

BECA GROUP SUPERANNUATION PLAN FUND UPDATE

for the year ended 31 August 2020

This fund update was first made publicly available on 14 December 2020.

WHAT IS THE PURPOSE OF THIS UPDATE?

This document tells you how the Beca Group Superannuation Plan (**fund**) has performed and what fees were charged. The document will help you to compare the fund with other funds. BGS Trustee Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

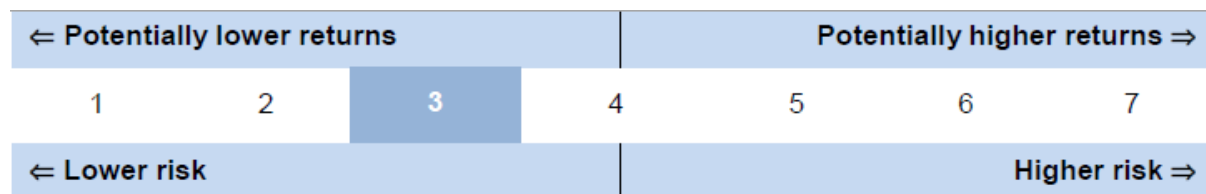
DESCRIPTION OF THIS FUND

The fund has a diversified investment strategy with a target investment mix that is balanced equally between growth and income assets. It aims to achieve an average after-tax return over the medium term (rolling 5 to 7 year periods) of 2.0% per annum above Consumer Price Index increases. The fund also aims to achieve returns in the top 50% of returns achieved by moderate balanced KiwiSaver funds over the medium term, as measured by the Melville Jessup Weaver Investment Survey.

Total value of the fund	\$115,753,523
Number of investors in the fund	182
The date the fund started	30 April 1973

WHAT ARE THE RISKS OF INVESTING?

Risk Indicator for the Beca Group Superannuation Plan



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-year period to 31 August 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.

Risks for investing in the fund

The main specific risks associated with investing in this fund relate to the fund's investment in the shares of **Beca Group Limited** (BGL). As at the date of this fund update, the fund has a significant investment in BGL shares, the value of which is linked to BGL's financial performance (meaning that the performance of BGL will have a disproportionate impact on the fund's overall investment performance). The risks that may affect BGL's financial performance include such things as:

- * loss of key personnel
- * inability to attract and retain professional personnel
- * liability for faulty engineering or other services
- * competition
- * lack of profit diversity and risks associated with international business
- * reputation
- * onerous terms of engagement.

General risks associated with investing in the fund include:

- * **Asset allocation risk:** the main determinant of risk is the mix of growth and income assets – growth assets (like equities) are generally considered more risky than income assets (like fixed interest) and more likely to produce negative short-term returns
- * **Market risk:** market sentiment, inflation, interest rates, employment, political events, environmental and technological issues, pandemic illnesses or natural disasters affecting value – we seek to reduce this risk by diversifying (currently) across equities, alternative assets, fixed interest and cash
- * **Manager risk:** investment decisions made by an underlying fund manager resulting in returns differing from a relevant index and from competing investments – we seek to reduce this risk by reviewing manager appointments from time to time
- * **Currency risk:** fluctuating exchange rates affecting international returns – currently we seek to reduce this risk by requiring prescribed portions of our international investments to be 'hedged' to protect against exchange rate fluctuations
- * **Interest rate risk:** interest rates rising, causing fixed interest investments to decrease in value because of the way interest rates affect debt securities
- * **Credit risk:** where we invest in fixed interest or cash or cash equivalents, a borrower defaulting or being unable to meet its financial obligations (resulting in reduced returns or inability to recover the full amount invested) – currently we seek to reduce this risk as described in the SIPO
- * **Liquidity risk:** markets becoming illiquid, meaning we cannot sell assets when we want to, or can only sell them at a discount, to enable withdrawals (some assets are more difficult to sell than others, especially when market conditions deteriorate).

The Financial Markets Conduct (Beca Group Superannuation Plan) Exemption Notice 2016 gives BGS Trustee Limited until 30 June 2021 to reduce the level of the BGL shareholding (8.1% of fund assets as at 31 August 2020) to at or below 5% of fund assets. However, as:

- * the BGL board has determined that no BGL share transfers will be transacted until further notice (due to the business impacts of the COVID-19 global pandemic), and
- * the Trustee is therefore unable to reduce the BGL shareholding to at or below 5% of fund assets by 30 June 2021,

