

Investment Update for the 50% Conservative / 50% Balanced investment option

Year ended 31 March 2022

This update was first made publicly available on 30 June 2022.

What is the purpose of this update?

This document tells you how the 50% Conservative / 50% Balanced investment option has performed and what fees were charged. The document will help you to compare the investment option with other investment options. Dairy Industry Superannuation Scheme Trustee Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this investment option

The 50% Conservative / 50% Balanced investment option splits your investment equally between the Conservative Fund and Balanced Fund. The investment objective for this investment option is to achieve the investment objective of the relevant Fund in respect of the proportion invested in that Fund. The fund updates for each Fund, which contain more information, can be found at www.disclose-register.companiesoffice.govt.nz.

Total value of the investment option	\$120,877,867.32
Number of investors in the investment option	1009
The date the investment option started	1 April 2003

What are the risks of investing?

Risk indicator for the 50% Conservative / 50% Balanced investment option



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the investment option'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 www.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 an investment option's future performance. The risk indicator is based on the returns data for the five years ended 31 March 2022. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future investment updates.

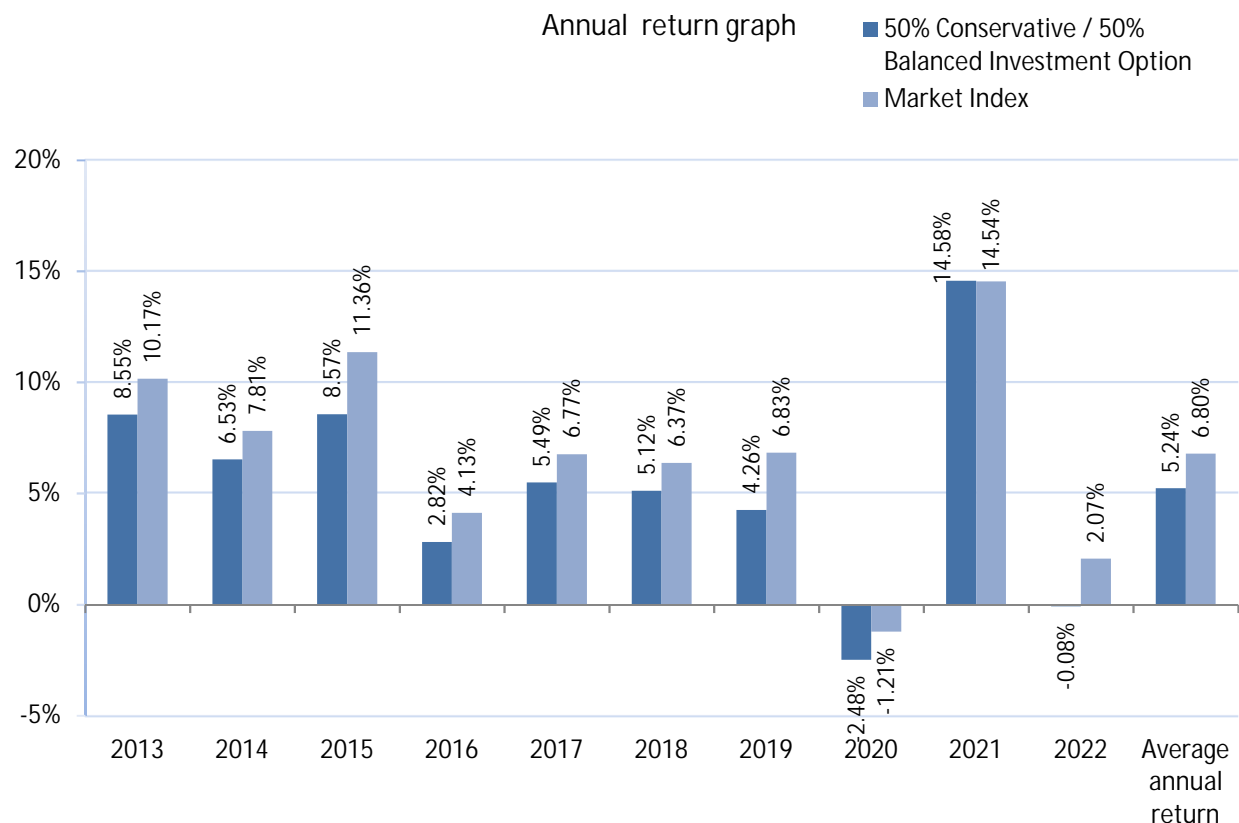
See the product disclosure statement (PDS) for more information about the risks associated with investing in this investment option.

How has the investment option performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	4.12%	-0.08%
Annual return (after deductions for charges but before tax)	4.65%	-0.19%
Market index annual return (reflects no deduction for charges and tax)	5.59%	2.07%

The market index return is the strategic asset allocation weighted benchmark index return for the two Funds your investment is split across, where the benchmark indices are defined in the Statement of Investment Policy and Objectives.

Further information about the market index is available on the offer register at www.disclose-register.companiesoffice.govt.nz.



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 31 March 2022.

Important: This does not tell you how the investment option will perform in the future.

What fees are investors charged?

Investors in the Conservative/Balanced investment option are charged fund charges. In the year to 31 March 2022 these were:

	% of net asset value
Total fund charges	1.03% ¹
Which are made up of:	
Total management and administration charges	1.03% ¹
Including -	
Manager's basic fee	0.00%
Other management and administration charges	1.03% ¹
Total performance-based fees	0.00%
Other charges	Dollar amount per investor or description of how charge is calculated
N/A	N/A

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching investment options). See the 'Fees' section of the 'Other Material Information' document on the offer register at www.disclose-register.companiesoffice.govt.nz for more information about those fees.

