

NZFUNDS

# Portfolio Insights

30 September 2017

# Product Disclosure Statement

The NZ Funds Managed Portfolio Service, the NZ Funds KiwiSaver Scheme, and the NZ Funds Managed Superannuation Service are all issued by New Zealand Funds Management Limited.

The Product Disclosure Statement and the Disclose Register contain important information to help you to understand how your money is managed and the risks associated with investing.

A copy of the NZ Funds Managed Portfolio Service Product Disclosure Statement, the NZ Funds KiwiSaver Scheme Product Disclosure Statement, and the NZ Funds Managed Superannuation Service Product Disclosure Statement is available on request or by visiting the NZ Funds website at [www.nzfunds.co.nz](http://www.nzfunds.co.nz).

Even if you have invested with NZ Funds for many years, please take the time to read these documents regularly as the content is frequently updated.

# Contents

---

01	Portfolio/Strategy performance	5
02	Managed Portfolio Service	11
03	NZ Funds KiwiSaver Scheme	49
04	Manager portfolios	61
05	Appendices	73

---





THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

01

# Portfolio/Strategy performance

# Managed Portfolio Service: Performance (Part 1)





Cumulative returns to 30 September 2017

Managed Portfolio Service		Actual Portfolio Returns							Historic Investment Profile Returns	
Category	Portfolio		1 month	3 months	6 months	1 year	2 years	5 years	10 years	Since inception
 Cash	Core Cash Portfolio <sup>2</sup>	Pre tax	0.14%	0.45%	0.89%	1.79%	4.24%	13.85%	-	33.75%
		Post tax	0.10%	0.33%	0.64%	1.28%	3.03%	9.79%	-	22.99%
 Income	Core Income Portfolio <sup>3</sup>	Pre tax	0.29%	0.87%	1.58%	2.07%	7.49%	22.36%	-	55.32%
		Post tax	0.21%	0.63%	1.14%	1.50%	5.36%	15.70%	-	37.10%
	Global Income Portfolio <sup>1</sup>	Pre tax	0.17%	0.31%	1.58%	1.22%	9.16%	18.27%	-	45.13%
		Post tax	0.12%	0.23%	1.15%	0.90%	6.23%	12.87%	-	30.45%
 Inflation	Core Inflation Portfolio <sup>4</sup>	Pre tax	0.99%	2.46%	-0.44%	1.43%	7.15%	19.19%	-	37.88%
		Post tax	0.53%	2.16%	0.03%	2.23%	9.10%	21.64%	-	52.30%
	Property Inflation Portfolio <sup>1</sup>	Pre tax	-0.07%	-1.35%	-1.57%	-1.59%	4.75%	31.71%	-	53.47%
		Post tax	-0.34%	-1.30%	-1.63%	-1.55%	3.55%	28.74%	-	45.54%
	Equity Inflation Portfolio <sup>4</sup>	Pre tax	1.13%	4.36%	2.11%	-0.51%	5.57%	29.07%	-	44.89%
		Post tax	1.04%	4.25%	1.21%	0.21%	8.47%	36.39%	-	116.51%
 Growth	Core Growth Composite Strategy <sup>6</sup>	Pre tax	0.73%	4.25%	-0.17%	3.28%	-1.97%	43.15%	19.45%	153.86% <sup>8</sup>
		Post tax	0.80%	3.91%	-0.22%	3.74%	-2.51%	36.61%	-	-
	Global Multi-Asset Growth Portfolio <sup>9</sup>	Pre tax	0.48%	8.73%	-7.65%	-6.24%	-4.20%	-31.93%	-	-34.74%
		Post tax	0.45%	8.58%	-8.46%	-6.41%	-8.37%	-36.89%	-	-39.23%
	Global Equity Growth Composite Strategy <sup>5</sup>	Pre tax	2.75%	6.32%	6.09%	16.11%	12.08%	73.46%	36.05%	247.70% <sup>8</sup>
		Post tax	2.45%	6.19%	5.47%	15.55%	10.84%	64.25%	-	-
	Dividend and Growth Composite Strategy <sup>7</sup>	Pre tax	0.57%	2.31%	2.56%	8.38%	32.26%	76.09%	33.33%	704.76% <sup>8</sup>
		Post tax	0.09%	2.04%	2.11%	7.50%	30.26%	68.22%	-	-

IMPORTANT: Please refer to page 8 of this summary for the footnotes relating to this page.  
Past performance is not necessarily an indication of future returns.

