

Fund Update for the Conservative Fund Year ended 31 March 2020

This update was first made publicly available on 30 July 2020.

What is the purpose of this update?

This document tells you how the Conservative Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. 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 fund

The Conservative Fund invests in 25% growth assets (e.g. shares) and 75% income assets (e.g. fixed interest). The investment objective for the Conservative Fund is to achieve average returns of 1% p.a. over rolling five-year periods after tax, investment-related fees and inflation (NZCPI).

| | |
|---------------------------------|--------------|
| Total value of the fund | \$46,243,155 |
| Number of investors in the fund | 377 |
| The date the fund started | 1 April 2003 |

What are the risks of investing?

Risk indicator for the Conservative Fund



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 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 a fund's future performance. The risk indicator is based on the returns data for the five years ended 31 March 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.

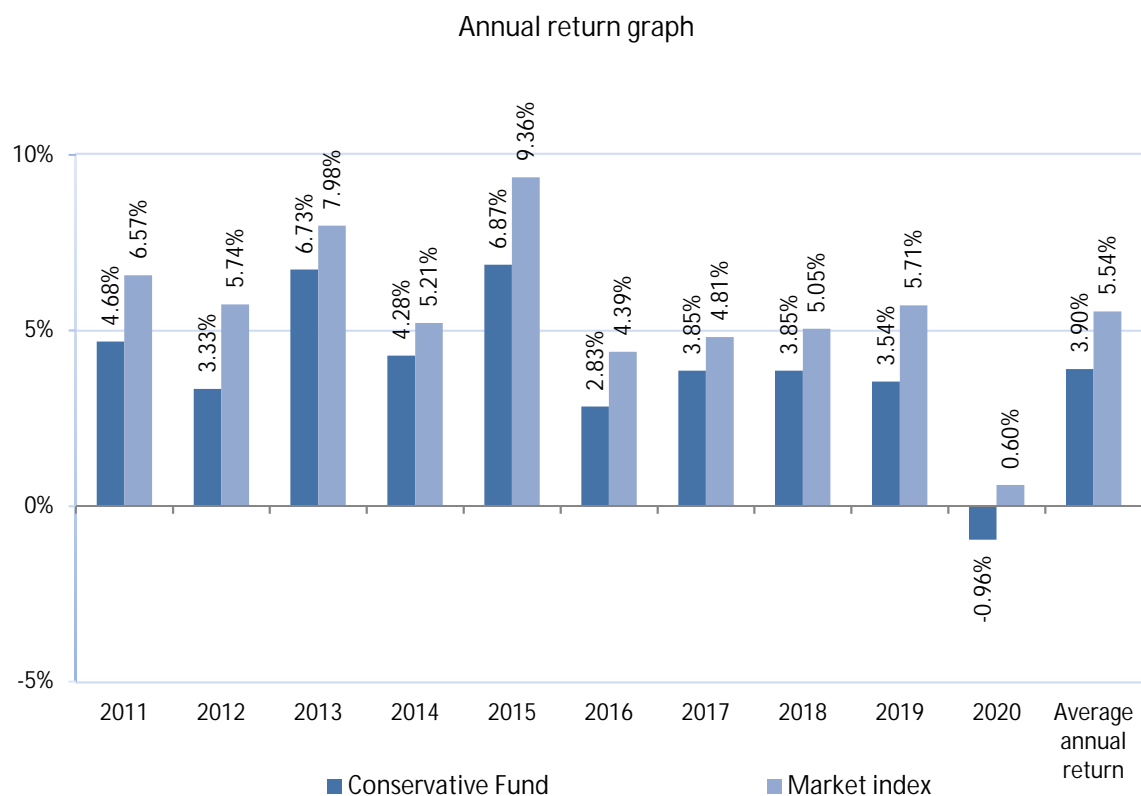
See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

| | Average over past 5 years | Past year |
|---|------------------------------|-----------|
| Annual return (after deductions for charges and tax) | 2.61% | -0.96% |
| Annual return (after deductions for charges but before tax) | 3.45% | -0.57% |
| Market index annual return (reflects no deduction for charges and tax) | 4.10% | 0.60% |

The market index return is the strategic asset allocation weighted benchmark index return for the Fund, 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 2020.

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

What fees are investors charged?

Investors in the Conservative Fund are charged fund charges. In the year to 31 March 2020 these were:

| | % of net asset value |
|---|---|
| Total fund charges | 0.86% ¹ |
| Which are made up of: | |
| Total management and administration charges | 0.86% ¹ |
| Including - | |
| Manager's basic fee | 0.00% |
| Other management and administration charges | 0.86% 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 funds). 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.