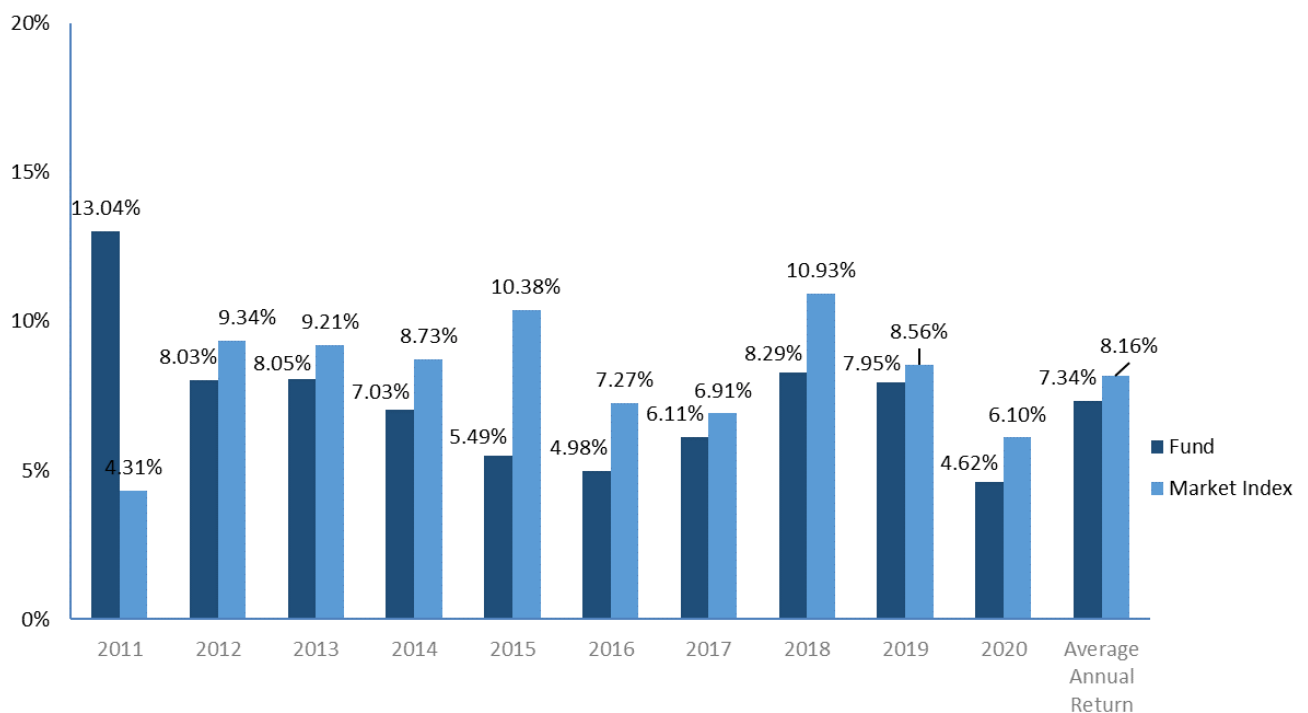
the Financial Markets Authority has agreed to take no regulatory action on condition that the Trustee instead complies with that obligation by 30 June 2023 latest.

HOW HAS THE FUND PERFORMED?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	6.38%	4.62%
Annual return (after deductions for charges but before tax)	7.66%	5.62%
Market index annual return (reflects no deduction for charges and tax)	7.94%	6.10%

The market index on which the market index annual return is based is a composite index. That index comprises the benchmark indices used to measure the fund's performance by asset type, weighted according to the fund's target investment mix. The benchmark indices currently comprising the market index are set out in the statement of investment policy and objectives on the offer register at <https://disclose-register.companiesoffice.govt.nz/>. The market index annual return provides a relative measure of the fund's performance.

Annual Returns¹



This shows the return after fund charges and tax for each of the last 10 years ending 31 August. The last bar shows the average annual return for the last 10 years, up to 31 August 2020.

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) for an individual New Zealand resident. Your tax may be lower.

WHAT FEES ARE INVESTORS CHARGED?

Investors in the Beca Group Superannuation Plan are charged fund charges. In the year to 31 August 2020 these were:

	% of net asset value
Total fund charges	0.77%
Which are made up of -	
Total management and administration charges	0.77%
Including -	
Manager's basic fee	0.00%
Other management and administration charges	0.77%
Total performance-based fees	0.00%

Other	Dollar amount per investor
None	\$0.00

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

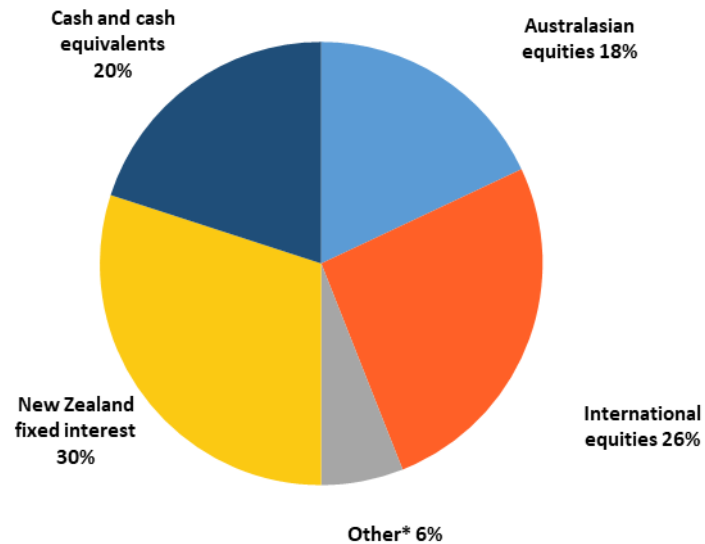
EXAMPLE OF HOW THIS APPLIES TO AN INVESTOR

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 received a return after fund charges were deducted of \$562.00 (that is 5.62% of her initial \$10,000). Mary paid no other charges. This gives Mary a total return after tax of \$462.00 for the year.