# Managed Portfolio Service: Performance (Part 2)

Annualised returns to 30 September 2017

Managed Portfolio Service		Actual Portfolio Returns						Historic Investment Profile Returns		
Category	Portfolio		1 month	3 months	6 months	1 year	2 years	5 years	10 years	Since inception
 Cash	Core Cash Portfolio <sup>2</sup>	Pre tax	0.14%	0.45%	0.89%	1.79%	2.10%	2.63%	-	3.08%
		Post tax	0.10%	0.33%	0.64%	1.28%	1.51%	1.89%	-	2.18%
 Income	Core Income Portfolio <sup>3</sup>	Pre tax	0.29%	0.87%	1.58%	2.07%	3.68%	4.12%	-	4.91%
		Post tax	0.21%	0.63%	1.14%	1.50%	2.65%	2.96%	-	3.49%
	Global Income Portfolio <sup>1</sup>	Pre tax	0.17%	0.31%	1.58%	1.22%	4.48%	3.41%	-	4.26%
		Post tax	0.12%	0.23%	1.15%	0.90%	3.07%	2.45%	-	3.03%
 Inflation	Core Inflation Portfolio <sup>4</sup>	Pre tax	0.99%	2.46%	-0.44%	1.43%	3.51%	3.57%	-	3.67%
		Post tax	0.53%	2.16%	0.03%	2.23%	4.45%	4.00%	-	4.83%
	Property Inflation Portfolio <sup>1</sup>	Pre tax	-0.07%	-1.35%	-1.57%	-1.59%	2.35%	5.66%	-	4.92%
		Post tax	-0.34%	-1.30%	-1.63%	-1.55%	1.76%	5.18%	-	4.30%
	Equity Inflation Portfolio <sup>4</sup>	Pre tax	1.13%	4.36%	2.11%	-0.51%	2.75%	5.24%	-	4.24%
		Post tax	1.04%	4.25%	1.21%	0.21%	4.15%	6.40%	-	9.05%
 Growth	Core Growth Composite Strategy <sup>6</sup>	Pre tax	0.73%	4.25%	-0.17%	3.28%	-0.99%	7.44%	1.79%	6.67%
		Post tax	0.80%	3.91%	-0.22%	3.74%	-1.26%	6.44%	-	-
	Global Multi-Asset Growth Portfolio <sup>9</sup>	Pre tax	0.48%	8.73%	-7.65%	-6.24%	-2.12%	-7.40%	-	-6.98%
		Post tax	0.45%	8.58%	-8.46%	-6.41%	-4.28%	-8.79%	-	-8.09%
	Global Equity Growth Composite Strategy <sup>5</sup>	Pre tax	2.75%	6.32%	6.09%	16.11%	5.87%	11.65%	3.13%	5.94%
		Post tax	2.45%	6.19%	5.47%	15.55%	5.28%	10.43%	-	-
	Dividend and Growth Composite Strategy <sup>7</sup>	Pre tax	0.57%	2.31%	2.56%	8.38%	15.00%	11.98%	2.92%	8.76%
		Post tax	0.09%	2.04%	2.11%	7.50%	14.13%	10.96%	-	-

IMPORTANT: Please refer to page 8 for the footnotes relating to this page.  
Past performance is not necessarily an indication of future returns.

# Managed Portfolio Service: Notes

## Returns

Pre tax returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Post tax returns are stated after Portfolio fees and expenses and investor tax at the highest Prescribed Investor Rate (PIR). From 1 October 2008 to 30 September 2010 the highest PIR was 30%. Since 1 October 2010 the highest PIR has been 28%. Past performance is not necessarily an indication of future returns.

## Composite Strategies

The Composite Strategies have been developed to illustrate the long-term performance of the investment categories represented by the relevant Portfolios.

*The Composite Strategies are not the historic returns of the Portfolios.*

They illustrate the historical performance of the NZ Funds approach of managing assets of the type held within the respective NZ Funds Managed Portfolio Service Portfolio to which each Composite Strategy relates.

