

Quarterly Disclosure Statement for 1 October 2014 to 30 September 2015

Grosvenor KiwiSaver Scheme Default Saver Fund

What is the purpose of this statement?

This statement provides key information about the **Grosvenor KiwiSaver Scheme Default Saver Fund**. It tells you how the fund has performed and what fees it charged, and will help you to compare it with other funds. We prepared this statement in accordance with the KiwiSaver (Periodic Disclosure) Regulations 2013. This information is not audited and may be updated.

Description of the fund

The Default Saver Fund aims to provide savers with a relatively consistent, but modest, investment performance, with a low overall level of return volatility to reflect the temporary holding nature of the Default Saver Fund. It aims to achieve a rate of return (net of fees but before tax) of at least 2.0% per annum above inflation (as measured by Statistics New Zealand's Consumer Price Index) over rolling five year periods.

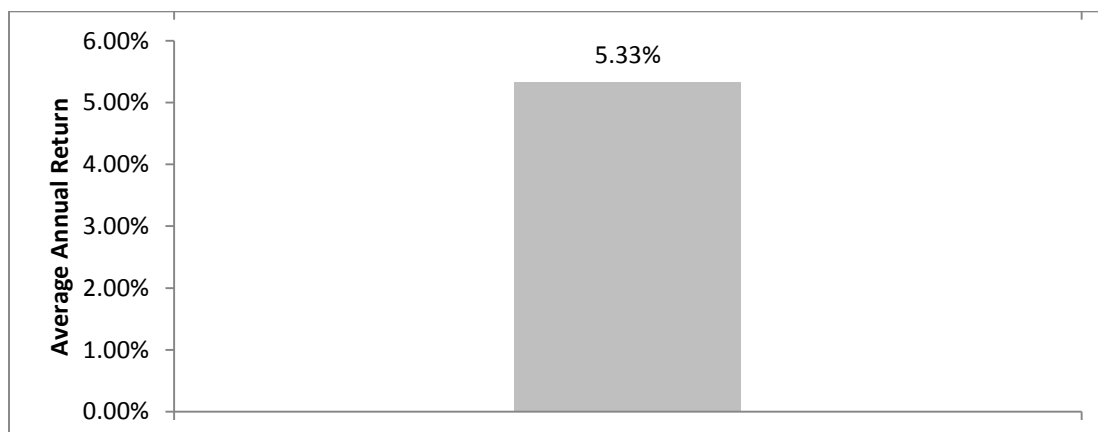
| | |
|-------------------------------|--------------|
| Total value of the fund | \$12,910,040 |
| Number of members in the fund | 4,866 |
| Date the fund started | 1 July 2014 |

How has the fund performed?

| | Past year |
|---|-----------|
| Return (after deductions for fund fees and tax ¹) | 4.73% |

How has the fund performed in the past?

The fund has not been in existence for a full tax year. Therefore the graph shows only the average annual return since the fund started. The return is after fund fees and tax. It's important to note that this doesn't tell you how the fund will perform in the future.



What fees were members charged?

The returns above are after deductions for **fund fees**². These fees were last totalled up for the twelve month period to 30 September 2015 and were:

| Total fund fees ³ | 0.34% of members' investments |
|------------------------------|-------------------------------|
| Which are made up of: | |
| Annual management fee | 0.33% |
| Performance-based fees | 0.00% |
| Other fees and costs | 0.01% |

Members were also charged **membership fees**⁴ of \$0.00 for the twelve month period to 30 September 2015. No membership fees are charged to members who have been allocated by default to the fund who have a balance of less than \$10,001 that have not switched out of the fund previously⁵.

Members may also be charged fees for specific actions or decisions (e.g. account closure fee). See <http://grosvenorkiwisaver.co.nz/media/12353/gks-investment-statement-sept-2015.pdf> for more information about these fees.

