



Take control of your financial future with our independent KiwiSaver report.

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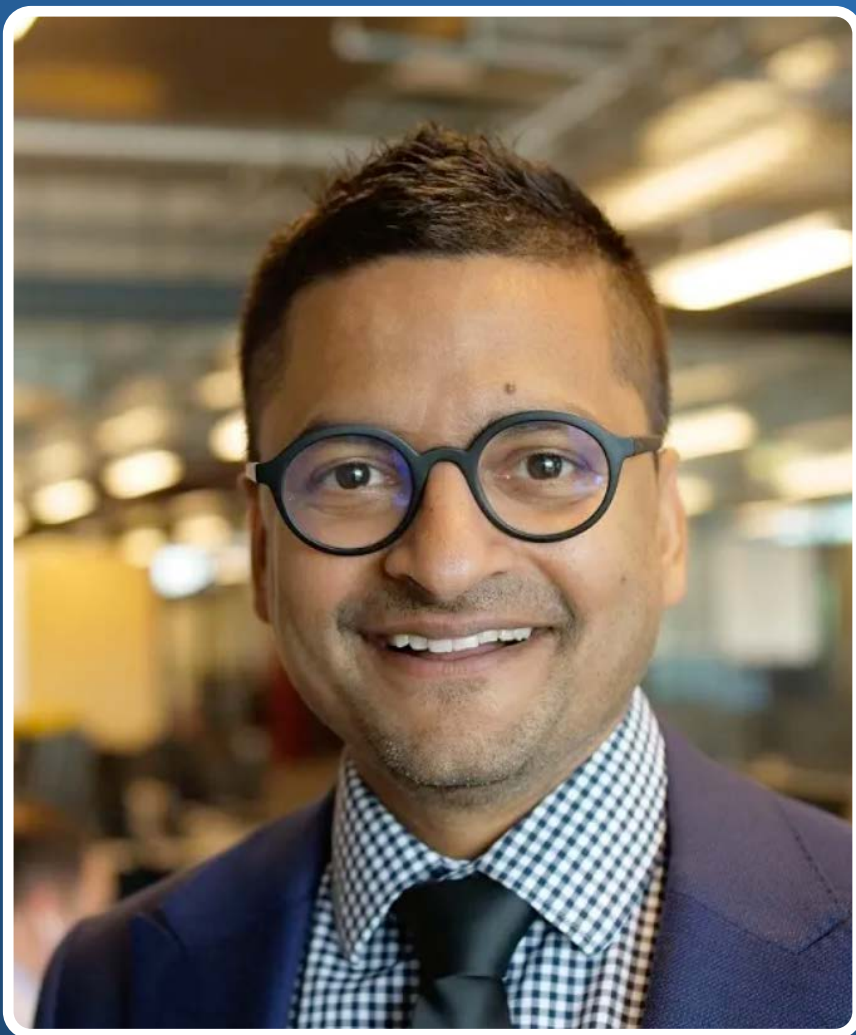
About this report

KiwiSaver, established in 2007, has been instrumental in assisting New Zealanders with future financial planning and savings, whether it's securing a comfortable retirement, purchasing a home or coping with unexpected difficulties.

The scheme's popularity was undeniable, with 25% of New Zealanders signed up in the first six years of its operation. And with that popularity came more providers, more options, and more flexibility for customers to choose from.

While this growth was great, we noticed that no one was holding the individual providers to account.

We've appointed ourselves as an industry watchdog. We want to provide transparency (one of our core values) to New Zealanders planning for their futures.



CLIVE FERNANDES | DIRECTOR / FOUNDER

Who is National Capital?

Specialising in KiwiSaver research & advice, National Capital was founded in 2018 and currently advises on over \$130m of KiwiSaver investments.

Utilising a robust and well-defined KiwiSaver Investment Selection Process, we score KiwiSaver funds across criteria that are vital in helping Kiwis select the right fund for them.

National Capital was founded by Clive Fernandes. Clive is a financial adviser with over 20 years of experience running successful businesses and a self-confessed KiwiSaver nerd. We are now part of the Saturn group, which has been helping Kiwis since 1988.