The Composite Strategies are tax-adjusted to remove, as much as possible, the impact of the different tax regimes that applied during the calculation period. The pre tax returns are also stated after Portfolio fees and expenses, but before any advisory fees or investor tax. The post tax returns are stated after Portfolio fees and expenses and investor tax at the highest Prescribed Investor Rate (PIR).

For more detail on the calculation of each of the Composite Strategies please contact NZ Funds.

The performance of the Composite Strategies is not an indication of future Portfolio returns.




## Footnotes for pages 6 & 7

- 1 Inception date was 31 October 2008.
- 2 Inception date was 28 February 2008.
- 3 Inception date was 23 July 2008.
- 4 Performance is measured since the launch of the APS platform (now known as NZ Funds Managed Portfolio Service) on 31 October 2008. The post tax since inception returns for the Core Inflation Portfolio and the Equity Inflation Portfolio include the benefit of formation tax losses under the PIE rules. For more detail, please contact NZ Funds.
- 5 Composite strategy inception was 6 March 1996.
- 6 Composite strategy inception was 1 May 2003.
- 7 Composite strategy inception was 2 December 1992.
- 8 Pre tax equivalent gross return (for more detail, refer to the performance page for each Portfolio/Composite Strategy).
- 9 Inception date was 7 November 2011.



# NZ Funds KiwiSaver Scheme: Performance (Part 1)




Cumulative returns to 30 September 2017

NZ Funds KiwiSaver Scheme		Returns						
Strategy		1 month	3 months	6 months	1 year	2 years	5 years	Since Inception
 Income	Pre tax	0.25%	0.60%	1.93%	1.75%	10.03%	21.05%	33.28%
	Post tax	0.18%	0.43%	1.39%	1.28%	6.84%	14.82%	22.90%
 Inflation	Pre tax	1.25%	3.69%	0.19%	1.07%	7.90%	25.84%	39.32%
	Post tax	0.93%	3.38%	0.34%	1.39%	9.02%	25.72%	35.42%
 Growth	Pre tax	0.88%	5.69%	1.81%	9.07%	6.31%	66.71%	68.89%
	Post tax	0.67%	5.20%	1.21%	8.44%	4.60%	55.68%	55.25%

Pre tax returns are stated after Strategy fees and expenses, but before any advisory fees or investor tax. Post tax returns are stated after Strategy fees and expenses and investor tax at the highest Prescribed Investor Rate (PIR). From 1 October 2008 to 30 September 2010 the highest PIR was 30%. Since 1 October 2010 the highest PIR has been 28%. Past performance is not necessarily an indication of future returns.

# NZ Funds KiwiSaver Scheme: Performance (Part 2)

Annualised returns to 30 September 2017

NZ Funds KiwiSaver Scheme		Returns						
Strategy		1 month	3 months	6 months	1 year	2 years	5 years	Since Inception
 Income	Pre tax	0.25%	0.60%	1.93%	1.75%	4.90%	3.90%	4.24%
	Post tax	0.18%	0.43%	1.39%	1.28%	3.37%	2.80%	3.03%
 Inflation	Pre tax	1.25%	3.69%	0.19%	1.07%	3.87%	4.70%	4.91%
	Post tax	0.93%	3.38%	0.34%	1.39%	4.41%	4.68%	4.48%
 Growth	Pre tax	0.88%	5.69%	1.81%	9.07%	3.11%	10.76%	7.87%
	Post tax	0.67%	5.20%	1.21%	8.44%	2.27%	9.26%	6.56%