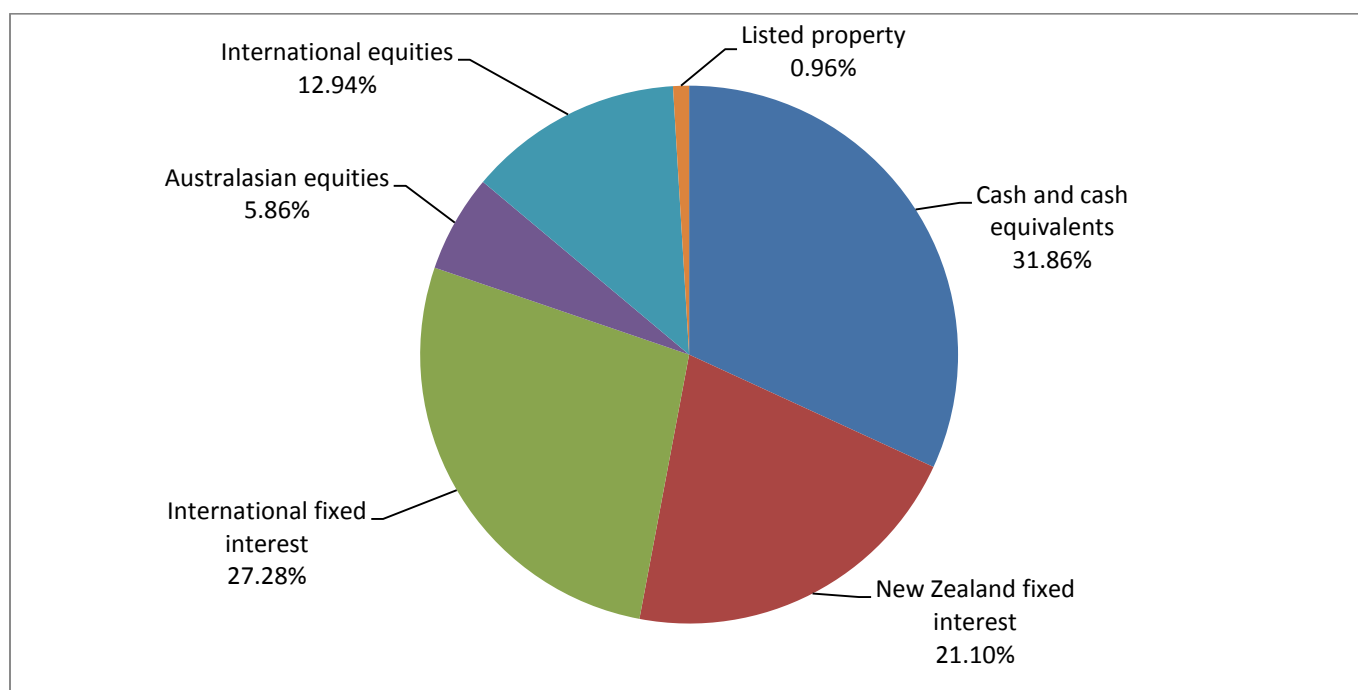
Example of how this applies to a member

Mr Smith had \$10,000 in the fund at the start of the year and didn't make any further contributions. At the end of the year, Mr Smith received a return after fund fees and tax were deducted of \$473.00 (that's 4.73% of his initial \$10,000). Mr Smith also paid \$0.00 in membership fees. This gives Mr Smith a total return of \$473.00 for the year⁷.

What does the fund invest in?

Actual investment mix

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



Target investment mix

This shows the mix of assets that the fund generally intends to invest in.

| | |
|------------------------------|--------|
| Cash and cash equivalents | 20.00% |
| New Zealand fixed interest | 30.00% |
| International fixed interest | 30.00% |
| Australasian equities | 7.50% |
| International equities | 10.00% |
| Listed Property | 2.50% |

Top 10 investments

| | Name | Percentage of fund net assets | Type | Country | Credit rating (if applicable) |
|----|---|-------------------------------|----------------------------|-------------|-------------------------------|
| 1 | Vanguard International Fixed Interest Index Fund (Hedged) | 13.72% | Fund | Australia | |
| 2 | Vanguard International Credit Securities Index Fund (Hedged) | 13.56% | Fund | Australia | |
| 3 | Vanguard International Shares Index Fund (Hedged) - NZD Class | 6.49% | Fund | Australia | |
| 4 | Vanguard Int'l Shares Index Fund | 5.81% | Fund | Australia | |
| 5 | ANZ Term Deposit 02/10/2015 | 3.00% | Cash and cash equivalents | New Zealand | AA- |
| 6 | Kiwibank Term Deposit 11/12/2015 | 2.65% | Cash and cash equivalents | New Zealand | A+ |
| 7 | New Zealand Government Stock 6.0% 15/05/2021 | 2.60% | New Zealand fixed interest | New Zealand | AA+ |
| 8 | New Zealand Government Stock 3.0% 15/04/2020 | 2.19% | New Zealand fixed interest | New Zealand | AA+ |
| 9 | Cash deposit (ANZ) | 1.94% | Cash and cash equivalents | New Zealand | AA- |
| 10 | BNZ Term Deposit 11/01/2016 | 1.76% | Cash and cash equivalents | New Zealand | AA- |

