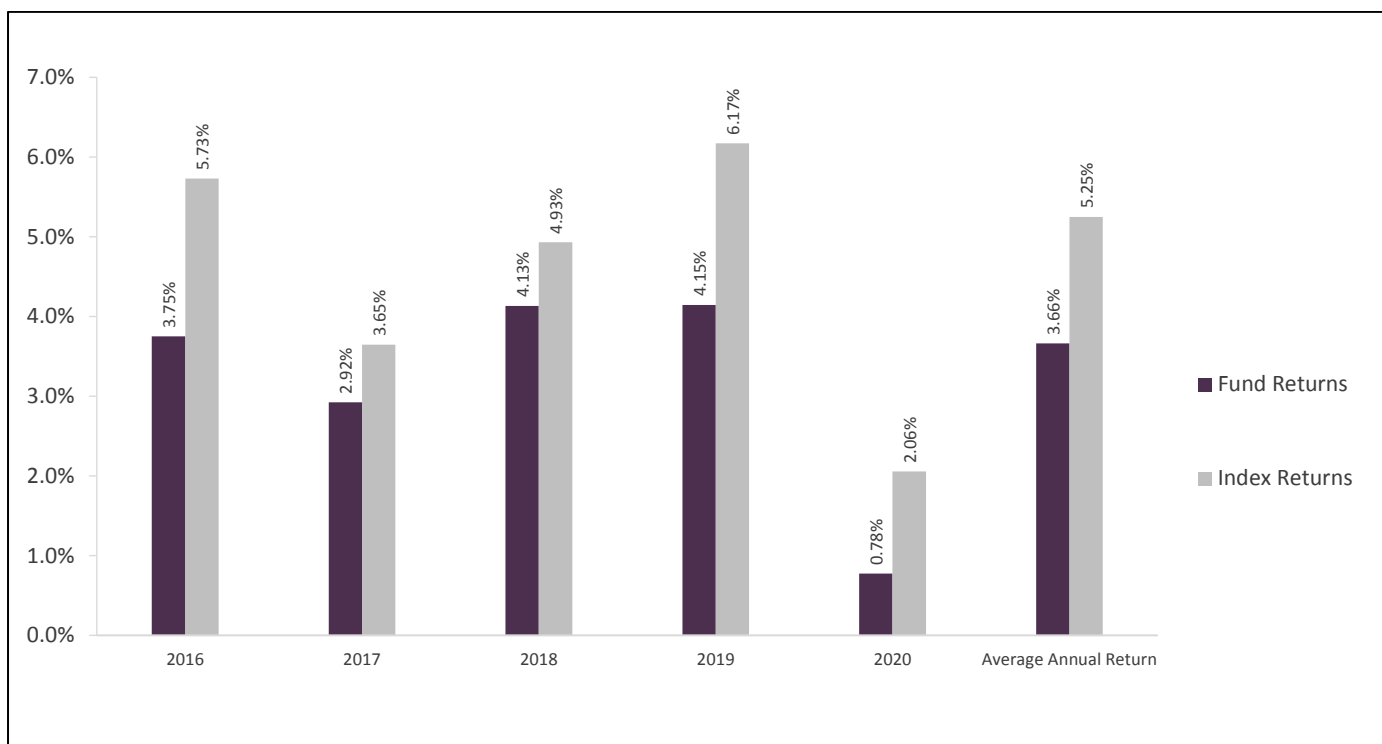
How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	3.14%	0.78%
Annual return (after deductions for charges but before tax)	3.95%	1.29%
Market index annual return (reflects no deductions for charges and tax)	4.50%	2.06%

The market index return reflects a composite of benchmark index returns, weighted for the fund's target asset allocation. The benchmark indices used for each asset class are defined in the Statement of Investment Policy and Objectives (SIPO).

Additional information about the market index is available in the SIPO on the offer register at disclose-register.companiesoffice.govt.nz.

Annual return graph



This shows the return after fund charges and tax for each complete year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 31 March 2020.

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 Default Fund are charged fund charges. In the year to 31 March 2019, these were:

	% of net asset value
Total fund charges⁴	0.51%*
Which are made up of	
Total management and administration charges	0.51%
Including -	
Manager's basic fee	0.40%
Other management and administration charges	0.11%
Total performance-based fees	0.00%
Other charges	\$ amount per investor
Membership Fee ⁵	\$27.00

*Following a decrease in the management fee and the other management and administration charges, the Manager estimates that the total fund charges for the next scheme year will reduce to 0.46% of the fund's net asset value.