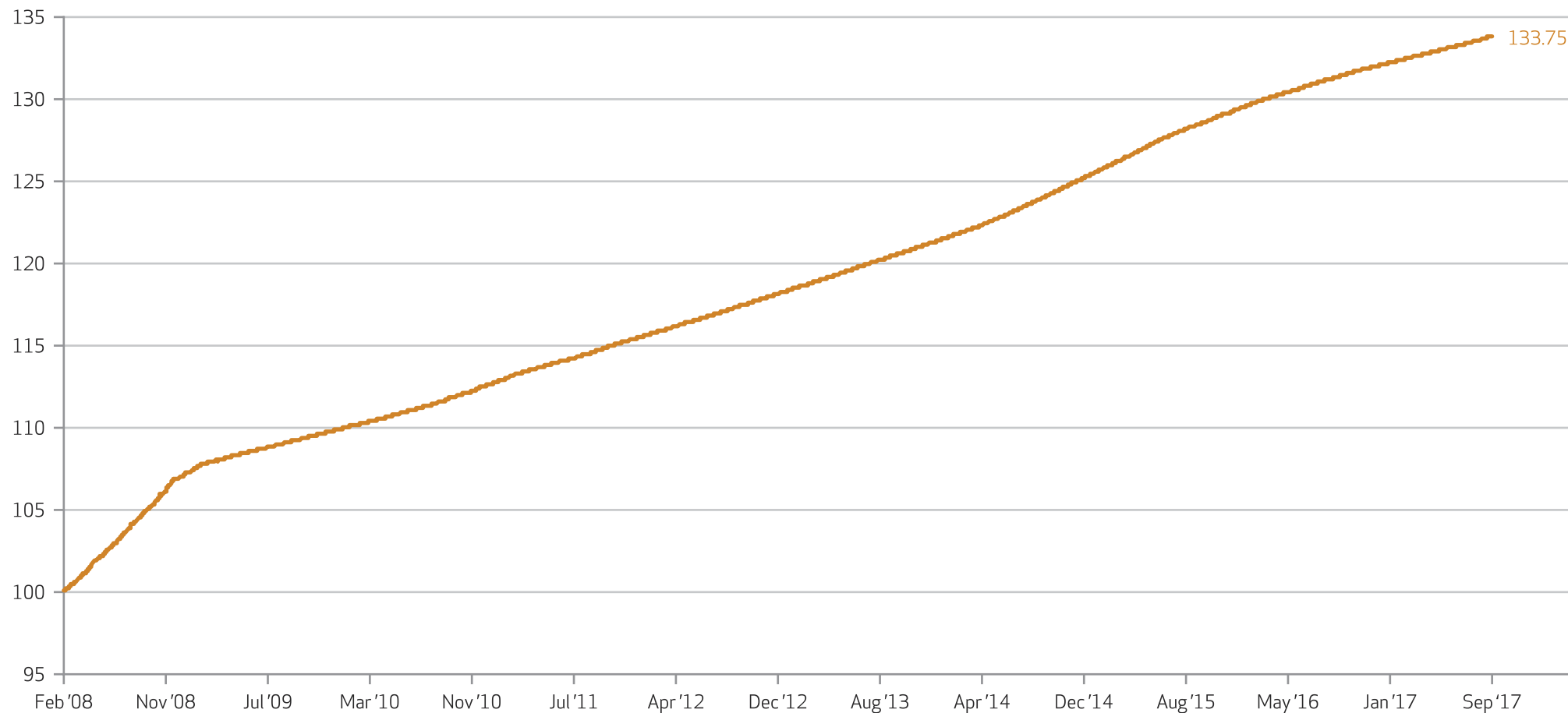
Pre tax returns are stated after Strategy fees and expenses, but before any advisory fees or investor tax. Post tax returns are stated after Strategy fees and expenses and investor tax at the highest Prescribed Investor Rate (PIR). From 1 October 2008 to 30 September 2010 the highest PIR was 30%. Since 1 October 2010 the highest PIR has been 28%. Past performance is not necessarily an indication of future returns.



# Managed Portfolio Service

# Core Cash Portfolio

Performance since inception (28 February 2008) to 30 September 2017



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Core Cash Portfolio	0.14%	0.45%	0.89%	1.79%	4.24%	13.85%	33.75%	0.00%	0.09%

# Core Cash Portfolio

Complete Portfolio as at 30 September 2017

Strategy / Security	Estimated yield <sup>1</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		100.0%	\$54,572,900
Bank deposits	2.0%	3.3%	\$1,783,698
Westpac 32 day term deposit	2.6%	51.0%	\$27,834,372
ASB bank bill 19/12/2017	1.9%	12.6%	\$6,894,778
Kiwibank bank bill 26/10/2017	1.8%	11.8%	\$6,454,043
BNZ bank bill 21/11/2017	1.9%	10.1%	\$5,524,449
BNZ bank bill 26/10/2017	1.8%	4.2%	\$2,305,015
Kiwibank bank bill 07/11/2017	1.9%	3.4%	\$1,842,866
ASB bank bill 21/11/2017	1.9%	2.5%	\$1,381,112
BNZ bank bill 24/11/2017	1.9%	1.7%	\$920,591
Net receivables <sup>2</sup>	n/a	-0.7%	-\$368,024
<b>TOTAL ECONOMIC EXPOSURE<sup>3</sup></b>		100.0%	\$54,572,900

