



Generate KiwiSaver Moderate Fund



 RESEARCHIP Rating



RIPPL Effect

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This report is based on publicly available information and/or data sourced directly from the Fund Manager. Any views or opinions expressed in this document are believed to be accurate at the time of publishing.

[Glossary of Terms – please explain the jargon in this report](#)

Meet the Manager

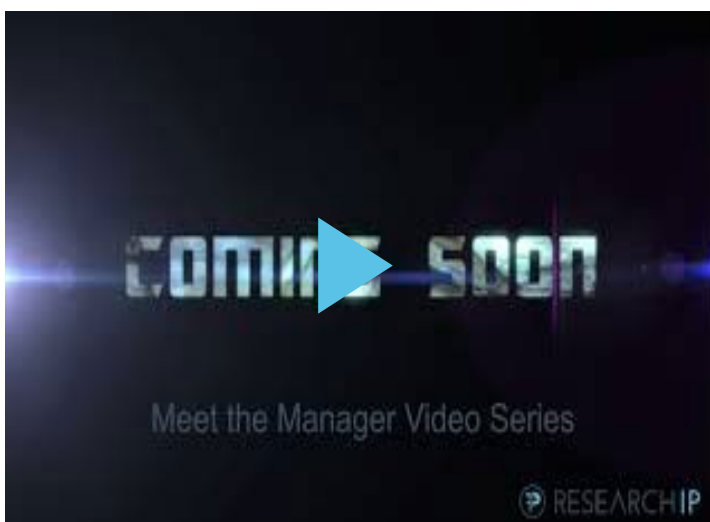
Generate Investment Management is an award-winning New Zealand owned KiwiSaver and Managed Funds provider. Their vision is to be the first choice for investors and advisers in relation to KiwiSaver and wealth products. They strive to provide strong long-term performance from responsible investments with excellent service, seeking continuous improvement in their customer and adviser experience. They are committed to the purpose of growing Kiwis' wealth, helping their advisers excel, giving back to their communities and environment, and providing satisfying and enriching careers for their staff. They educate, empower, and advise Kiwis to help them achieve materially better financial outcomes. Further information on the Manager can be found in its [online profile](#).

Generate's [investment philosophy](#) is that markets are not always efficient at pricing securities, especially over long time horizons, and an actively managed portfolio of diversified assets can exploit these inefficiencies.



Generate is a signatory to the United Nations Principles of Responsible Investment (UNPRI). Generate's [responsible investment](#) approach includes negative screening and ESG integration into their security selection process. In late 2020, Generate was the first KiwiSaver Scheme to invest into social housing with a \$15 million investment in Salvation Army community bonds which helped build 118 new homes. Generate is also a proud supporter of the Live Ocean Foundation.

Access the full range of [investment options here](#).



The fund aims to provide a moderate investment return over the long-term. The portfolio is actively managed and includes cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.

Fund Description

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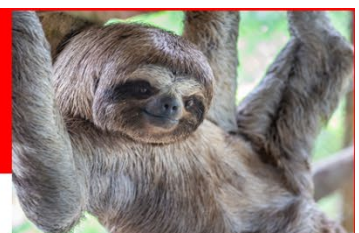

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The Fund's Profile

The Generate KiwiSaver Moderate Fund ("the Fund") is a medium risk fund that has a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.

Volatility is likely to be higher than the Conservative Fund but lower than the Balanced Fund. Long-term returns are likely to be higher than the Conservative Fund but lower than the Balanced Fund due to its weighting of growth assets.

<Any missing data points have not yet been supplied by the manager>

Fund Information	Generate KiwiSaver Moderate Fund
Who is ultimately accountable for the Fund performance?	Sam Goldwater
Sam has 23 years of financial markets experience. Locally he worked in fixed income sales and trading for the National Bank of New Zealand Treasury, co-managed the bond desk at First NZ Capital, and immediately prior to Generate led the investment management of a sizeable portfolio of family assets. He also worked for three years in London in fixed income trading and origination. Sam co-founded Generate in late 2012.	
When did the named individual(s) assume accountability?	16/04/2013
Is the Portfolio Manager invested in the Fund?	Yes
Asset manager's full name	Generate Investment Management
ISIN Code	<no supplied response>
APIR Code	<no supplied response>
Responsible Entity / Trustee / Supervisor	Public Trust
Legal Domicile of the Fund	New Zealand
Legal Structure	KiwiSaver
Is the Fund a registered NZ PIE structure?	Yes
Is the Fund open to new or existing investors?	Yes
The asset class that the Fund primarily invests in is	Multi Asset
Product's investment style	GARP
Geographical focus of the Fund	Global
Investment focus	Moderate
Manager's ownership structure	Privately Owned (significant employee ownership)
How many years has this Manager been managing this asset class?	9
Country Registered for Sale	New Zealand
Date of the latest PDS	30/06/2023

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Under the Bonnet

The Fund invests slightly more in income assets than growth assets. This Fund was previously named the “Conservative Fund”. The change means that the asset allocation is now split 60% to income assets and 40% to growth assets (previously, the split was 67.5% income assets and 32.5% growth assets).

