

Supplementary Education Program (New Zealand)

Fund update for the quarter ended: 30 September 2021

This fund update was first made publicly available on 5 November 2021.

What is the purpose of this update?

This document tells you how the Supplementary Education Program (New Zealand) has performed and what fees were charged. The document will help you to compare the Fund with other funds. Futurity Investment Group Limited (formerly known as Australian Scholarships Group Friendly Society Limited) (ASG) 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 Supplementary Education Program (New Zealand) was established with the aim of assisting you in saving to help offset the cost of your children's education. One of the key benefits of the Fund is a post-secondary Scholarship Benefit that is paid to your child during each year that they successfully complete an approved post-secondary course (up to a maximum of three years).

The investment strategy for the Fund is to provide long term returns in excess of inflation using a range of investment funds managed by professional fund managers to achieve a conservative balanced risk profile.

| | |
|---------------------------|-----------------|
| Total value of the fund | \$ 14,303,494 |
| The date the fund started | 24 October 2006 |

What are the risks of investing?

Risk indicator for The Supplementary Education Program (New Zealand)



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 sorted.org.nz/tools/investor-kickstarter

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 30 September 2021. 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.

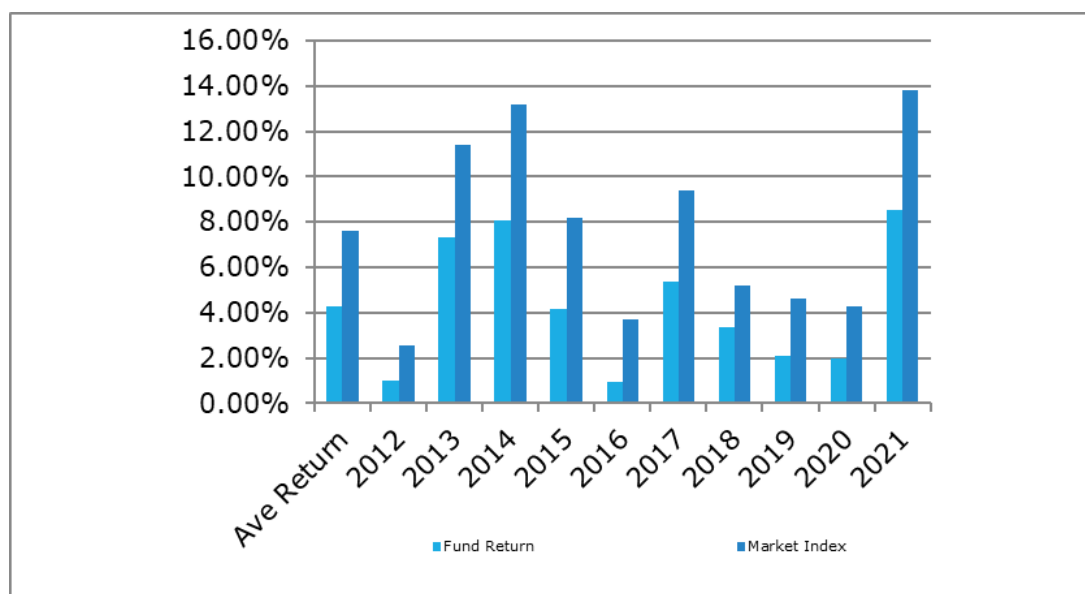
How has the Fund performed?

| | Average over past 5 years | Past year to 30 June 2020 |
|--|------------------------------|------------------------------|
| Annual return (after deduction for charges and tax) | 4.26% | 8.50% |
| Annual return (after deductions for charges but before tax) | 6.57% | 12.61% |
| Market index annual return ¹ (reflects no deduction for charges and tax) | 7.44% | 13.80% |

The market index return reflects the benchmark index returns for the relevant period prior to any deduction for charges and taxes. As this is a multimanager fund, the benchmark index is a blended index customised to assess the underlying performance of the investment managers and the fund itself. The Statement of Investment Policy and Objectives (SIPO) can be accessed on the register at companiesoffice.govt.nz/disclose

The tax rate for the Fund is 30 per cent, which is reflected in the annual returns shown for the Fund, however it should be noted that the value of the tax paid by the Fund is recouped at the time that Scholarship payments are made to eligible beneficiaries. As such, the annual returns stated here potentially understate the actual returns that may be ultimately payable to eligible beneficiaries. Please refer to the Product Disclosure Statement for further information.

Annual return graph²



This shows the return after fund charges and tax for each of the last 10 years ending on 30 June. The first bar shows the average annual return for the last 10 years, up to 30 June 2021. **Important:** This does not tell you how the Fund will perform in the future. Returns in this update are after tax at the rate of 30 per cent.

What fees are investors charged?

