

Simplicity is a non profit, 100% online Fund Manager. We charge \$30 per year, plus 30bps management fee across all funds, for which members receive a balanced portfolio over 5,000+ investments, across 23 countries, fully hedged to the NZD.

Offshore management is via Vanguard, and we are passive investors domestically.

We donate 15% of our management fee to charity, and do not invest into Nuclear Weapons, Tobacco, Land mines and Cluster munitions.

Our fees are lowest in the market by a very wide margin, and actuaries have calculated that we could make the average NZ investor in a KiwiSaver product \$65,000 richer in retirement. Regulation has been critical to our ability to compete in two key areas;

Online application, switching, communication and redemption. The Financial Markets Authority (our regulator), allows for 100% online provision of services. This complies with all AML/CFT requirements, and significantly lowers our cost of operation.

The role of the Inland Revenue (IRD) in acting as a collection and payment agent. This is absolutely critical to the ability to compete in a cost effective manner.

Employers make all KiwiSaver contributions to the IRD, as do individual members via paycheck deductions. The KiwiSaver manager then receives all contributions to KiwiSaver member accounts, from members and employers, via a single data feed from the IRD. This obviates the need to establish a myriad of relationships with individual employers, which would be very expensive and time consuming. Using the IRD as the collection and payment agent also allows the unique identifier for every member to be their IRD number, which further simplifies administration and helps eliminate errors.

As mundane as these two criteria may appear, they are critical in being able to provide lowest cost services. Without them, it is our belief that members will pay unnecessarily high fees, to their detriment in retirement.

Regards
Sam Stubbs