

Investment Update for the 50% Balanced / 50% Growth investment option Year ended 31 March 2023

This Fund Update was first made publicly available on 23 June 2023. It was amended on 12 July 2023 with updates to the “How has the fund performed?” section on page 2 to correct the ‘Annual return (after deductions for charges and tax) for the past year and the Annual return (after deductions for charges and tax) average over the past 5 years’ figures, with consequential changes also made to the figures in the “Example of how this applies to an investor section” section on page 3.

What is the purpose of this update?

This document tells you how the 50% Balanced / 50% Growth 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% Balanced / 50% Growth investment option splits your investment equally between the Balanced Fund and Growth 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 | \$211,135,689 |
| Number of investors in the investment option | 2064 |
| The date the investment option started | 1 April 2003 |

What are the risks of investing?

Risk indicator for the 50% Balanced / 50% Growth 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 2023. 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.

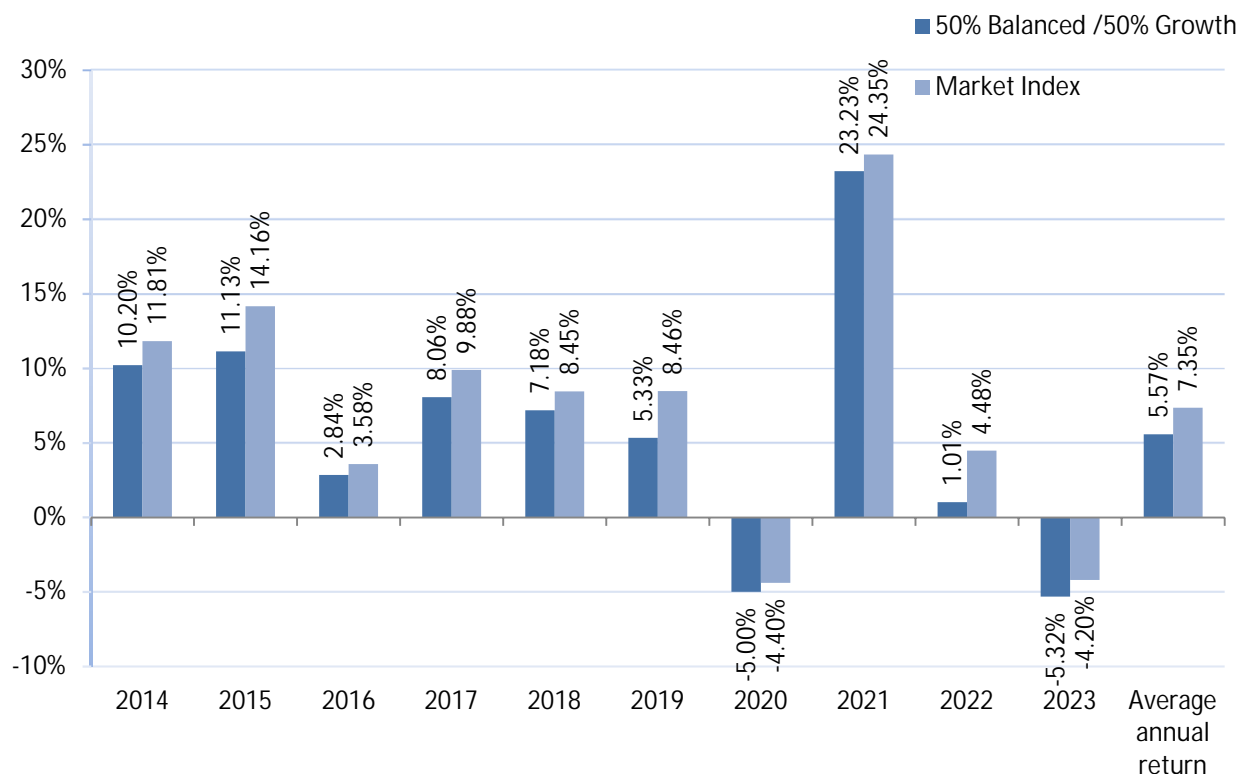
How has the investment option performed?

| | Average over past 5 years | Past year |
|---|------------------------------|-----------|
| Annual return (after deductions for charges and tax) | 3.35% | -5.32% |
| Annual return (after deductions for charges but before tax) | 3.71% | -5.27% |
| Market index annual return (reflects no deduction for charges and tax) | 5.23% | -4.20% |

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.

Annual return graph



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 2023.

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

What fees are investors charged?

Investors in the 50% Balanced / 50% Growth investment option are charged fund charges. In the year to 31 March 2023 these were:

| | % of net asset value |
|---|---|
| Total fund charges | 1.16% ¹ |
| Which are made up of: | |
| Total management and administration charges | 1.16% ¹ |
| Including - | |
| Manager's basic fee | 0.00% |
| Other management and administration charges | 1.16% 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.

