

Aon KiwiSaver Scheme

Fees and other charges

This document provides additional information on fees and other charges relating to the Aon KiwiSaver Scheme.

This document should be read in conjunction with the Aon KiwiSaver Scheme ('Scheme') product disclosure statement dated 1 February 2021 ('PDS'). This document and other material information documents regarding the Aon KiwiSaver Scheme, including a glossary of terms used can be found at aonkiwisaver.co.nz or on the Disclose Register at disclose-register.companiesoffice.govt.nz.

Issued by **Aon Saver Limited**

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Fees and other charges

The fees charged are listed in section 5 (**What are the fees?**) of the Aon KiwiSaver Scheme product disclosure statement. Further information is set out below.

Trading expenses

Each of the funds offered by the Scheme are invested in one or more underlying funds managed by the underlying investment manager. The underlying investment manager may use tools such as buy/sell spreads to provide for trading expenses of the underlying fund.

The tools used by the Scheme's underlying investment managers are:

- ANZ – No tool used, currently. ANZ allocate the expenses to the fund as a whole and issue one price to investors for all transactions each day.
- Milford – A swing pricing adjustment may apply to the unit price of the Milford Aon KiwiSaver Active Growth Fund, the underlying fund in to which the Scheme's Milford Active Growth Wholesale Fund is invested. For information on the swing pricing adjustment refer to Milford's Investor Guide at milfordasset.com/forms-documents. Note that the swing factor percentage for the Milford Aon KiwiSaver Active Growth Fund is the same as that of the Milford Active Growth Fund, however whether the unit price swings up or down will depend on net cash flows of the Milford Aon KiwiSaver Active Growth Fund.
- Nikko – Buy/sell spreads apply to investments in the Nikko AM Wholesale Balanced Fund, the underlying fund in to which the Scheme's Nikko Balanced Fund is invested. Nikko may change the spreads from time to time. For the current spreads see nikkoam.co.nz/invest/buy-sell-spreads.
- Russell – For each of the Russell funds, buy/sell spreads apply to investments in the underlying funds. Each of the Russell funds invests in the Russell Investments NZ Fixed Interest Fund, Russell Investments Global Fixed Interest Fund, Russell Investments NZ Shares Fund, Russell Investments Global Shares Fund and the Russell Investments Hedged Global Shares Fund. For the current spreads see the "Fees and Charges" table at isolutions.co.nz/fund-hosting/documents-and-reporting/.

These provisions for trading expenses, as well as indirect trading expenses, are reflected in the funds' unit prices.

The tool used by the underlying investment manager (if any) may change from time to time.

Individual action fees

Transfer to another KiwiSaver scheme

If you choose to transfer out of the Scheme to another KiwiSaver scheme, we will charge a transfer fee of \$35. This fee will be deducted from your account before your transfer is made.

Transfer to Australia

When a transfer is made to an approved Australian complying superannuation scheme we, at our discretion, may charge a fee of up to \$150 together with any other reasonable transaction costs. This transfer fee and any other transaction costs will be deducted from the savings transferred. We may decide to waive or reduce the fee.

Fee for withdrawals to pay income tax and student loan obligations on foreign superannuation transfers

You can withdraw an amount to cover your income tax liability (not penalties and interest) and any student loan obligations arising from a foreign superannuation transfer into the Scheme. We will charge a fee of \$35 for this withdrawal. This fee will be deducted from your account before the withdrawal is made.

The fees can be changed

We aim to make sure fees are competitive and reasonable. In fact, the KiwiSaver Act protects members against unreasonable charges. It permits members to apply to the court for an order that any unreasonable fee be cancelled or reduced. An application for such an order must be made within one year of the day that the fee is imposed or debited.

Subject to the KiwiSaver Act, we can increase the member fee from time to time in line with the annual increase in the consumer price index. Other charges may be increased from time to time, as determined by us. There is no dollar limit on the amount to which such fees may be increased.

Provided adequate notice is given to us, an underlying investment manager can increase the fees it charges for the services it provides to the Scheme. Subject to the KiwiSaver Act, there is no limit to such an alteration in fees. If we are not satisfied at any stage that the current or proposed fees are reasonable, we may look for alternative underlying investment managers. The cost of other fees and expenses such as professional fees will vary from year to year. We can introduce new fees at any time, provided that any such fee is permitted under the trust deed and KiwiSaver Act. The fees and expenses of the Scheme are, where required, subject to GST.

You can see the amount of fees and expenses in the financial statements for the Scheme for the year in which they are incurred. Feel free to contact the administrator for a list of current fees or for a copy of the financial statements of the Scheme.