1. The yield is not the actual return of the Portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds.

2. Net receivables include unrealised profit and loss and net receivables/payables.

3. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Core Cash Portfolio

## Notes

### Core Cash Portfolio

- \* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

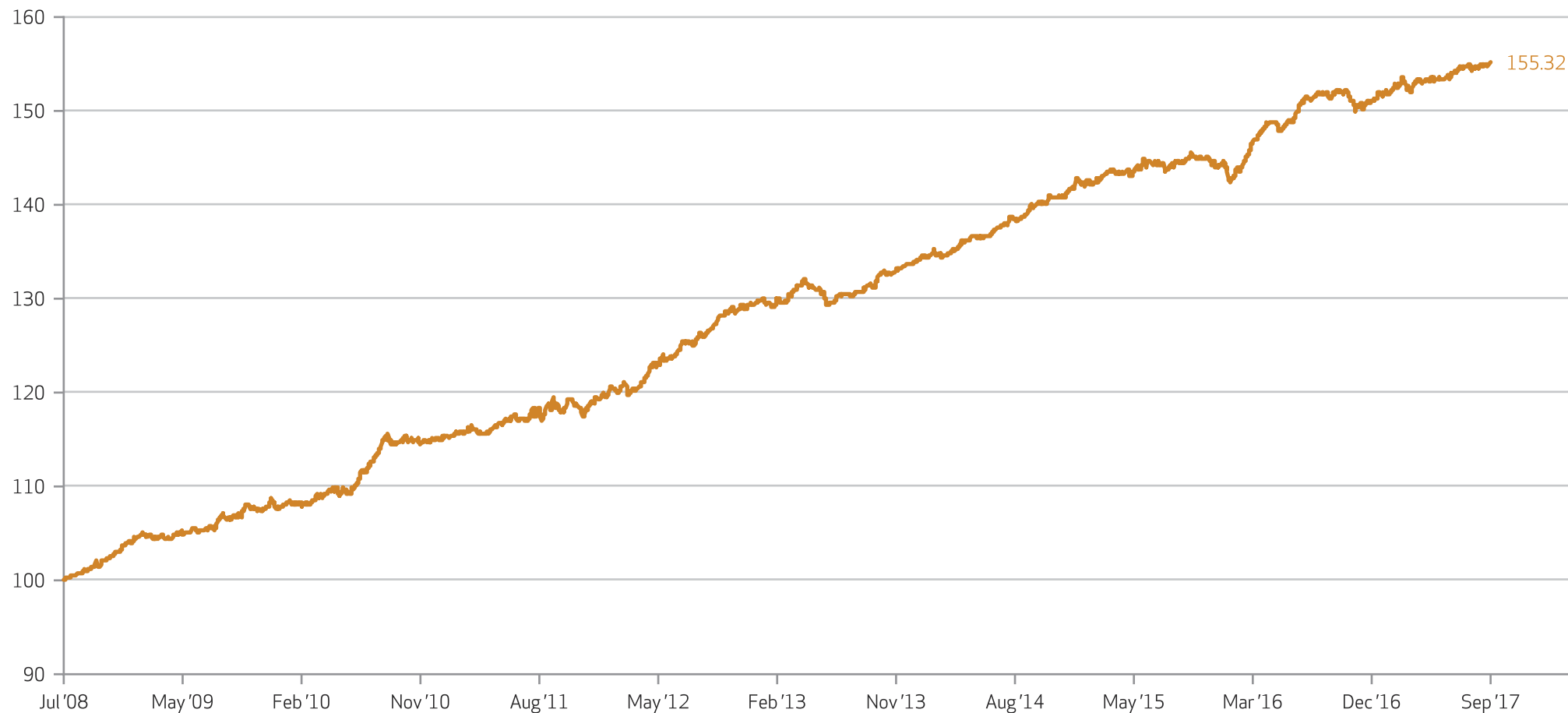
- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

# Core Income Portfolio

Performance since inception (23 July 2008) to 30 September 2017



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Core Income Portfolio	0.29%	0.87%	1.58%	2.07%	7.49%	22.36%	55.32%	-1.47%	1.67%

