

Tertiary Education Cost Saver Fund (New Zealand)

Fund update for the quarter ended: 30 September 2020

This fund update was first made publicly available on 5 November 2020.

What is the purpose of this update?

This document tells you how Tertiary Education Cost Saver Fund (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 Tertiary Education Cost Saver Fund (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:	\$ 624,867
The date the fund started:	21 September 1999

What are the risks of investing?

Risk indicator for the Tertiary Education Cost Saver Fund (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

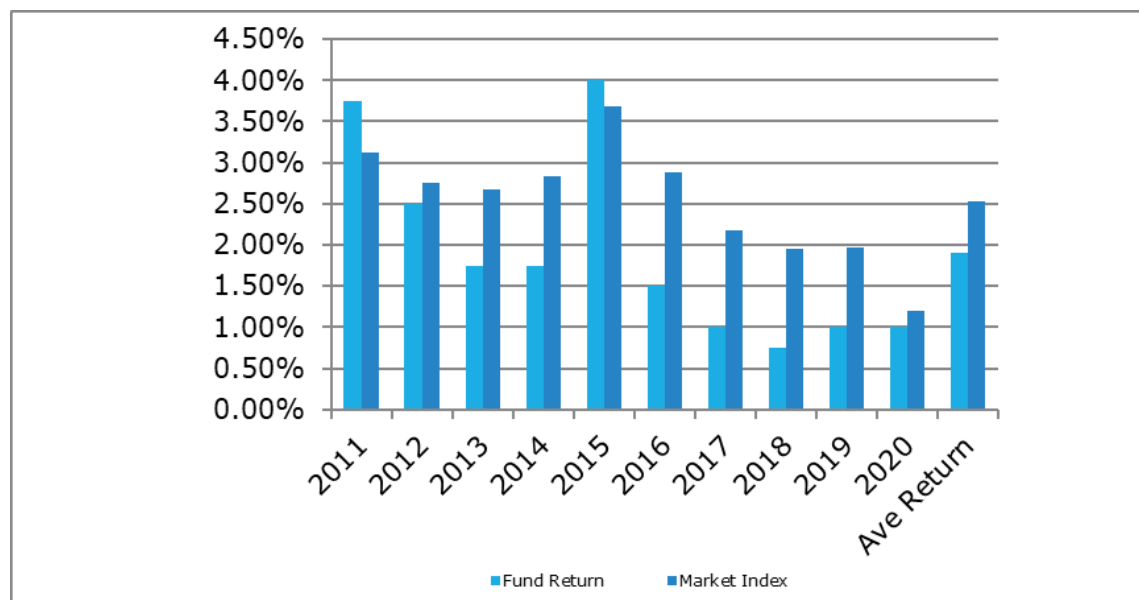
Note that even the lowest category does not mean a risk free investment, and there are other risks that are not captured by this rating. This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 30 September 2020. While 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 to 30 June 2020
Annual return (after deduction for charges and tax)	1.05%	1.00%
Annual return (after deductions for charges but before tax)	1.05%	1.00%
Market index annual return ¹ (reflects no deduction for charges and tax)	2.06%	1.20%

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

Annual return graph²



This shows the return after fund charges and tax for each of the last 10 years ending on 30 June. The last bar shows the average annual return for the last 10 years, up to 30 June 2020. **Important:** This does not tell you how the Fund will perform in the future.

What fees are investors charged?

Investors in Tertiary Education Cost Saver Fund are charged fund charges. In the year to 30 September 2020, these were:

	% of net asset value
Total fund charges	1.0%
Which are made up of:	
Total management and administration charges	1.0%
Including:	
Manager's basic fee	1.00%
Total performance-based fees	0.00%
Other management and administration charges	0.0%* ³
Other charges	\$ amount per investor
Ongoing management fee	\$18.00
Administration fee	\$12.00
Membership fee	\$2.00
Family protection contribution (depending on fee table)	\$4.00

*This amount is an estimate.

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. Furthermore, the 'other management and administration charges' are deducted by the underlying investment manager before the earnings are paid to ASG. 'Other charges' however are charged individually to investors. Small differences in fees and charges can have a big impact on your investment over the long term.

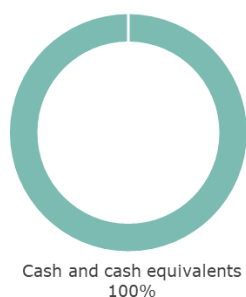
Example of how this applies to an investor

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 \$100 (that is 1.00% of his initial \$10,000). Jason also paid \$36.00 in other charges. This gives Jason a total profit after tax of \$64 for the year. Please refer to the Product Disclosure Statement (PDS) for further information.⁴

What does this fund invest in?⁵

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

Actual investment mix at 30 September 2020:



Target investment mix⁶

	Target	Range
Cash & Cash Equivalents	100.0%	0% – 80%

As outlined in the SIPO, due to the minimal total value of funds under management, it is no longer possible to adhere to the permitted Asset Allocation Ranges as outlined in the Rules of the Fund. Both the Statutory Supervisor and APRA (the Australian Regulator) have been notified. A plan is being developed in consultation with APRA to address this issue as part of a broader organisation-wide initiative. ASG has been aware of this issue for some time and continues to monitor it carefully.

Top 10 investments

Asset Name	% of Net Assets	Type ⁶
Cash at Bank	100.00%	Cash and cash equivalents

Currency hedging

The current investments into the Fund are fully hedged for any foreign currency exposure 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 2020.

Name	Current position	Time in current position	Other current position	Time in other current position
Ross Higgins	Chief Executive Officer	1 year and 9 months	-	-
Peter Taubman	Head of Investments	11 years and 10 months	-	-
Craig Dunstan	ASG chairman	5 years	Investment Committee member (current)	10 years and 5 months
Jacqueline Jennings	Chair of the Investment Committee	4 years and 11 months	Non-executive director (current)	8 years and 6 months
Tony Brain	Investment Committee member	2 years and 11 months	Non-executive director (current)	4 years and 9 months

Further information

You can also obtain this information, the Product Disclosure Statement (PDS) for The Education Fund (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. This investment management cost is an estimate only and varies from time to time depending upon the professional investment managers in place. This estimate is based on the current investment managers used.
4. Whilst this declared bonus was credited to his 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.
5. The 'Target investment mix' table displays the investment types and the ranges as prescribed by the Fund's Benefit Fund rule. 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 2020.
6. 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