LISA DUDSON
DIRECTOR



CRAIG STOBO
CHAIR



PETER DINE
INVESTMENT COMMITTEE



RAVI CHANDOLA
INVESTMENT COMMITTEE

Our people

Our team comprises of experienced finance professionals with over 300 years of combined experience. Our Chairperson, Craig Stobo chaired the Government's Review of the Taxation of Investment Income in 2004 which led to the PIE tax regime which underpins the KiwiSaver scheme.

Built on principles designed to empower New Zealanders to become financially secure, the Saturn/National Capital team has diverse backgrounds in the finance industry, allowing us to advise New Zealanders on various facets of their financial lives.



KiwiSaver Contribution Index

4.27%	1 Jan 2023 - 31 Dec 2023
0.03%	Decrease from last quarter
6.30%	Optimal Index required

The above percentages are derived from the Contribution Index. The KiwiSaver Contribution Index measures how much KiwiSaver members contribute to their retirement savings via KiwiSaver regular contributions.



KiwiSaver Allocation Index

59.6

Oct-Dec 2023 quarter

0.60

Increase from last quarter

68.8

Optimal Index required

The KiwiSaver Allocation Index measures how Kiwis are invested in KiwiSaver. A higher index equals a higher growth allocation.

Key storylines in the October - December 2023 quarter

- ▶ The National Capital KiwiSaver Contribution Index* dropped further to 4.27%, significantly lower than the 'optimal' index of 6.30%. This under-contribution does not bode well for Kiwis' retirement prospects. For example, consider a 40-year-old Kiwi who contributes 4% to a KiwiSaver Growth fund. Based on these parameters, they would accumulate a nest egg of \$320,000** by age 65. However, this amount falls short by \$142,000 of what retiring Kiwis would need as a lump sum to receive a normal weekly income in retirement***.
- ▶ The slight decrease in the KiwiSaver Contribution Index may reflect the impact of the cost of living crisis affecting New Zealanders. It suggests that many Kiwis prioritise immediate financial needs over future savings because of the pressure of rising expenses.
- ▶ After edging up 3 points in the March 2023 quarter, the National Capital KiwiSaver Allocation Index* has remained consistent in the last two quarters, with a negligible increase to 59.6. Unfortunately, this consistency is not a positive sign. It shows that despite efforts by the government and KiwiSaver providers to educate, there is still a lot of work to get to the optimal number of 68.8.

* Please note that the Contribution Index and Allocation Index are indices calculated by National Capital and are not affiliated with the Inland Revenue Department. The KiwiSaver name and logo are trademarks of the Inland Revenue Department.

** Other assumptions: Average balance of \$33,000, salary of \$70,000, tax rate 30%, KiwiSaver fund fee 1%, employer contribution 3% before tax, growth rate before tax & fees 6.21%. The final number is after fees and tax and assumes the individual has no other investments.

*** Based on our calculations for a 'typical' Kiwi and data from the Massey Retirement Expenditure Guidelines survey 2022.

Overall analysis

(October to December 2023)

Report Methodology

National Capital's proprietary Investment Selection Process is based on six pillars that intend to help New Zealanders build trust and confidence in their investments. Each pillar is scored individually and the combined rating of the six pillars gives a fund a score **out of 100**.

1

PERFORMANCE AFTER FEES

Quality and consistency of returns.

25
POINTS

2

FEES ALIGNMENT

Assessment of value provided for fees charged.

15
POINTS

3

ORGANISATIONAL CAPABILITY

The capability of the organisation to manage your money.

20
POINTS

4

ORGANISATIONAL STABILITY

Overall stability within a provider's organisation.

10
POINTS

5

PROCESSES & PORTFOLIO COMPOSITION

Asset allocation, investing process and style consistency.

20
POINTS

6

ETHICAL INVESTING CONSIDERATIONS

Deep dive into the ethical investing claims of providers.

