

# Methodology for calculating dollar fees for annual Member reports

KiwiWRAP KiwiSaver Scheme charges fees as a percentage of the market value of your Personal Plan on a given day. This is known as the **total annual fund charge method**. Your Personal Plan is valued every day and the relevant percentage-based fee is calculated daily and charged monthly in arrears.

There are three fee types in your annual statement which are detailed below.

## Total fund charge

This fee includes the Scheme's management, administration and performance fees as well as the ongoing fees charged by any of the investment options you have selected.

### Scheme management fee

This fee is calculated as your daily Personal Plan balance, minus any balances held in the cash management account, multiplied by 0.29% / 365. Each day's fee is then summed to reflect the annual fee.

### Scheme administration fee

Nil

### Scheme performance fee

Nil

### Underlying investment fees (labelled other management and administration charges)

These fees are calculated as your daily unit holding in each individual investment option, multiplied by the annual fee for that investment option / 365. Each day's fee is then summed to reflect the annual fee. The annual fee for each investment option is available in the Investment Options Supplement.

These fees are estimates as the actual fee charged by each manager will vary slightly year to year. The estimate is based on recent published management and administration fees when the Investment Options Supplement was reviewed (March each year).

## Other charges

Other charges is the fee charged by your Adviser. This fee is calculated as your daily Personal Plan balance, multiplied by the percentage fee you agreed with your adviser / 365. Each day's fee is then summed to reflect the annual fee.

The fee you agreed with your adviser can be found in your statement of advice, or by confirmation from your adviser or Consilium. The maximum chargeable for this fee is 0.75% per annum + GST.

### Adviser establishment fees

If the annual statement covers your first year of membership, this may also include an initial establishment fee charged by your adviser which is calculated as the Personal Plan balance that you initially deposited into the Scheme, multiplied by the percentage fee you agreed with your adviser.

The fee you agreed with your adviser can be found in your statement of advice, or by confirmation from your adviser or Consilium. The maximum chargeable for this fee is 0.20% per annum + GST and this fee may only be charged in the first year.

## Individual action fees

Individual action fees are fees that vary based on actions taken on your Personal Plan. There are five types of these fees applicable.

### Brokerage fees

Some investment options will incur brokerage fees when you buy or sell them. These are charged as a proportion of the transaction value subject to a minimum amount and vary based on the market which the investment is traded. Full details of these fees are available in the Investment Options Supplement.

### Currency order consolidation fees

This is a fee charged when you convert one currency to another and is a fixed proportion of the transaction based on the currencies involved. Full details of these fees are available in the Investment Options Supplement.

### Cash administration fees withheld

This is an interest margin withheld by the custodian on balances held in the cash management account. Full details of these fees are available in the Investment Options Supplement.

### Currency conversion margins withheld

This is a margin withheld by the custodian on balances converted from one currency to another. Full details of these fees are available in the Investment Options Supplement.

## Example of how fees apply to an investor

Mrs Johnson invests \$100,000 in a number of investment options from the IOS. She is charged brokerage when her funds are invested of \$200.00 (0.20% of \$100,000). This brings the starting value of her investment to \$99,800.00.

She is also charged the annual Scheme fee, which works out to \$289.42 (0.29% of \$99,800). These fees might be more or less if her account balance has increased or decreased over the year and are dependent on the type of investments she has selected.

Over the next year Mrs Johnson pays other charges of \$1,022.00, being a \$75.00 cash administration fee, an Adviser establishment fee, which works out to \$200.00 (0.20% of \$100,000), and an ongoing Adviser fee, which works out to \$747.00 (0.75% of \$99,600.00).

|                   | <b>Estimated total fees<br/>for the first year</b> |
|-------------------|--|
| Brokerage         | \$200.00   |
| Annual Scheme fee | \$289.42   |
| Other charges     | \$1,022.00   |
| <b>Total:</b>     | <b>\$1,511.42</b>                                  |

If Mrs Johnson's investment options include any funds, those funds may be subject to additional fees (including performance fees) and expenses.

This example may not be representative of the actual fees you may be charged and reflects a mix of investment options at the maximum management fee rate. These fees might be more or less if her account balance has increased or decreased over the year and are dependent on the type of investments she has selected.

### Fees can be changed

We can change the existing fees and introduce new fees, subject to any maximum levels in the Scheme's Trust Deed and the requirement in the KiwiSaver Act 2006 not to charge unreasonable fees, by giving notice to all members.