



What are the Canstar KiwiSaver Star Ratings?

Canstar's KiwiSaver Star Ratings involve a sophisticated and unique ratings methodology that compares the cost, features and the performance of KiwiSaver funds. Canstar Star Ratings represent a shortlist of Funds, enabling consumers to narrow their search to Funds that have been assessed and ranked.

The results are reflected in a consumer-friendly five star concept. 5-Star Rated products have been assessed as being in the top 10% of the products considered within the group of products being assessed.

Eligibility Requirements

To be eligible for inclusion in the Canstar KiwiSaver Star Ratings, a fund must:

- Be open to the public (i.e. not restricted funds and must be open for everyone to enrol). This is with the exception of government-appointed default Inland Revenue funds;
- Be a pre-mixed option (excluding Cash funds) that meets the growth asset allocations outlined for the specific profile; and
- Have been available for a minimum of five years. However, where a fund has been available for less than five years, an indicative rating will be provided for funds that have been available for a minimum of three years. In these instances these funds are compared against their peers for the period over which they have been available.

Profile Description

Canstar recognises that appetite for risk may vary depending on the consumer. Hence the Canstar KiwiSaver Star Ratings methodology has aligned the profiles to the fund type by growth asset allocation outlined by the Commission for Financial Capability. Funds are allocated into a profile based on target growth asset allocation as at the 31st of March, not the actual growth asset allocation. The table below provides a brief description of each fund type:

Fund Type	Growth Asset Allocation	Definition
Cash	0%	Funds are eligible if assets allocation is 100% towards cash and cash equivalents. These are generally suitable if you don't want your KiwiSaver account to ever go down (although there are no guarantees), even though that means your account almost certainly won't grow as fast, over the long term, as accounts in riskier funds.
Defensive	0%-9.9%	Funds are eligible if assets allocation is not 100% towards cash and cash equivalents. These are generally suitable if you don't want your KiwiSaver account to ever go down (although there are no guarantees), even though that means your account almost certainly won't grow as fast, over the long term, as accounts in riskier funds.
Conservative	10%-34.9%	These are generally suitable if you are willing to take on some ups and downs in value, and are seeking average long-term returns a bit higher than in a defensive fund but probably not as high as in riskier funds.
Balanced	35% - 62.9%	These are generally suitable if you are middle of the road, comfortable with seeing your account value sometimes fall a little and seeking mid-range long-term returns.
Growth	63%-89.9%	These are generally suitable if you are looking for fairly high growth over the long term, and won't want to switch to a lower-risk fund whenever you see your account balance fall quite a lot.
Aggressive	90%-100%	These are generally suitable if you are looking for strong long-term growth, knowing you will stick with your fund even when your balance falls fast.

Definitions and growth asset allocation percentages are based on www.fundfinder.sorted.org.nz.

Star Ratings Methodology

Each eligible KiwiSaver fund reviewed is awarded points for its comparative performance, pricing and for the array of features attached to the Fund. Points are aggregated to achieve a performance score, price score and feature score.

To arrive at the total score Canstar applies a weight against the performance score, price score and feature score. The weights for each profile reflect the relative importance of performance, price and features in determining the funds offering outstanding value. The method can be summarized as:



Performance Score

The performance score is made up of two components, an annual returns score and a performance risk score. The performance score can be summarised as:



The annual returns score is calculated using the annual investment returns of a fund over the most recent five year period ending on March 31st, with equal weight placed on each year. Where a fund has not been available for five years, annual returns are assessed relative to the length of time the fund has been available. The fund with the highest annual return score is allocated the maximum score, with all remaining funds within the profile scored against it. Investment returns are net of all fund fees and tax.

The Risk Adjusted Measures Score is made up of two equally weighted components, the Sharpe ratio and the Sortino ratio:



Description	
Sharpe Ratio	A measure of a fund's excess return relative to the total variability of the fund.

Sortino Ratio	A measure of a fund's excess return relative to the total downside variability of the fund.
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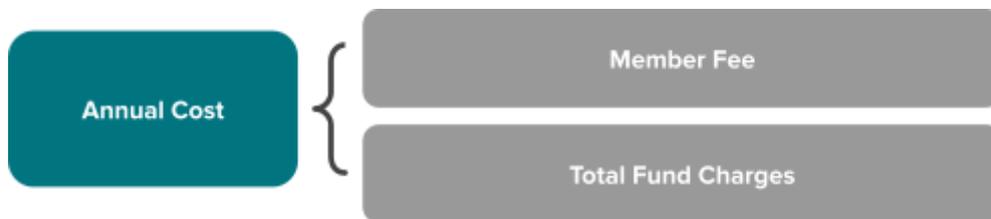
Price Score

The total cost to the consumer is calculated over one year using 100 balance scenarios distributed over a range and based on an average KiwiSaver balance. The fund with the lowest annual cost is awarded the full score for that profile (i.e. Cash, Defensive, Conservative, Balanced, Growth or Aggressive) with the remaining funds indexed against it across a normal distribution.