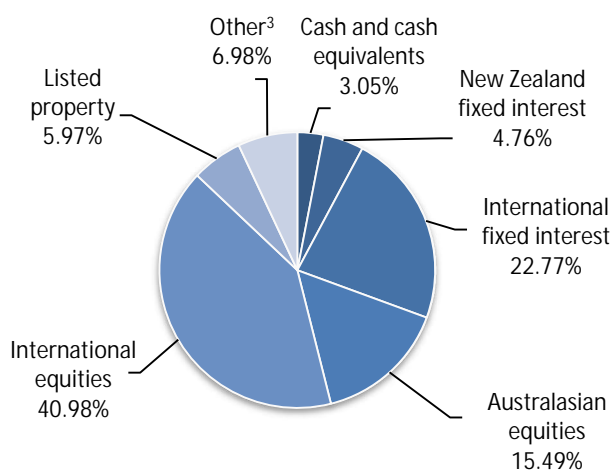
Example of how this applies to an investor

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 \$527 (that is -5.27% of her initial \$10,000). Mary paid \$0.00 in other charges. This gives Mary a total loss after tax of \$532 for the year².

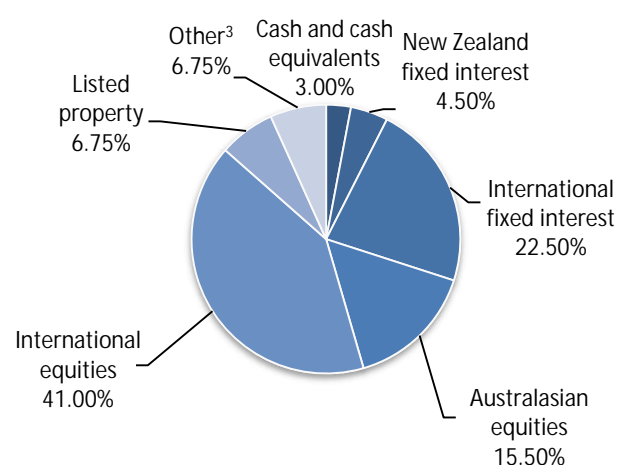
What does the investment option invest in?

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 |
|---|----------------------|------------------------------|---------|---------------|
| Mercer Hedged Overseas Shares Plus Fund | 19.28% | International equities | NZ | N/A |
| Mercer Overseas Shares Plus Fund | 16.52% | International equities | NZ | N/A |
| Russell Global Bond Fund | 16.10% | International fixed interest | NZ | N/A |
| Nikko Core Equity Fund | 7.80% | Australasian equities | NZ | N/A |
| Harbour Australasian Equity Fund | 7.68% | Australasian equities | NZ | N/A |
| Mercer Global Listed Infrastructure Fund | 6.98% | Other ³ | NZ | N/A |
| Mercer Global Absolute Return Bond Fund | 6.67% | International fixed interest | NZ | N/A |
| Mercer Macquarie Global Listed Real Estate Fund | 5.97% | Listed Property | NZ | N/A |
| Mercer Emerging Markets Shares Fund | 5.19% | International equities | NZ | N/A |
| Harbour Core NZ Fixed Interest Fund | 2.56% | New Zealand fixed interest | NZ | N/A |

The total value of the above 10 individual assets is 94.75% 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 2023, the level of currency hedging for international equities was 47.0%. The level is managed between 40% and 60% and may change over time.

Other global assets classes (international fixed interest and real assets²), 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.co.nz

Key personnel

| Name | Current position | Time in current position | Previous or other current position (if relevant) | Time in previous or other position |
|----------------------------|---|--------------------------|---|------------------------------------|
| Andrew Bascand | Managing Director, Harbour Asset Management | 13 years and 5 months | Portfolio Manager, Alliance Bernstein | 11 years and 1 month |
| Padraig Brown ⁴ | Chief Investment Officer, Mercer (N.Z.) Limited | 0 years and 8 months | Head of Real Estate (Pacific), Mercer (Australia) Limited | 11 years and 0 months |
| Neil Cannell | Investment Consultant, Mercer | 9 years and 5 months | Advisor, The Treasury | 2 years and 5 months |
| Bruce Kerr | Licensed Independent Trustee | 8 years and 3 months | Professional Trustee (Current position) | 22 years and 3 months |
| Tim McGuinness | Chair of Trustee Board | 16 years and 4 months | Professional Trustee (Current position) | 17 years and 0 months |

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 0.58% 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 Padraig Brown has not been named in the previous fund update for the Balanced-Growth Fund.