

Aon Master Trust

Fees and other charges

This document provides additional information on fees and other charges relating to the Aon Master Trust.

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

Issued by **Superannuation Management Nominees Limited**

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Fees and other charges

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

Some fees are estimated

The Aon Master Trust (**Scheme**) offers 16 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 0.20% 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 Conservative, Balanced and Growth Funds 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

Four of the Scheme's funds invest in non-related underlying funds that charge performance fees. These funds are the Nikko Conservative, Balanced and Growth Funds and the Milford Active Growth Wholesale Fund (**the four relevant funds**).

The Scheme's Nikko Balanced and Growth Funds invest in the Nikko AM Wholesale Balanced and Growth Funds, which are non-related underlying funds. These Nikko AM Wholesale funds invest in various underlying Nikko Asset Management 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 Nikko Conservative Fund invests in various non-related underlying funds managed by Nikko. One of the underlying funds of the Nikko Conservative Fund charges performance fees, as set out in the following table.

The Scheme's Milford Active Growth Wholesale Fund invests in the Milford Active Growth Fund, which is a non-related underlying fund managed by Milford Asset Management, which has performance fees.

The performance fees charged by the above non-related underlying funds are not performance fees of the four 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 four relevant funds are set out in the following table.

Fund	Underlying fund	Target asset allocation to underlying fund
Nikko Conservative	Nikko AM Wholesale Option Fund	10.0%
Nikko Balanced	Nikko AM Wholesale Option Fund	5.0%
Nikko Balanced	Nikko AM Wholesale Concentrated Equity Fund	8.0%
Nikko Growth	Nikko AM Wholesale Option Fund	5.0%
Nikko Growth	Nikko AM Wholesale Concentrated Equity Fund	14.0%
Milford Active Growth Wholesale	Milford Active Growth Fund	100.0%

The Nikko AM Wholesale Balanced and Growth Funds (into which the Nikko Balanced and Growth Funds invest) invest in two underlying funds which charge performance fees and the Nikko Conservative Fund invests in one underlying fund that charges performance fees. For our estimates of performance fees for these 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 invests into the Milford Active Growth Fund, which charges a performance fee:

- To estimate the performance fee for the Milford 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	Bloomberg NZBond Bank Bill Index + 4% p.a.
Nikko AM Wholesale Concentrated Equity Fund	Official Cash Rate + 5% p.a.
Milford Active Growth Fund	10% p.a.

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 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.
- Nikko – Buy/sell spreads apply to investments in the Nikko AM Wholesale Balanced and Growth Funds, the underlying funds in to which the Scheme's Nikko Balanced and Growth Funds are invested. For the Scheme's Nikko Conservative Fund, buy/sell spreads apply to investments in the Nikko AM Wholesale Property Fund (one of the underlying single-sector funds in to which the fund is invested) and may apply to the other underlying funds (the Nikko AM Wholesale Cash, NZ Bond, Global Bond and Option Funds). Nikko may change the spreads from time to time. For the current spreads see nikkoam.co.nz/invest/buy-sell-spreads.
- Nikko – The Nikko AM ARK Disruptive Innovation Fund, into which the Nikko AM Wholesale Balanced and Growth Funds invest, may adopt a swing pricing mechanism as part of its valuation. If, on any valuation day, the aggregate net investor transactions in the underlying fund exceed a pre-determined threshold, the NAV per share may be adjusted upwards or downwards to reflect the transaction costs attributable.
- 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 iisolutions.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.

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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