The KiwiSaver balance range is:

Minimum Balance	Average Balance	Maximum Balance
\$5,000	\$20,000	\$50,000

To arrive at the estimated annual cost to the member, fixed fees are taken into consideration, including the annual member fee, investment management fee, administration fee, trustee fee and expense fee.



Feature Score

The feature score takes into account a number of features within four different categories, with individual features allocated points and each category, and subcategory, assigned a weighting. The Fund with the highest feature score is allocated the maximum score, with all remaining funds within the profile scored against it.

The feature categories and subcategories, with assigned weightings, are:

Category	Profile Weights (%)
Opening	5
Investment	40
Contribution Method	10
Switch And Mix	25
Pre-Mixed Investment	40
Sector Funds	20
Insurance	5
Support	50
Tools & Education	45
Online Access	20
Phone Access	10
Advice	25
Closing	5

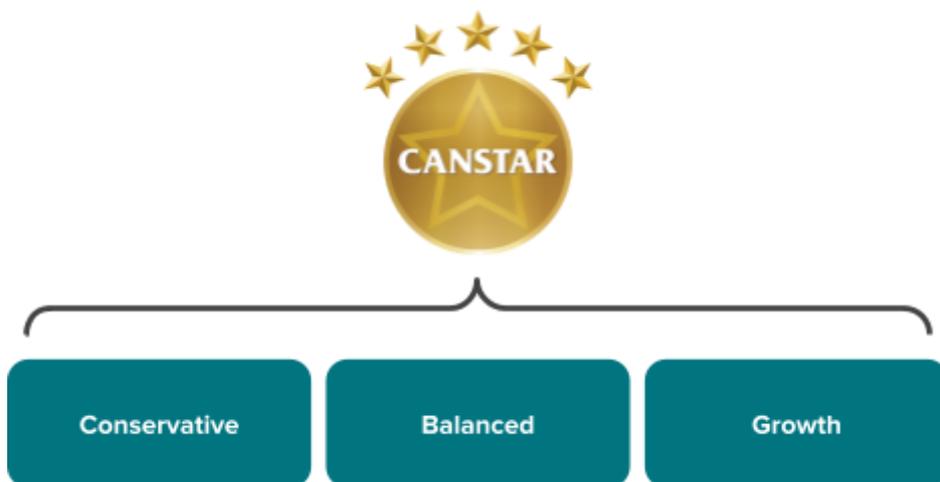
What are the Canstar Outstanding Value - KiwiSaver Scheme Awards?

The Canstar Outstanding Value KiwiSaver Scheme Awards recognise the KiwiSaver schemes that provide outstanding value based equally on their Star Ratings performance across the Conservative, Balanced and Growth profile KiwiSaver schemes which have cumulatively performed to an exceedingly high standard across the Conservative, Balanced and Growth Star Rating Profiles will be recognised with the Canstar Outstanding Value - KiwiSaver Scheme Award.



How are the Canstar Outstanding Value - KiwiSaver Scheme Awards calculated?

The Canstar Outstanding Value - KiwiSaver Scheme Awards are based on the weighted scores of a scheme's top performing option across the Conservative, Balanced and Growth Star Rating profiles. An even weight is placed onto each profile considered within the award. To be eligible for consideration towards the Outstanding Value KiwiSaver Scheme Award, a Kiwisaver scheme must be available for a minimum of five years.



There are instances where a KiwiSaver scheme may be disadvantaged if they do not offer a product across all investment profiles considered. To overcome these disadvantages and award KiwiSaver schemes that consistently offer an outstanding value investment product to consumers, Canstar applies an overlay to the Outstanding Value - KiwiSaver Scheme Award calculation. An overlay will be applied to the scheme when they offer products in two out of the three profiles considered,

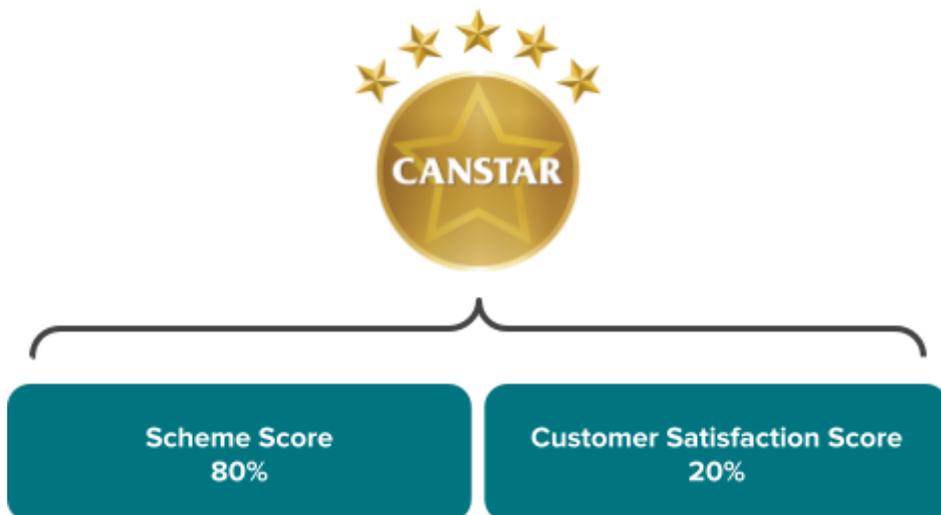
What is the Canstar KiwiSaver Provider of the Year Award?