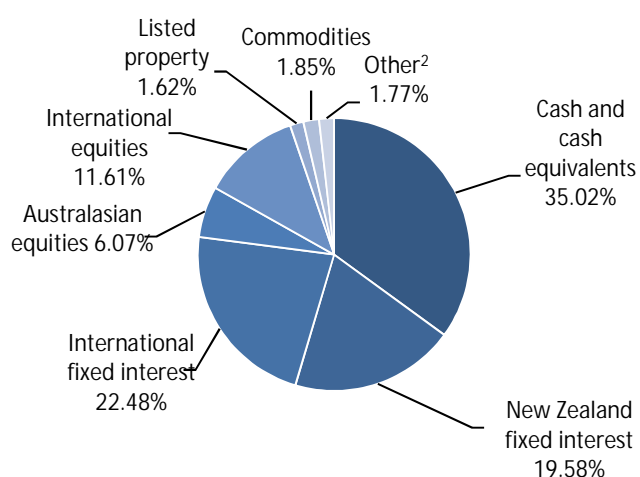
Example of how this applies to an investor

Mary had \$10,000 in the fund 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 \$57.00 (that is -0.57% of her initial \$10,000). Mary paid \$0.00 in other charges. This gives Mary a total loss after tax of \$96.00 for the year.

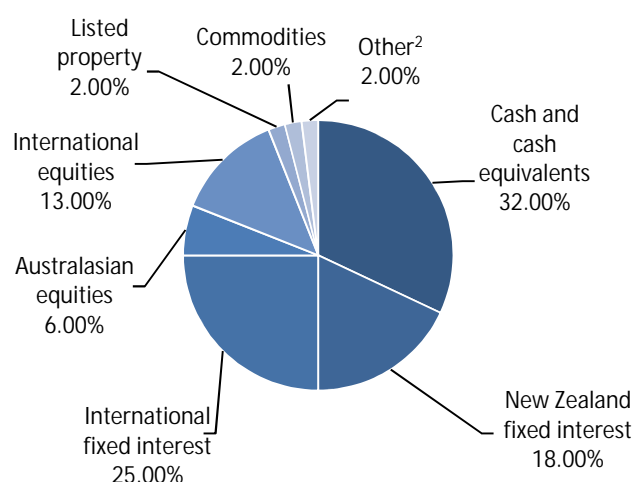
What does the fund invest in?

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

Actual investment mix



Target investment mix



Top 10 investments

| Asset name | % of fund net assets | Type | Country |
|--|----------------------|------------------------------|---------|
| ANZ Wholesale NZ Cash Fund | 17.56 | Cash and cash equivalents | NZ |
| AMP Capital NZ Cash Fund | 17.46 | Cash and cash equivalents | NZ |
| Russell Global Bond Fund | 15.84 | International fixed interest | NZ |
| AMP Capital NZ Fixed Interest Fund | 9.88 | New Zealand fixed interest | NZ |
| Harbour Core NZ Fixed Interest Fund | 9.70 | New Zealand fixed interest | NZ |
| Mercer Global Absolute Return Bond Fund | 6.64 | International fixed interest | NZ |
| AMP Capital Core Global Shares Fund (Hedged) | 5.28 | International equities | NZ |
| AMP Capital Core Global Shares Fund | 4.94 | International equities | NZ |
| Nikko Core Equity Fund | 3.06 | Australasian equities | NZ |
| Harbour Australasian Equity Fund | 3.01 | Australasian equities | NZ |

The total value of the above 10 individual assets is 93.38 % of the net asset value of the fund.

Currency hedging

Currency hedging can apply to some of the asset classes this fund invests in. At 31 March 2020, the level of currency hedging for international equities was 45.5%. 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 and forms page of www.dairysuper.superfacts.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 | 13 years and 4 months | Professional Trustee (Current position) | 14 years and 0 months |
| Bruce Kerr | Licensed Independent Trustee | 5 years and 3 months | Professional Trustee (Current position) | 19 years and 3 months |
| David Scobie | Investment Consultant, Mercer | 17 years and 5 months | Senior Analyst, The Treasury | 4 years and 9 months |
| Bevan Graham | NZ Managing Director and Chief Economist, AMP Capital | 1 years and 3 months | NZ Chief Economist, AMP Capital | 8 years and 4 months |
| Andrew Bascand | Managing Director, Harbour Asset Management | 10 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.superfacts.co.nz or by calling the Scheme helpline 0800 355 900.

Notes

¹Insurance premiums make up 0.51% of these charges, with the balance being made up of the other types of fees and expenses disclosed in the Scheme's PDS.

²The real assets sector consists of global listed property, commodities and global listed infrastructure.