# Core Income Portfolio

Complete Portfolio as at 30 September 2017

Strategy / Security	Estimated yield <sup>1</sup>	Credit rating	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>			17.5%	\$22,111,762
<b>NEW ZEALAND FIXED INTEREST</b>			58.7%	\$74,257,207
Westpac Banking 4.695% 01/09/2026	4.1%	BB+	8.6%	\$10,873,222
Insurance Australia Group 5.15% 15/06/2043	4.5%	NR	8.5%	\$10,726,774
Mercury NZ 6.9% 11/07/2044	4.2%	BBB+	6.2%	\$7,800,835
ANZ National Bank 5.28% perpetual	3.3%	NR	6.0%	\$7,599,137
Infratil 5.5% 15/06/2024	5.2%	BBB-	5.4%	\$6,796,609
Z Energy 4.01% 01/11/2021	3.9%	NR	4.6%	\$5,778,173
Trustpower 4.01% 15/12/2022	4.2%	NR	3.8%	\$4,832,077
Fletcher Building Industries 5.8% 15/03/2020	4.4%	NR	3.8%	\$4,775,974
Bank of New Zealand 4.102% 15/06/2023	3.9%	AA-	3.6%	\$4,581,115
Meridian Energy 4.88% 20/03/2024	4.1%	BBB+	3.1%	\$3,862,371
University of Canterbury 7.25% 15/12/2019	3.9%	NR	1.9%	\$2,343,556
Heartland Bank 4.5% 21/09/2022	4.1%	BBB	1.8%	\$2,257,876
Chorus 4.12% 06/05/2021	3.8%	BBB	1.4%	\$1,743,560
Sapphire New Zealand Trust 7.24% 12/10/2041	7.2%	AAA	0.2%	\$285,927



# Core Income Portfolio

Complete Portfolio as at 30 September 2017 (continued)

Strategy / Security	Estimated yield <sup>1</sup>	Credit rating	Portfolio exposure %	Portfolio exposure \$
<b>INTERNATIONAL FIXED INTEREST</b>			21.5%	\$27,140,272
BlueScope Steel Finance USA 6.5% 15/05/2021	4.2%	BB+	8.4%	\$10,581,347
Crown Subordinated Notes 23/04/2075	6.0%	NR	5.8%	\$7,313,777
Woodside Finance 3.7% 15/09/2026	4.3%	BBB+	4.6%	\$5,767,007
NEXTDC 6.25% 09/06/2021	6.0%	NR	2.4%	\$3,090,908
Flex 5% 15/02/2023	3.8%	BBB-	0.3%	\$387,233
<b>FOREIGN CURRENCY</b>			3.2%	\$3,989,857
<b>TOTAL ECONOMIC EXPOSURE<sup>2</sup></b>			100.8%	\$127,499,099

1. The yield is not the actual return of the Portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds.

2. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Core Income Portfolio

## Notes

### Core Income Portfolio

- \* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

# Global Income Portfolio

Performance since inception (31 October 2008) to 30 September 2017



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Global Income Portfolio	0.17%	0.31%	1.58%	1.22%	9.16%	18.27%	45.13%	-2.30%	1.92%

# Global Income Portfolio

Indicative Portfolio as at 30 September 2017

Strategy / Security	Estimated yield <sup>1</sup>	Credit rating	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>			5.3%	\$6,232,581
<b>INTERNATIONAL FIXED INTEREST</b>			93.9%	\$111,133,596
ArcelorMittal 6.25% 25/02/2022	3.7%	BB+	11.2%	\$13,319,048
HCA 4.5% 15/02/2027	4.8%	BBB-	10.7%	\$12,648,173
Flex 5% 15/02/2023	3.8%	BBB-	10.5%	\$12,413,903
First Data 5% 15/01/2024	4.4%	BB	9.7%	\$11,506,063
Verizon Communications 2.625% 15/08/2026	4.0%	BBB+	7.0%	\$8,282,204
Constellation Brands 4.75% 01/12/2025	3.9%	BBB-	6.7%	\$7,953,726
Southern Copper 7 1/2 07/27/35	5.5%	BBB	6.4%	\$7,615,749
Seagate HDD Cayman 4.875% 01/03/2024	5.8%	BB+	6.2%	\$7,354,965
Wells Fargo Co 3.55% 09/29/25	3.8%	A	6.1%	\$7,171,559
Valeant Pharmaceuticals 7% 15/03/2024	5.8%	BB-	5.8%	\$6,874,968
EOG Resources 4.15% 15/01/2026	3.9%	BBB+	4.6%	\$5,497,990
Devon Energy 5.85% 15/12/2025	4.2%	BBB	4.4%	\$5,249,552
NRG Energy 7.25% 15/05/2026	6.4%	BB-	4.4%	\$5,245,694
<b>FOREIGN CURRENCY</b>			1.1%	\$1,328,794
<b>TOTAL ECONOMIC EXPOSURE<sup>2</sup></b>			100.2%	\$118,694,971