The Canstar KiwiSaver Provider of the Year Award recognises the best KiwiSaver provider based on their Fund Score and their Customer Satisfaction Score.



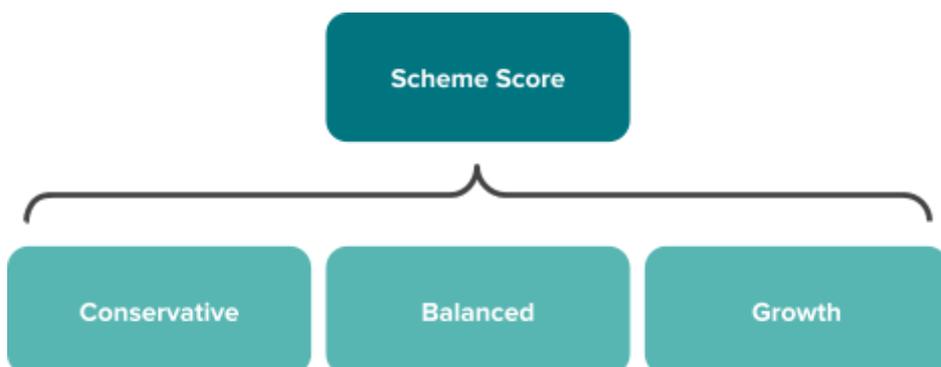
How are the Canstar KiwiSaver Provider of the Year Award calculated?

The Canstar KiwiSaver Provider of the Year Award is based on the weighted scores of a provider's Scheme Score and their Customer Satisfaction Score.



Scheme Score

A Provider's Scheme Score is based on the weighted scores of a scheme's top performing option across the Conservative, Balanced and Growth Star Rating profiles. In the instance where a provider has multiple KiwiSaver Schemes the scheme with the highest cumulative score will be selected. The provider with the highest cumulative score will receive the maximum score with all remaining providers scored against it.



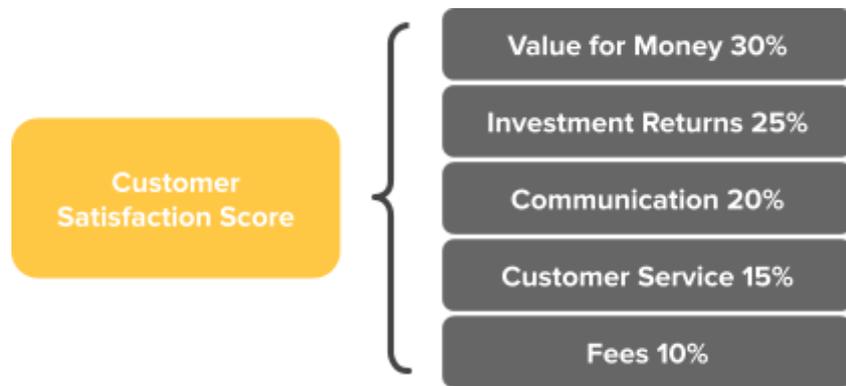
Customer Satisfaction Score

Canstar measures and tracks customer satisfaction amongst New Zealand adults across a range of financial categories via ISO 26362 accredited research panels.

The sample is broadly representative of the New Zealand population in terms of gender, age and location.

Only people who have identified their primary KiwiSaver Provider are able to answer the questions and be included in the survey results.

The Customer Satisfaction Score is based on weighted scores for the drivers of overall satisfaction. Weights for individual factors are determined by measuring the influence of each factor on overall satisfaction. The weights attributed to these factors are outlined below:



How often are products reviewed for Star Ratings and award purposes?

Ratings and awards are recalculated annually based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazine, television, websites, etc.).

Does Canstar rate all products available in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth and insurance products listed below. These Star Ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the Star Ratings as a guide to product excellence. The use of similar Star Ratings logos also builds consumer recognition of quality products across all categories.

Please access the Canstar website at www.canstar.co.nz if you would like to view the latest Star Ratings reports of interest.

- Business deposits
- Term deposits
- Credit cards
- Credit card rewards
- Home loans
- Kiwisaver
- Online banking
- Personal loans
- Savings accounts
- Transaction accounts



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The ratings and awards results do not include all providers and may not compare all features relevant to you. The rating or award is only one factor to take into account when considering these products. Canstar acknowledges that past performance is not a reliable indicator of future performance.

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