10
POINTS

A-rated High Growth funds

KiwiSaver Fund	Performance after Fees ²⁵	Fees Alignment ¹⁵	Capability ²⁰	Stability ¹⁰	Process & Portfolio ²⁰	Ethical Investing ¹⁰	Total Score ¹⁰⁰
Booster Socially Responsible High Growth	23.08	15	20	10	20	9.75	97.83
FANZ Lifestages High Growth	19.23	15	20	10	20	5.45	89.68
Booster High Growth	17.31	15	20	10	20	5.45	87.76
Generate Focused Growth	15.38	15	20	10	20	4.70	85.08
Milford Aggressive	13.46	15	20	7.50	20	5.95	81.91

Insights

- ▶ All A-Rated funds remain NZ-owned.
- ▶ Booster’s Socially Responsible High Growth Fund maintained its leading Value for Money rating from the last quarter, achieving an improved 5-year annualised return of 11.03% p.a. over the previous five years.
- ▶ In 2023, FANZ Lifestages KiwiSaver High Growth achieved the highest return, delivering 19.70% for the calendar year.
- ▶ The gap between the best and worst performing funds* based on 5-year performance grew to 4.66% p.a. as of this quarter.
- ▶ The average one-year return as of December 2023 of all High Growth funds* was 15.19%.

*Based on the sample group of funds that have passed our preliminary filtering process.

A-rated Growth funds

KiwiSaver Fund	25 Performance after Fees	15 Fees Alignment	20 Capability	10 Stability	20 Process & Portfolio	10 Ethical Investing	100 Total Score
Simplicity Growth Fund	22.00	15	20	10	20	7.56	93.30
Fisher TWO Growth	21.00	15	20	10	20	7.30	92.56
Milford Active Growth	23.00	15	20	10	20	4.59	90.72
Pie Growth	18.00	15	20	10	20	7.43	90.33
Booster Growth	20.00	15	20	10	20	5.37	89.50

Insights

- ▶ Simplicity's Growth Fund remains the only passive manager to rank among the A-rated Growth funds.
- ▶ Pie KiwiSaver Scheme's Growth Fund, previously known as Juno KiwiSaver Growth Fund, was added to the A-rated funds list, while Generate and Fisher Funds lost their place from the list.
- ▶ Milford Active Growth remains the top-performing fund* for the 5-year period with an annualised return of 10.55% p.a.
- ▶ The performance gap over a 5-year period between the best and worst performing funds* rose to 5.83% p.a. in the current quarter from 5.28% p.a. in the previous quarter.

*Based on the sample group of funds that have passed our preliminary filtering process.

A-rated **Balanced** funds

KiwiSaver Fund	Performance after Fees ²⁵	Fees Alignment ¹⁵	Capability ²⁰	Stability ¹⁰	Process & Portfolio ²⁰	Ethical Investing ¹⁰	Total Score ¹⁰⁰
Booster Socially Responsible Balanced	20.83	15	20	10	20	9.61	95.18
Simplicity Balanced	17.71	15	20	10	20	8.08	90.26
Booster Balanced	16.67	15	20	10	20	5.77	87.17
Fisher Funds TWO Balanced	17.71	15	20	7.5	20	6.90	86.72
KiwiWealth Balanced	22.92	15	20	7.5	20	7.69	83.49

Insights

- ▶ Booster KiwiSaver maintained a spot for both of its Balanced funds on the A-Rated list of funds.
- ▶ MAS Balanced lost its place among the A-rated funds due to lower stability and capability scores.
- ▶ KiwiWealth Balanced was the only A-rated fund not to receive a perfect score for the Stability pillar due to the departure of most of the members of the senior investment team at KiwiWealth after the purchase by Fisher Funds.
- ▶ The gap between the highest and lowest 5-year performance decreased to 2.49% p.a. as of this quarter compared to 4.03% p.a in the previous quarter.
- ▶ All A-rated funds in the Balanced category are NZ-owned.

*Based on the sample group of funds that have passed our preliminary filtering process.