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

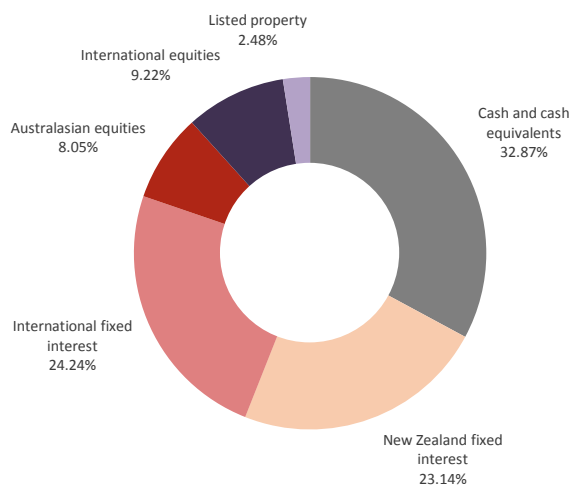
Example of how this applies to an investor

Jason 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, Jason received a return after fund charges were deducted of \$78 (that is 0.78% of his initial \$10,000). Jason also paid \$27 in other charges. This gives Jason a total return after tax of \$51 for the year.

What does the fund invest in?

This shows the types of assets that the fund invests in.⁶

Actual investment mix



Target investment mix

Cash and cash equivalents	33.00%
New Zealand fixed interest	23.00%
International fixed interest	24.00%
Australasian equities	8.00%
International equities	9.00%
Listed property	3.00%

Top 10 investments

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	US 5YR Note (CBT)	2.62%	International fixed interest	United States of America	Unrated
2	Westpac 32 day Notice Deposit	1.94%	Cash and cash equivalents	New Zealand	AA-
3	BNZ 180 Day Rolling Deposit Account	1.21%	Cash and cash equivalents	New Zealand	AA-
4	A2 Milk Company Ltd	1.21%	Australasian equities	New Zealand	
5	Fisher & Paykel Healthcare Ltd	1.17%	Australasian equities	New Zealand	
6	US 2YR Note (CBT)	1.10%	International fixed interest	United States of America	Unrated
7	NZ Government Bond 5.5% 15/04/2023	1.03%	New Zealand fixed interest	New Zealand	AA+
8	BNZ 90 Day Rolling Deposit Account	0.94%	Cash and cash equivalents	New Zealand	AA-
9	NZ Government Bond 3% 20/04/2029	0.87%	New Zealand fixed interest	New Zealand	AA+
10	NZ Government Bond 4.50% 15/04/2027	0.77%	New Zealand fixed interest	New Zealand	AA+

The top 10 investments make up 12.86% of the net asset value of the fund.⁷

Currency Hedging

Some of the asset classes in the fund have exposure to foreign currencies. As at 31 March 2020, the actual currency hedging is as follows:

- International fixed interest – 98% hedged (benchmark 100%)
- Australasian equities – 94% hedged (benchmark 100%)
- International equities – 68% hedged (benchmark 69%)
- Listed property (Australasian) – 99% hedged (benchmark 100%)

Additional information about the currency hedging policy can be found in the SIPO which is available on the offer register at disclose-register.companiesoffice.govt.nz.

Key personnel

	Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
1	Nigel Jackson	Acting Head of Investments & Insurance	3 years 1 month	Head of Customer Proposition	7 years 7 months
2	Francois Richeboeuf	Acting Head of Investment Solutions	0 year 2 months	Senior Portfolio Manager	9 years 2 months
3	Angelika Sansom	Investment Analytics Manager	18 years 7 months	Investment Consultant, Mercer	2 years 4 months
4	Stephen Hong	Senior Portfolio Manager	7 years 6 months	Portfolio Manager, AXA Global Investors	5 years 9 months

Further information

You can also obtain this information, the PDS for the Westpac KiwiSaver Scheme, and some additional information from the offer register at disclose-register.companiesoffice.govt.nz.

Notes

1. The Westpac KiwiSaver Scheme Default Fund was formerly known as the Westpac KiwiSaver Scheme Defensive Fund.
2. BT Funds Management (NZ) Limited is the scheme provider and Westpac New Zealand Limited is the distributor of the Westpac KiwiSaver Scheme.
3. The risk indicator for the fund is calculated based on the volatility of past returns over five years, which is not a full investment cycle. In some cases the output may be different if calculated using a longer timeframe. We believe an average investment cycle is generally considered to be a period of between 7 to 10 years. If the period of returns data that a risk indicator is based on was one of unusually low or unusually high volatility the risk indicator presented in a PDS (or any fund update) may provide a less reliable indication of the potential future volatility of a fund.
4. The amounts specified include GST, where applicable.
5. Membership fees are the monthly fixed dollar charges for membership in the Westpac KiwiSaver Scheme. You will pay this fee only once each month even if you are invested in multiple funds within the Westpac KiwiSaver Scheme.
6. For further information on each of the asset classes refer to the PDS and the SIPO.
7. The top 10 investments have been calculated excluding cash and cash equivalents held for operational and hedging purposes.