

Local Government Superannuation Scheme

Conservative Fund

Fund Update for the year ended 31 March 2022

This fund update was first made publicly available on 1 July 2022.

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. Local Government Superannuation Trustee Ltd prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

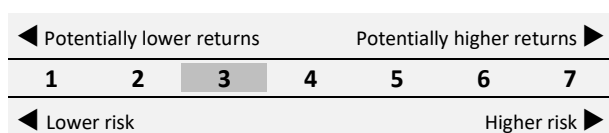
Description of this fund

The Conservative Fund target asset allocations are 20% in growth assets and 80% in income assets. Its objective is to reduce the likelihood of negative returns over the short term with higher proportions of investment in defensive assets, such as cash and bonds, while still providing an opportunity for positive real returns over the longer term by investing a smaller proportion of the Fund in growth assets such as equities and property.

Total value of the fund	\$9,523,381
Number of investors in the fund	245
Date the fund started	1 April 2008

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 to 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 fund updates.

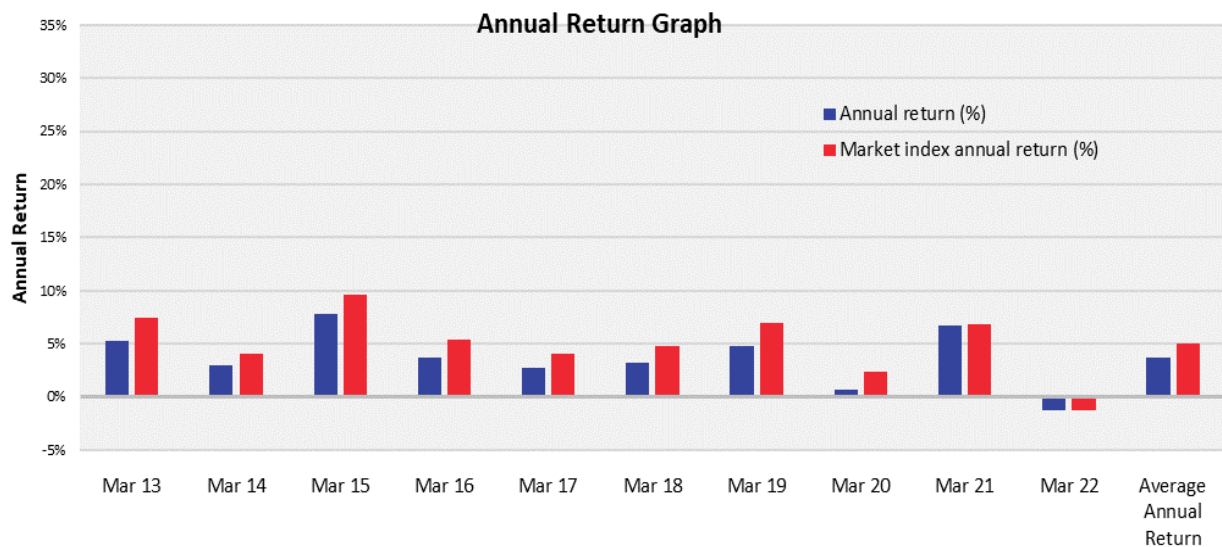
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	2.85%	-1.22%
Annual return (after deductions for charges but before tax)	3.36%	-1.86%
Market index annual return (reflects no deduction for charges and tax)	3.89%	-1.25%

The market index return is the strategic asset allocation weighted benchmark index return, where the benchmark indices are defined in the Statement of Investment Policy and Objectives.

Additional information about the market index is available on the offer register at <https://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 since the fund started, up to 31 March 2022. The Market Index Returns do not include any tax, expenses or charges.

The returns above need to be considered in light of the market low caused by COVID-19 in March 2020. This is highlighted when comparing the returns shown for the year ending 31 March 2021.

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

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Conservative Fund are charged fund charges.