The Scheme uses related parties to provide administration and investment management and consulting services in respect of the Scheme, namely Aon New Zealand. Administration and investment management and consulting services are provided on commercial terms.

All the fees and expenses may be reviewed and may, as a result, be varied at any time. This is subject to the reasonableness requirements in the KiwiSaver Act.

Some fees are estimated

The Aon KiwiSaver Scheme (**Scheme**) offers 13 funds. The annual fund charges disclosed in the PDS include estimates of the following charges that apply to some or all of these funds:

- Certain costs that vary over time (such as audit fees, legal fees and investment consulting fees) are estimated to be 0.17% p.a., based on actual expenses since inception and expected future expenses. These estimated charges are included in the annual fund charges of all the funds offered by the Scheme.
- The ANZ Balanced Fund and the Russell funds invest in more than one underlying fund. Each of the underlying funds charge a fixed investment management fee. As the overall underlying investment fee for each fund will vary depending on the allocation to each underlying fund, the underlying investment fee is estimated assuming that the fund's asset mix equals the target investment mix shown in section 3 of the PDS (**Description of your investment options**).
- The Nikko Balanced Fund and the Milford Active Growth Wholesale Fund invest in some non-related underlying funds that charge performance fees. The basis and assumptions used to produce best estimates of these fees is set out in the remainder of this document.

Performance fees on non-related underlying funds

All of the funds offered by the Scheme are invested in non-related underlying funds. Two of the Scheme's funds invest in non-related underlying funds that charge performance fees. These funds are the Nikko Balanced Fund and the Milford Active Growth Wholesale Fund (**the two relevant funds**).

The Scheme's Nikko Balanced Fund invests in the Nikko AM Wholesale Balanced Fund, which is a non-related underlying fund. The Nikko AM Wholesale Balanced Fund invests in various underlying Nikko funds, all of which are therefore non-related underlying funds to the Scheme as well. Two of these underlying Nikko funds charge performance fees, as set out in the following table.

The Scheme's Milford Active Growth Wholesale Fund ultimately invests in the Milford Active Growth Wholesale Fund via the Milford Aon KiwiSaver Active Growth Fund, which are non-related underlying funds managed by Milford Asset Management. Performance fees are charged in relation to this investment.

The performance fees charged by the above underlying funds are not performance fees of the two relevant funds, but they do affect the annual fund charges of these funds. This document provides information on the basis for estimating the impact of these underlying performance fees on these annual fund charges.

The non-related underlying funds with performance fees and their target asset allocation within the two relevant funds are set out in the following table.

Fund	Underlying fund	Target asset allocation to underlying fund
Nikko Balanced	Nikko AM Wholesale Option Fund	5.0%
Nikko Balanced	Nikko AM Wholesale Concentrated Equity Fund	8.0%
Milford Active Growth Wholesale	Milford Aon KiwiSaver Active Growth Fund	100.0%

The Nikko Balanced Fund invests into the Nikko AM Wholesale Balanced Fund which in turn invests in two underlying funds which charge performance fees. For our estimates of performance fees for these two underlying funds, we use estimates provided by Nikko:

- To estimate performance fees for the Nikko AM Wholesale Option Fund, Nikko uses a rolling 5-year average of the actual performance fees charged by the Nikko AM Wholesale Option Fund.
- To estimate performance fees for the Nikko AM Wholesale Concentrated Equity Fund, Nikko assumes the return of the Nikko AM Wholesale Concentrated Equity Fund is in line with the estimated return of the New Zealand equity market, that assumption being provided to Nikko by an independent consultant. To estimate the future performance fees Nikko compares this assumption to the Nikko AM Wholesale Concentrated Equity Fund's performance objective to ascertain the estimated performance fee.

The Milford Active Growth Wholesale Fund ultimately invests into the Milford Active Growth Wholesale Fund via the Milford Aon KiwiSaver Active Growth Fund, in respect of which the Scheme is charged a performance fee:

- To estimate the performance fee for the Milford Aon KiwiSaver Active Growth Fund we have assumed that the fund will achieve its objective of 10% p.a.

The hurdle rates for the non-related underlying funds that charge performance fees are shown in the following table. (A “hurdle rate” is the return that must be achieved before a performance fee applies.)

Underlying fund	Hurdle rate
Nikko AM Wholesale Option Fund	S&P/NZX Bank Bills 90-Day Index + 4% p.a.
Nikko AM Wholesale Concentrated Equity Fund	RBNZ Official Cash Rate + 5% p.a
Milford Aon KiwiSaver Active Growth Fund	10% p.a.

Contact us

Our helpdesk staff are available to assist you with any queries. Please note that our contact centre staff are not able to provide you with financial advice.

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About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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