WHAT DOES THE FUND INVEST IN?

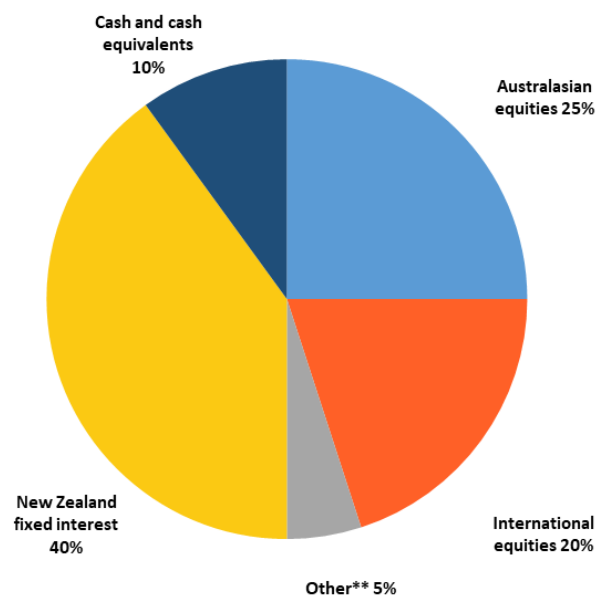
This shows the types of assets that the fund invests in.

ACTUAL INVESTMENT MIX



*The term *Other* in this pie graph refers to international listed and unlisted infrastructure assets and investments in managed investment products that do not fall within (or predominantly within) any other asset class or classes.

TARGET INVESTMENT MIX



**The term *Other* in this pie graph may include commodities, international listed and unlisted infrastructure investments, listed and unlisted property and managed investment products. As such, this 5% portion of the fund's target asset allocation does not fall within (or predominantly within) any particular asset class or classes.

Top 10 investments

Asset name	% of fund net assets	Asset type	Country	Credit rating (if applicable)
AMP Capital Core Global Shares Fund	17.96%	International Equities	New Zealand	n/a
AMP NZ Cash Fund	8.27%	Cash	New Zealand	n/a
Beca Group Ltd Shares	8.13%	Australasian Equities	New Zealand	n/a
AMP Capital Global Companies Fund	8.08%	International Equities	New Zealand	n/a
AMP Capital Global Listed Infrastructure Fund	5.86%	Other	New Zealand	n/a
Local Government Funding Agency Bonds	5.45%	New Zealand Fixed Interest	New Zealand	AA+
AMP Capital NZ Fixed Interest Fund	3.78%	New Zealand Fixed Interest	New Zealand	n/a
Westpac Bank Bonds	3.22%	New Zealand Fixed Interest	New Zealand	AA-
Housing New Zealand Bonds	2.09%	New Zealand Fixed Interest	New Zealand	BBB
Mercury New Zealand Limited Shares	1.99%	Australasian Equities	New Zealand	n/a

The top 10 investments make up 64.83% of the net asset value of the fund.

The fund's foreign currency hedging limits are as follows:

International fixed interest - 100% hedged to the NZ dollar at all times where the fund's exposure to assets denominated in any one currency is, in aggregate, greater than NZD 500,000 or 0.5% of the net assets of the fund (whichever is greater).

International equities (including Australian equities) - hedged in a range between 30% and 100% where the fund's exposure to assets denominated in any one currency is, in aggregate, greater than NZD 500,000 or 0.5% of the net assets of the fund (whichever is greater).

KEY PERSONNEL

Name	Current Position	Time in current position
Richard Aitken	Director of BGS Trustee Limited (the Trustee of the Beca Group Superannuation Plan)	13 years and 5 months
Paul Drummond	Director of BGS Trustee Limited and Licensed Independent Trustee	4 years and 3 months
Mark Fleming	Director of BGS Trustee Limited	13 years and 5 months
Chye Heng	Director of BGS Trustee Limited	13 years and 5 months
Chris Marryatt	Manager – Shareholding & Superannuation, Beca Group Limited	9 years and 2 months

FURTHER INFORMATION

You can also obtain this information and some additional information from the offer register at <https://disclose-register.companiesoffice.govt.nz/>

NOTES

- 1) *The fund's 2011 returns were improved by the performance of its Beca Group Limited share investments, which were a significantly greater portion of the fund at the time.*