A-rated Conservative funds

KiwiSaver Fund	Performance after Fees ²⁵	Fees Alignment ¹⁵	Capability ²⁰	Stability ¹⁰	Process & Portfolio ²⁰	Ethical Investing ¹⁰	Total Score ¹⁰⁰
Fisher TWO KiwiSaver Cash Enhanced*	21.67	15	20	7.5	20	7.48	91.64
Milford Conservative	18.33	15	20	10	20	4.95	88.28
Westpac Defensive Conservative	16.67	15	20	10	20	6.00	87.67

*This fund is no longer open to new investors.

Insights

- ▶ Fisher TWO was the highest-scoring A-rated Conservative fund, with the best performance after fees & Ethical Investing scores.
- ▶ Average 1-year returns for A-rated Conservative funds were a staggering 8.32% as of this quarter compared to the previous quarter's return of 4.66%.
- ▶ The difference between the highest and lowest 5-year fund performance was 1.38% p.a., a decrease from last quarter's 1.74% p.a.

Assessment pillar insights

(October to December 2023)

Performance

National Capital Insights*

- ▶ Average 1-year returns to 31st December 2023 ranged from 8.15% for Conservative funds to 15.49% for High Growth funds.
- ▶ All funds yielded positive 1-year returns to 31st December 2023.
- ▶ The highest 1-year performance up to 31st December 2023 was that of FANZ KiwiSaver High Growth Fund at 19.70%.
- ▶ The lowest 1-year performance up to 31st December 2023 was that of Pathfinder KiwiSaver Scheme's Conservative Fund, returning 6.96%.

* All figures are after fees but before tax and based on the funds in our sample.

Performance

HIGH GROWTH Top 5-year Returns*	
Booster Socially Responsible High Growth	11.03%
Kiwi Wealth High Growth	9.64%
Booster High Growth	9.49%

GROWTH Top 5-year Returns*	
Milford Active Growth	10.55%
QuayStreet Growth	9.12%
Simplicity Growth	8.87%

BALANCED Top 5-year Returns*	
Milford Balanced	8.31%
SuperLife Ethica	7.75%
QuayStreet Balanced	7.47%

CONSERVATIVE Top 5-year Returns*	
Milford Conservative	3.85%
QuayStreet Conservative	3.84%
Fisher TWO Cash Enhanced	3.55%

*All returns are per annum, net of fees but before tax.



Fees

National Capital Insights

- ▶ Simplicity maintained its position as the provider with the lowest fees among the Growth, Balanced, and Conservative categories.*
- ▶ The average fees varied greatly across different categories. High Growth had the highest average fees at 1.12%, while Conservative had the lowest at 0.61%.**
- ▶ The Milford Cash Fund had fees of 0.20%, making it the lowest fee KiwiSaver fund if we include the Cash category.
- ▶ While a growing number of providers have been phasing out fixed monthly membership fees, 12 of the 24 KiwiSaver providers we researched still mentioned charging membership fees*** in their Product Disclosure Statements.

* In this quarter's analysis, we did not consider Simplicity KiwiSaver Schemes' recently launched High Growth fund.

** We did not include Cash or Single-Sector funds in our analysis.

*** KiwiWealth had a minimum \$40 fee, which effectively is a membership fee for those with low balances.

Fees

HIGH GROWTH Lowest Fees*		GROWTH Lowest Fees*		BALANCED Lowest Fees*		CONSERVATIVE Lowest Fees*	
SuperLife High Growth	0.63%	Simplicity Growth	0.31%	Simplicity Balanced	0.31%	Simplicity Conservative	0.31%
Mercer Sustainable Plus High Growth	0.92%	BNZ Growth	0.51%	BNZ Balanced	0.51%	Booster Conservative	0.38%
AMP LS Aggressive	0.96%	SuperLife Growth	0.61%	Westpac Balanced	0.59%	Westpac Defensive Conservative	0.39%

*The Fees displayed in the table above are sourced from the Disclose Register, reflecting the period for which the returns are listed. Current fees for certain funds might differ. For example, Simplicity has lowered its fees for all KiwiSaver funds to 0.25% from 1 February 2024, while AMP LS Aggressive fund fees are estimated to be 0.79% going forward. Fees listed are percentage-based management fees. Funds may have fixed member fees or individual action fees and management fees.