The actual investment mix consists of cash, fixed interest, property and infrastructure assets, Australasian equities, and international equities.

Overview	Generate KiwiSaver Moderate Fund
Product's public published benchmark	Composite of benchmark index returns: S&P/NZX Call Rate Deposit TR Index S&P/NZX Investment Grade Corporate Bond TR Index S&P/ASX Corporate Bond 0+ NZD Hedged Index S&P/NZX All Real Estate industry Group Gross with Imputation Index S&P/NZX 50 Gross Index MSCI World ex Australia Net TR 100% hedged to NZD DHED MSCI Daily TR Net World Ex Australia USD
The product's internal targeted excess return is	Not Targeted
Minimum investment horizon	>3 years
Does the product charge a performance fee?	No
Product's performance fee	<no supplied response>
Hurdle before a performance fee is charged	<no supplied response>
Is there a high water mark?	<no supplied response>
Product's current buy spread	0.00%
Product's current sell spread	0.00%
Does the manager have the ability to change the Buy/Sell spread?	Yes - however, there is no intention to use this ability
Distributions per year	<no supplied response>
Distribution Dates	<no supplied response>
Normal pricing frequency	Daily
Product inception date	16/04/2013
Strategy inception date	16/04/2013

Management Fees	Historic	Estimate
GST - inclusive or exclusive	ex GST	ex GST
Management Fee (MER) / Manager's basic fee	1.11%	1.14%
Other Fees and Costs	0.03%	0.00%
Performance Fee	0.00%	0.00%
Total Fund Charges (i.e. TER/ICR)	1.14%	1.14%
Date	31/03/2023	30/06/2023

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Does Size Matter?

FUM	Generate KiwiSaver Moderate Fund	@Date
Fund currency	NZD	
Current size of the Fund (\$) NZD	\$520,381,913	30/06/2023
Current FUM in the strategy, including mandates (\$m)	\$520	30/06/2023
Current total FUM of the Manager (\$m)	\$4,157	30/06/2023

See our view on the Research IP blog [Does Size Matter](#). The investible universe for a fund can be limited by some or all of these attributes:

- Asset class (e.g. cash, bonds, shares etc)
- Geography (e.g. Australia, New Zealand, global etc)
- Size of issue (e.g. minimum issue size of bonds, market capitalisation of shares)
- Liquidity
- or other factors like credit ratings, issuer types etc.

The Downside

The Manager is aware of the broad range of risks, as identified in the [Product Disclosure Statement \(PDS\)](#), and is mindful of them when constructing and managing the portfolio.

Investors should note that all investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long- term returns may also carry the highest level of short-term risk. See our views on [what investment risks to look out for](#) on the Research IP blog.



The **Risk Indicator** is sourced directly from the manager and is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way. 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 latest 5 year period. If the fund does not have a 5-year return history market index returns are used to supplement the return series. The risk ranking applies to NZ PIE fund structures only, Research IP does not apply the risk ranking methodology to replicate this outcome in any other jurisdiction.

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Is it Ticking?



Responsible investing has become front of mind for many investors, but there is a minefield of green washing out there. We share the views of the Research IP team on sustainable investing, the 17 Sustainable Development Goals (SDGs), Environmental, Social and Governance (ESG) considerations and the United Nations Principles for Responsible Investment (UN PRI) on the [Research IP blog](#).

ESG Information	Generate KiwiSaver Moderate Fund
Which EU Sustainable Finance Disclosure Regulation (SFDR) classification best describes this product?	<no supplied response>
Is the Manager a signatory to the UNPRI?	Yes
UNPRI Rating : Strategy & Governance	B
UNPRI Rating : Listed Equity – Incorporation	A
UNPRI Rating : Listed Equity – Active Ownership	C
Are the UN Sustainable Development Goals considered in the investment process?	Yes
Does the Manager incorporate ESG factors into analysis and decisions?	Yes
Does the Manager implement negative screening?	Yes
Does the Manager implement positive, best-in-class or norms-based screening?	<no supplied response>
Does the Manager focus specifically on sustainability themed investments?	<no supplied response>
Does the Manager invest for impact? i.e. target non-financial outcomes that are intentional, measurable and additional.	<no supplied response>
Does the Manager integrate corporate engagement and proxy voting into their investment approach?	Yes
Is the Fund RIAA Certified?	No
RIAA Primary Investment Approach	Not RIAA certified
RIAA Secondary Investment Approach	Not RIAA certified
Link to RIAA Fund Profile	<no supplied response>
Link to Disclose information on Sorted (NZ only)	https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds/SCH10791/OFR10812/FND809
Link to Mindful Money (NZ only)	https://mindfulmoney.nz/kiwisaver/FND809/generate-moderate-fund/

You can find fund manager [Public Signatory Reports](#) on the UNPRI site.

 [Click here to access the full qualitative research report on this fund](#)



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Qualitative Fund Research

Generate KiwiSaver Moderate Fund

3 December 2022

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The views and opinions in this document are considered valid from one year from the date published.