Investors in the Supplementary Education Program are charged fund charges. In the year to 30 September 2021, these were:

| | % of net asset value |
|--|------------------------------------|
| Total annual fund charges | 1.50% |
| Which are made up of: | |
| Total management and administration charges | 1.50% |
| Including: | |
| Manager's basic fee | 1.50% |
| Total performance based fees | 0.00% |
| Other management and administration charges | 0.00% |
| Other charges | \$ amount per investor |
| Administration & member Fees | \$26.00 |
| Enrolment fee (one off fee on joining ASG) | \$89.00 |
| Initial Management fee (\$10 per month for first 24 months) | \$120.00 |
| Family protection contribution (capped at \$2600 contribution level) | \$8.00 per \$1000 of contributions |

It is not possible to provide actual dollar values for the 'Total management and administration charges' as these fees are calculated over the entire portfolio given the structure of the product, rather than on an

individual basis. 'Other charges' however are charged individually to investors. Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from funds). See the Product Disclosure Statement (PDS) for more information about those fees as well as the basis on which performance fees are charged.

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

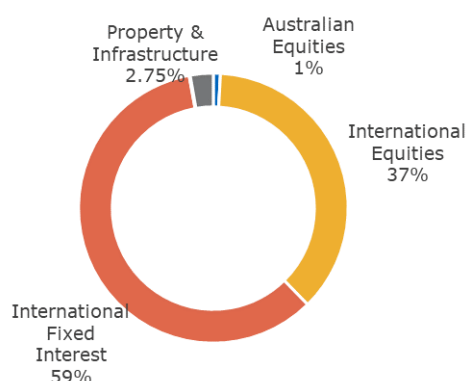
Example of how this applies to an investor

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's Member Account was credited with a declared bonus, after fund charges were deducted, of \$850 (that is 8.50 per cent of his initial \$10,000). Jason also paid \$26.00 in other charges. This gave Jason a total profit after tax of \$824 for the year. Please refer to the Product Disclosure Statement (PDS) for further information.³

What does this fund invest in?⁴

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

Actual investment mix at 30 September 2021:



Target investment mix⁵

| | Target | Range |
|------------------------------|--------|-----------|
| Cash & Cash Equivalents | 25% | 0% – 100% |
| International Fixed Interest | 40% | 0% – 70% |
| Australian Fixed Interest | 0% | 0% – 70% |
| Australian Equities | 0% | 0% – 40% |
| International Equities | 35% | 0% – 40% |
| Property and Infrastructure | 0% | 0% – 20% |

Top 10 investments

| Asset Name | % of Net Assets | Type ⁵ |
|---|-----------------|------------------------------|
| New Zealand Term Deposits | 29.69% | International Fixed Interest |
| Vanguard International Shares Select Exclusions Index Fund Hedged NZD | 30.49% | International Equities |
| Russell Global Bond Fund | 26.69% | International Fixed Interest |
| Russell Global Opportunities Fund - unhedged | 9.97% | International Equities |
| New Zealand Government Bonds | 3.16% | International Fixed Interest |

Currency hedging

The current investments into the Fund are a mix of hedged and unhedged exposures to the New Zealand dollar.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the Fund as at 30 September 2021.

| Name | Current position | Time in current position | Other current position | Time in other current position |
|---------------------|-----------------------------------|--------------------------|---------------------------------------|--------------------------------|
| Ross Higgins | Chief Executive Officer | 2 years and 9 months | - | - |
| Peter Taubman | Head of Investments | 12 years and 10 months | - | - |
| Craig Dunstan | ASG chairman | 6 years | Investment Committee member (current) | 11 years and 5 months |
| Jacqueline Jennings | Chair of the Investment Committee | 5 years and 11 months | Non-executive director (current) | 9 years and 6 months |
| Tony Brain | Investment Committee member | 3 years and 11 months | Non-executive director (current) | 5 years and 9 months |

Further information

You can also obtain this information, the Product Disclosure Statement (PDS) for the Supplementary Education Program (New Zealand), and some additional information from the offer register at companiesoffice.govt.nz/disclose

Notes

1. The market index return reflects the benchmark index for the relevant period.
2. Please note that investment returns are paid by way of an annual declared bonus which is credited to your Member Account. The accumulated declared bonuses in the Member Account are pooled with all other Member Accounts in the pool year and shared proportionately (together with any tax benefits arising) by the eligible beneficiaries in accordance with the rules of the Fund. Please note that if your beneficiary does not qualify for a scholarship payment, then the member has no entitlement to the declared bonuses credited to their account. Conversely, if your beneficiary does qualify, their ultimate scholarship payments will differ from the declared bonuses given the impacts of pooling and the associated tax benefits arising within the Fund. Please refer to the Product Disclosure Statement (PDS) for further information.
3. Whilst the declared bonus is credited to the Member Account, the accumulated declared bonuses are transferred to a Fund pool and are shared proportionately across all eligible beneficiaries in that pool year. As a result, the actual declared bonus paid has little relevance to the actual return that may or may not be paid to the beneficiary linked to the account.
4. The 'Target investment mix' table displays the investment types and the ranges as prescribed by the Rules of the Fund. The 'Target' column details the asset mix ASG's appointed actuary adopts as their long term asset mix for the purposes of calculating and setting projections for the Fund's long term growth. The 'Actual investment mix' pie chart displays the actual investment mix of asset types as at 30 September 2021.
5. For further information on each of the asset classes refer to the SIPO.

Futurity Investment Group Limited

Client Services

PO BOX 8289, Symonds Street, Auckland 1023

memberservices@asg.co.nz 09 366 7670