Ethical Investing

National Capital Insights

- ▶ Booster Kiwisaver's Socially Responsible funds scored the highest for Ethical Investing across High Growth, Growth and Balanced funds.
- ▶ Simplicity's Conservative Fund scored the highest for Ethical Investing in the Conservative category, a rating of 8.23/10.
- ▶ Overall, the managers maintained how they invest ethically with an unchanged average score of 6.11 from last quarter. A score of 6.11 indicates having 'some exclusions', so overall, managers seem to be paying attention to Ethical Investing.
- ▶ Besides funds from Booster, other providers with multiple funds that scored highly include Fisher Funds TWO, KiwiWealth, Nikko AM, Pathfinder, MAS and Simplicity.
- ▶ SuperLife's passive funds varied widely in our ethical ratings, with the Ethica fund securing the second rank in the Balanced category, a rating of 8.70/10. In contrast, their High Growth and Growth funds received the lowest ratings, at ratings of 1.65 and 2.05, respectively.

Ethical Investing

HIGH GROWTH Ethical Investing Score		GROWTH Ethical Investing Score		BALANCED Ethical Investing Score		CONSERVATIVE Ethical Investing Score	
Booster Socially Responsible High Growth	9.75	Booster Socially Responsible Growth	9.20	Booster Socially Responsible Balanced	9.35	Simplicity Conservative	8.23
KiwiWealth Growth	8.10	Pathfinder Growth	8.47	SuperLife KiwiSaver Ethica	8.70	Fisher TWO Cash Enhanced	7.48
Nikko AM Growth	8.00	Simplicity Growth	7.56	Pathfinder Balance	8.21	MAS Conservative	7.10



Capability & Stability

National Capital Insights

The KiwiSaver industry is undergoing significant changes in the area of investment professionals. These changes have important implications for the investment process and organisational culture. We will remain alert on the following critical watchpoints from the previous few quarters.

- ▶ **ANZ** announced that George Crosby had been appointed the new Chief Investment Officer. Mr Crosby has over 20 years of experience in the investment industry working in New Zealand and the UK.
- ▶ The **BNZ** KiwiSaver Scheme is transitioning to new ownership under FirstCape, a merger including JBWere New Zealand, Jarden Wealth, and Harbour Asset Management.
- ▶ Simon Power has been appointed as the CEO of **Fisher Funds**, succeeding Bruce McLachlan following McLachlan's retirement announcement after seven years in the role.
- ▶ Dan Mead has transitioned from **AMP** NZ to the Medical Assurance Society (**MAS**) as the new investment manager, stepping into the role previously held by Colin Thomson, who has moved to a specialist advisory position within the company.

Process & Portfolio

National Capital Insights

- ▶ The average net cash holdings in KiwiSaver Growth funds fell from 7.70% to 7.57%, indicating managers found some opportunities to deploy cash. The cash holdings showed considerable variation, ranging from 18.14% to less than 1%.
- ▶ Compared to other fund types, Balanced and Aggressive funds have seen a larger increase in their cash allocations.
- ▶ Majority of the KiwiSaver funds have slightly increased their bond investments in this quarter.
- ▶ Increase in cash and bonds continue to be funded by a reduced equity allocation.
- ▶ Most managers maintained their investing style between growth and larger value companies.

* Representing all funds in our sample except cash funds.

Disclaimer on Insights

For ease of readability, we have referred to various funds as 'XX's YY fund' rather than 'XX KiwiSaver Schemes' YY Fund. It is important to note that all mentions of the 'XX YY fund' refer to the fund in the provider's KiwiSaver scheme. It is possible that KiwiSaver scheme providers may also have non-KiwiSaver funds with similar names.

Our analysis and figures are based on the sample group of funds that have passed our preliminary filtering process. This excludes lifecycle and single-sector funds. Our sample comprises approximately 90% of the total FUM in KiwiSaver. Please contact us for additional information or a comprehensive list of funds in our sample.