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Check the Pulse

Philosophy & Process	Generate KiwiSaver Moderate Fund
Research Philosophy Fundamental with quality overlay	
Guidelines for filtering the universe Screening	
Research Approach Generate's research process combines both top down and bottom up methodologies. From a top down sense we identify sectors where gain conviction in structural tailwinds/headwinds on a temporary and/or permanent basis. On a bottom up basis, Generate builds and maintains cash flow valuation models. These models are not explicitly used to derive a spot point valuation, but to understand the key drivers that affect cash flow movements and in turn their sustainability. This methodology helps Generate assess the repeatability and growth prospects of dividend streams while assessing the strength of a company's capital position. On top of this, Generate runs an ESG lens over both current and prospective investments to ensure that they align with both Generates and Generate's client expectations of responsible and sustainable corporate practices.	
Specific inputs to the research process Broker research, news, company visits, internal valuations	
Third party inputs used	Sell side research/models, Bloomberg, Sustainalytics
Primary valuation approach	P&I: Combination of Sustainable cashflow yield + growth and DCF Global Equities: Earnings multiples and growth
Secondary valuation approach (if applicable)	<no supplied response>
In constructing the portfolio the manager is...	Benchmark unaware
Biases present in the product	Quality, yield
Number of securities in the investment universe	<no supplied response>
Number of securities fully researched	58 equity securities + fixed interest
Typical number of holdings in the portfolio	125 - 200
Anticipated portfolio turnover	10 - 30%
Typical level of cash held in the portfolio?	5%

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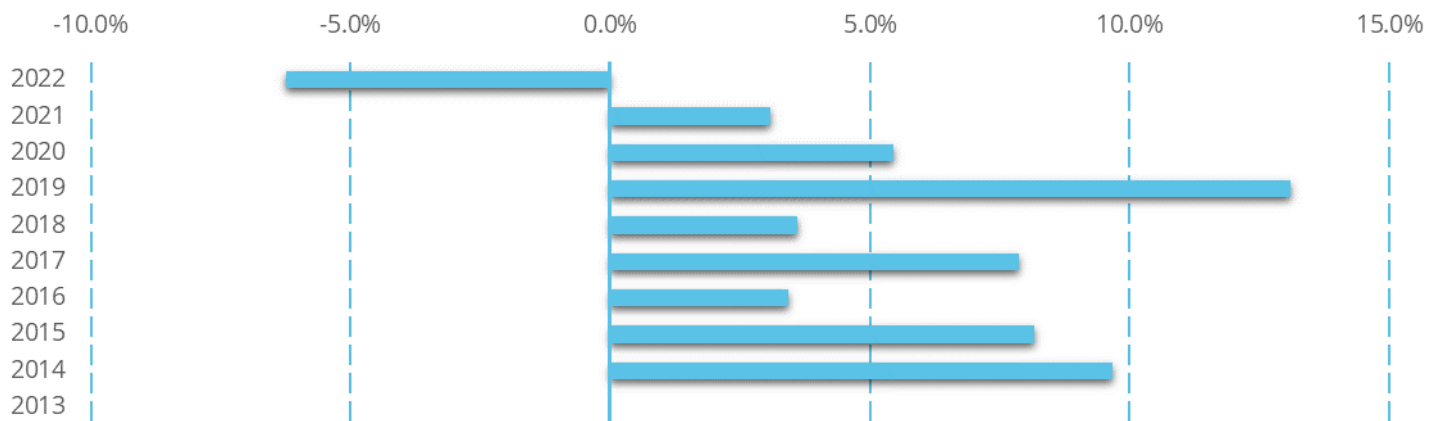



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Is it Working?

Performance	Generate KiwiSaver Moderate Fund
"Performance to" date	11/07/2023
	10 years, 2 months, 11 days
Inception date of the performance?	30/04/2013
Negative Months (3 Years)	15%
Negative Months (5 Years)	20%
Negative Months (7 Years)	27%
Negative Months (10 Years)	33%
Max Gain Since Inception	12.71
Max Loss Since Inception	-7.72
Max Drawdown Since Inception	-7.72
Volatility (3 Years)	4.7%
Beta (3 Years)	1.13
Sharpe (3 Years)	

Annual Performance



Annualised Performance



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Our experience has been gained in well over 20 years of roles across different facets of the industry, so we understand the key drivers and challenges for people trusted with the management of investments.

Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel's work on the possibilities for "Disruption by Trusted Advisors" and John Kay's views in "Other People's Money: Masters of the Universe or Servants of the People".

Some of the consulting services we provide to financial advisers, charities, not-for-profit organisations and other investors include:

- AFSL reviews
- Platform and Financial Adviser Software reviews
- Fee negotiations for better client outcomes
- Investment committee terms of reference / charter
- Investment committee skills assessment
- Investment policy development
- Investment committee implementation review
- Chair or independent investment committee member
- Investment manager review
- Investment manager / adviser selection
- Quarterly reporting and commentary
- Sustainability and ESG policy development
- Sustainability and ESG investment selection / implementation of strategies.

If you would like to discuss one or a number of these consulting services, please contact info@research-ip.com.

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