In the year to 31 March 2022 these were:

	% of net asset value
Total fund charges	0.42% ¹

Which are made up of:

Total management and administration charges	0.42% ¹
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Including:

Manager's basic fee	0.40%
Other management and administration charges	0.02% ¹
Total performance-based fees	0.00%

Other charges	NZ Dollar Amount per Investor
Administration fees	\$72 per annum ²

Example of how this applies to an investor

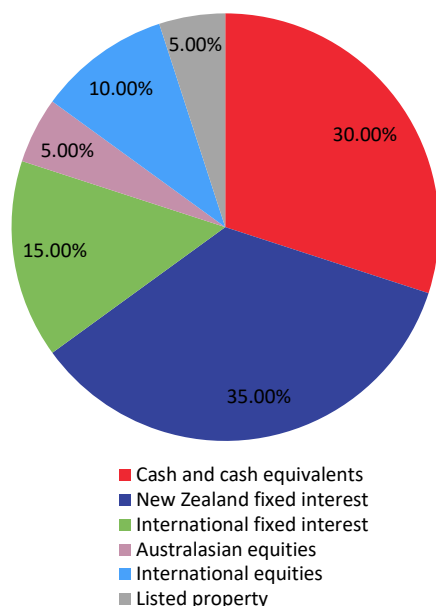
Small differences in fees and charges can have a big impact on your investment over the long term.

Ian 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 Ian received a return after fund charges were deducted of -\$122 (that is -1.22% of his initial \$10,000). Ian also paid \$72 in other charges if he wasn't employed by a Participating Employer². This gives Ian a total return after tax of -\$194 for the year (or -\$122 for the year if he was employed by a Participating Employer²).

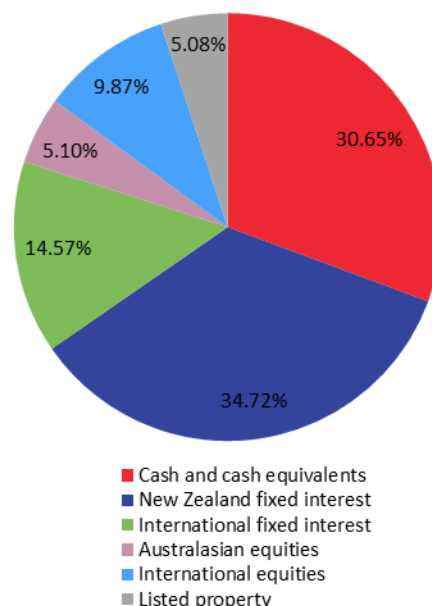
What does the fund invest in?

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

Target investment mix



Actual investment mix



Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit rating (if applicable)
1	ANZ Wholesale Cash Fund	30.65%	Cash and cash equivalents	NZ	N/A
2	ANZ High Grade Bond Fund	17.56%	New Zealand fixed interest	NZ	N/A
3	ANZ Sovereign Bond Fund	17.16%	New Zealand fixed interest	NZ	N/A
4	ANZ Wholesale International Sovereign Fund	7.36%	International fixed interest	NZ	N/A
5	ANZ Wholesale International Credit Fund	7.22%	International fixed interest	NZ	N/A
6	HARBOUR NZ Shares Index Fund	5.10%	Australasian equities	NZ	N/A
7	HARBOUR Real Estate Investment Fund	5.08%	Listed property	NZ	N/A
8	ANZ Wholesale International Share Fund No. 5	5.05%	International equities	NZ	N/A
9	ANZ Wholesale Hedged International Share Fund No. 5	4.83%	International equities	NZ	N/A

The top 9 investments make up 100% of the fund.

Key personnel

	Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
1	Basil Morrison	LGST Chairman	10 years 10 months		
2	Graeme Mitchell	Licensed Independent Trustee	9 years 7 months		
3	Charlie Howe	Chief Executive Officer (Civic Financial Services)	0 years 7 months		
4	Glenn Watkin	Chief Financial Officer (Civic Financial Services)	3 years 2 months	Investment Accountant (Civic Financial Services)	6 years 5 months
5	Ivy Liang	Fund Accountant (Civic Financial Services)	0 years 3 months		

Further information

You can also obtain this information, the PDS for the Local Government Superannuation Scheme and some additional information from the offer register at <https://disclose-register.companiesoffice.govt.nz/>.

Notes

1. The fees charged include an estimate for in-fund costs which are fees and expenses recovered from the underlying funds we invest in by the respective fund managers. The in-fund costs are not fixed as the actual amount of these costs will vary slightly from year to year based on average balances. This means that this component of the annual fund charges can only be estimated.
 2. Currently no administration fee is payable by members who are making payments via their Local Authority Employer (Participating Employer).
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