Our rating system is based on quartiles. Therefore, a fund that does not have an A rating does not necessarily indicate that it is a "poor" fund. It simply means that it is ranked lower than other funds on a comparative basis. All performance figures noted are net of fees but before tax.

The Quarterly Deep Dive

With support from:
NZ COMPARE

Non-contributing KiwiSaver members could lose out on \$113 billion at retirement

We sought to understand how much non-contributing KiwiSaver members could be missing out on at retirement. The analysis found that a staggering 113 billion dollars could be lost in retirement savings by age 65 due to non-contribution.

We also asked Kiwis if they felt KiwiSaver contributions should be compulsory, and nearly two-thirds (62%) said yes.

\$113b* missing at retirement

Using KiwiSaver data from IRD, MBIE and Stats NZ, our study found that if the 703,325 non-contributing members enrolled in KiwiSaver contributed the minimum of 3%, the collective amount they could get at retirement was approximately \$113 billion.

The demographic most at risk of significant losses is individuals aged 18-24, each potentially missing out on an average of over \$300,000.

Amount missed out on at retirement due to non-contribution by age group

Age Group	Total amount at retirement (aged 65)	Average amount missing by retirement per individual
18-24 years old	\$30.28 Billion	\$312,004
25-34 years old	\$45.96 Billion	\$254,988
35-44 years old	\$25.35 Billion	\$156,319
45-54 years old	\$10.55 Billion	\$75,931
55-64 years old	\$1.83 Billion	\$14,642

*Study based on IRD data as of June 2023. Average salary is calculated based on information from Stats NZ with a contribution of 3% and net employer contribution of 2.1%. Investor profile is based on National Capital's optimal investment index.

Do New Zealanders think KiwiSaver contributions should be compulsory?

In a survey conducted in partnership with NZ Compare, two-thirds (62%) of respondents* believed that KiwiSaver contributions should be compulsory. Those closer to retirement are the most likely to believe KiwiSaver contributions should be compulsory, with 79% of respondents aged over 65 and 71% of those aged 60-64 agreeing. This is a similar story for the youngest cohort, with 68% of respondents aged 18-27 agreeing.

Kiwis aged between 28-43 years were the exception, with only 48% supporting compulsory KiwiSaver contributions. Respondents against making KiwiSaver compulsory are primarily concerned with maintaining personal choice and autonomy, affordability/cost of living pressures, and opposing mandatory participation in the scheme.

The survey also found that the majority of respondents (74%) plan to use their KiwiSaver funds for either living expenses in retirement or paying off their mortgage, further cementing the importance of KiwiSaver in Kiwi's financial lives.

National Capital Takeaway

The debate over mandatory retirement contributions has persisted for years, often sparking controversy. Our KiwiSaver Contribution Index indicates that New Zealanders need to accumulate an average of 6.3% of their incomes for just a basic retirement, yet the current cost of living challenges this necessity.

KiwiSaver members must find a balance between their immediate financial needs and saving for a stable retirement. Personalised advice, based on your current circumstances and goals, will play a material role in your success. National Capital offers support with our free National Capital KiwiSaver Health Check.

*NZCompare database surveyed via email in January 2024, resulting in 693 total responses. NZ Compare provides comparison services across various sectors, including telecommunications, energy and finance.

National Capital's quarterly KiwiSaver Value for Money report.

National Capital provides free digital financial advisory services to everyday New Zealanders. Specialising in KiwiSaver & Investment research that explores the value of KiwiSaver funds, National Capital has advised New Zealanders on over \$130 million of KiwiSaver investments since being founded in 2018. Its goal is to help clients select an appropriate KiwiSaver provider and fund that suits their goals, requirements and financial situation and continue to evaluate what is most suitable for their needs.

Disclaimer.

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Important links

[National Capital Methodology](#)

www.nationalcapital.co.nz

[KiwiSaver HealthCheck](#)

[Index Methodologies](#)

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