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

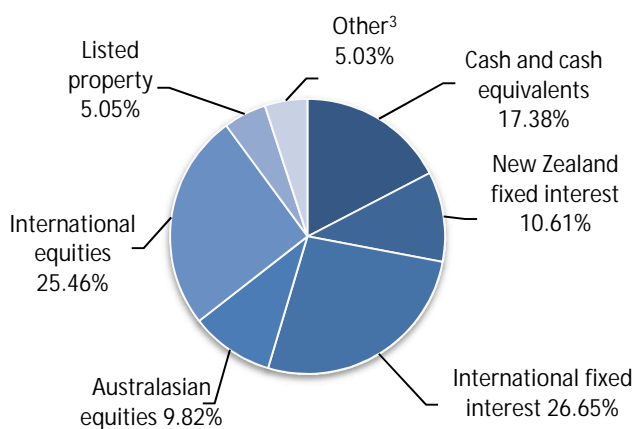
Example of how this applies to an investor

Mary had \$10,000 in the investment option at the start of the year and did not make any further contributions. At the end of the year, Mary incurred a loss after fund charges were deducted of \$19.00 (that is -0.19% of her initial \$10,000). Mary paid \$0.00 in other charges. This gives Mary a total loss after tax of \$8.00 for the year².

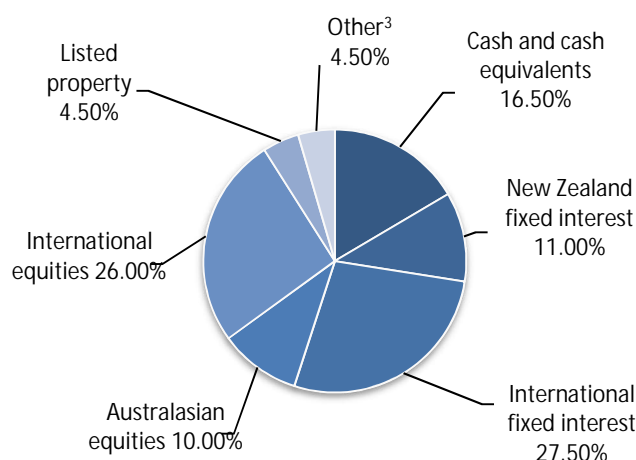
What does the investment option invest in?

This shows the types of assets that the investment option invests in.

Actual investment mix



Target investment mix



Top 10 investments

Asset name	% of fund net assets	Type	Country	Credit rating
Russell Global Bond Fund	17.41%	International fixed interest	NZ	N/A
Mercer Hedged Overseas Shares Plus Fund	12.86%	International Equities	NZ	N/A
Mercer Overseas Shares Plus Fund	9.49%	International Equities	NZ	N/A
Mercer Global Absolute Return Bond Fund	9.24%	International fixed interest	NZ	N/A
ANZ Wholesale NZ Cash Fund	8.69%	Cash and cash equivalents	NZ	N/A
Macquarie NZ Cash Fund	8.68%	Cash and cash equivalents	NZ	N/A
Harbour Core NZ Fixed Interest Fund	5.74%	New Zealand fixed interest	NZ	N/A
Macquarie Global Listed Real Estate Fund	5.05%	Listed property	NZ	N/A
Mercer Global Listed Infrastructure Fund	5.03%	Other ³	NZ	N/A
Harbour Australasian Equity Fund	5.01%	Australasian equities	NZ	N/A

The total value of the above 10 individual assets is 87.20% of the net asset value of the investment option.

Currency hedging

Currency hedging can apply to some of the asset classes this investment option invests in. At 31 March 2022, the level of currency hedging for international equities was 50.5%. The level is managed between 40% and 60% and may change over time.

Other global assets classes (international fixed interest and real assets³), target a 90-110% net of tax hedge to the New Zealand dollar. For more information refer to the statement of investment policy and objectives which is available from www.disclose-register.companiesoffice.govt.nz and the Documents & Forms page of www.dairysuper.co.nz

Key personnel

Name	Current position	Time in current position	Previous or other current position (if relevant)	Time in previous or other position
Tim McGuinness	Chair of Trustee Board	15 years and 4 months	Professional Trustee (Current position)	16 years and 0 months
Bruce Kerr	Licensed Independent Trustee	7 years and 3 months	Professional Trustee (Current position)	21 years and 3 months
Neil Cannell ⁴	Investment Consultant, Mercer	8 years and 5 months	Advisor, The Treasury	2 years and 5 months
Ronan McCabe	Chief Investment Officer, Mercer(N.Z.) Limited	1 year and 4 months	Head of Portfolio Management (Pacific), Mercer (Australia) Limited	2 years and 3 months
Andrew Bascand	Managing Director, Harbour Asset Management	12 years and 5 months	Portfolio Manager, Alliance Bernstein	11 years and 1 month

Further information

You can also obtain this information, the PDS for the Dairy Industry Superannuation Scheme, and some additional information from the offer register at www.disclose-register.companiesoffice.govt.nz or on the Documents & Forms page of www.dairysuper.co.nz or by calling the Scheme helpline 0800 355 900.

Notes

¹ Insurance premiums make up 0.44% of these charges, with the balance being made up of the other types of fees and expenses disclosed in the Scheme's PDS.

² The past year after-tax return is greater than the before-tax return. This is mainly due to tax credits arising from negative returns from fixed interest investments.

³ This category consists of Global Listed Infrastructure assets.

⁴ Neil Cannell has not been named in the previous fund update for the Conservative/Balanced Investment Option.