The top 10 investments make up 53.72% of the fund.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund.

| Name | Current position | Time in current position | Previous or other position | Time in previous or other position |
|---------------|--|--------------------------|--|------------------------------------|
| David Beattie | CIO and Joint CEO, Grosvenor Financial Services Group | 14 years, 10 months | CIO, Westpac Financial Services | 10 years, 2 months |
| Nic Craven | Research Manager, Grosvenor Financial Services Group | 1 year, 5 months | Senior Advisor, MBMG Capital Partners | 8 months |
| Allan Yeo | Managing Director, Grosvenor Financial Services Group | 17 years, 3 months | Associate Director, Barclays Bank plc | 2 years |
| Rowan Calvert | Senior Equity Analyst, Grosvenor Financial Services Group | 5 years, 2 months | Surveillance Analyst, New Zealand Exchange | 4 years, 10 months |
| Conrad Wong | Fixed Interest Analyst, Grosvenor Financial Services Group | 4 years, 7 months | | |

Further information:

Information about conflicts of interest

There have not been changes to the nature, or increases in the scale of, the fund's related-party transactions over the past three months. See the Grosvenor KiwiSaver Scheme's annual financial statements for more information about the scheme's related-party transactions.

Changes to trade allocation, execution and proxy voting policies

There have not been changes to the fund's proxy voting policy in the past three months. See <http://www.grosvenorkiwisaver.co.nz/media/11306/proxy-vote-philosophy.pdf> for more information about this policy. The fund does not have trade allocation and execution policies.

Changes to valuation methods

There have not been changes to the fund's valuation methods in the past three months.

Electronic disclosure of this information

Most of the information contained in this statement, including some additional information, is available in a spreadsheet at <http://grosvenorkiwisaver.co.nz/media/12800/kss10026-010-qdssept2015-dsf.csv>.

Notes

1. Returns in this statement are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax rate may be lower.
2. Fund fees are fees charged as a percentage of a member's interest in the fund (i.e. as a percentage of their KiwiSaver account balance).
3. The fund first starting accepting contributions on 1 July 2014. The basis for calculating Total Fund Fees for the purpose of this disclosure statement is materially different to the Total Fund Fees shown in the fund's Annual Disclosure Statement which was for the nine month period from 1 July 2014 to 31 March 2015. The fund fees disclosed are based on fund fees charged during the twelve month period from 1 October 2014 to 30 September 2015.
4. Membership fees are the fixed dollar charges for membership in the KiwiSaver scheme.
5. The basis for calculating Membership fees for the purpose of this disclosure statement is materially different to the Membership fees shown in the fund's Annual Disclosure Statement which was for the nine month period from 1 July 2014 to 31 March 2015. The fund first started accepting contributions on 1 July 2014. The Membership fees disclosed are based on fees charged during the twelve month period from 1 October 2014 to 30 September 2015. The membership fee charged is at a rate of \$0.00 per month because no membership fees are charged to members who have been allocated by default to the fund who have a balance of less than \$10,001 that have not switched out of the fund previously. Some members were charged a membership fee of \$22.50 for the period 1 January 2015 to 30 September 2015. If a

Membership fee applies, the Membership fee charged (either \$3.00 or \$2.50) and whether it applies to a member's circumstances may differ to other members in the Default Saver Fund. For those members who have switched out of the fund previously, from 18 September 2015, the \$3.00 Membership fee will not be charged unless the balance of the member's account is greater than \$500.

6. When Mr Smith's balance in the fund reaches \$10,001 and Mr Smith has not previously switched out of the fund and back into the fund, Mr Smith will be charged a membership fee of \$2.50 per month. However if Mr Smith switches out of the fund and back into the fund, Mr Smith would be charged a membership fee of \$3.00 per month if Mr Smith's balance is greater than \$500.

Manager's certificate

In accordance with Regulation 41 of the KiwiSaver (Periodic Disclosure) Regulations 2013, Grosvenor Investment Management Limited certifies that:

1. the disclosure statement has been prepared for the purposes of the regulations;
2. to the best of its knowledge after making reasonable inquiry, all information required by the regulations has been disclosed in accordance with the regulations and the information presented is accurate; and
3. the disclosure statement does not contain any matter that is likely to deceive or mislead with regard to any particular that would be material to an offer of an interest in the Grosvenor KiwiSaver Scheme.

On behalf of Grosvenor Investment Management Limited



David Beattie
Authorised Signatory

21 October 2015