1. The yield is not the actual return of the Portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds.

2. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Global Income Portfolio

## Notes

### Global Income Portfolio

- \* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

# Core Inflation Portfolio

Performance since inception (31 October 2008) to 30 September 2017



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Core Inflation Portfolio	0.99%	2.46%	-0.44%	1.43%	7.15%	19.19%	37.88%	-7.20%	7.39%

# Core Inflation Portfolio

Complete Portfolio as at 30 September 2017

Strategy / Security <sup>1</sup>	Estimated yield <sup>2</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		19.8%	\$22,771,624
<b>INTERNATIONAL FIXED INTEREST</b>		17.0%	\$19,610,106
NZ Funds Perpetual, Floating Rate and Inflation Linked Bond Strategy	6.5%	16.9%	\$19,475,747
United States government bond futures short exposure	n/a	0.1%	\$134,359
<b>AUSTRALASIAN EQUITIES</b>		62.0%	\$71,331,879
Dividend and Growth Strategy	6.2%	62.0%	\$71,331,879
<b>FOREIGN CURRENCY</b>		17.8%	\$20,462,700
<b>TOTAL ECONOMIC EXPOSURE<sup>3</sup></b>		116.6%	\$134,176,309

1. Where a strategy is shown, the asset class reflects the predominant assets in the strategy. The strategy may include other assets including cash.

2. The yield is not the actual return of the Portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds.

3. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Core Inflation Portfolio

## Notes

### Core Inflation Portfolio

- \* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.



# Property Inflation Portfolio

Performance since inception (31 October 2008) to 30 September 2017



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Property Inflation Portfolio	-0.07%	-1.35%	-1.57%	-1.59%	4.75%	31.71%	53.47%	-7.01%	6.20%

# Property Inflation Portfolio

Complete Portfolio as at 30 September 2017

Strategy / Security <sup>1</sup>	Estimated yield <sup>2</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		6.1%	\$5,149,598
<b>AUSTRALASIAN EQUITIES</b>		12.7%	\$10,720,953
Chorus	8.0%	8.0%	\$6,739,302
Metlifecare	2.2%	3.8%	\$3,212,924
Sky City Entertainment	6.5%	0.9%	\$768,727
<b>INTERNATIONAL EQUITIES</b>		9.5%	\$8,023,288
CaixaBank	6.5%	5.1%	\$4,298,786
Dalata Hotel Group	2.5%	2.2%	\$1,898,932
Cairn Homes	2.3%	2.2%	\$1,825,570
<b>LISTED PROPERTY</b>		70.2%	\$59,443,829
NZ Funds Perpetual, Floating Rate and Inflation Linked Bond Strategy	6.5%	19.6%	\$16,595,431
Stride Property Group	7.3%	5.6%	\$4,712,921
Investore Property	7.2%	4.5%	\$3,847,950
American Homes 4 Rent	1.6%	4.4%	\$3,696,174
Kiwi Property Group Ltd	5.8%	3.5%	\$3,003,660
Precinct Properties New Zealand	5.2%	3.0%	\$2,545,381
Goodman Property Trust	5.6%	2.6%	\$2,181,457
Henderson Land Development	3.9%	2.5%	\$2,146,956
Simon Property Group	5.3%	2.5%	\$2,124,955
Gecina	6.1%	2.5%	\$2,106,277
Public Storage	4.6%	2.5%	\$2,094,336
Boston Properties	3.2%	2.4%	\$2,059,375
Vonovia	6.3%	2.4%	\$2,044,893
Goodman Group	3.8%	2.4%	\$1,997,452

# Property Inflation Portfolio

Complete Portfolio as at 30 September 2017 (continued)

Strategy / Security <sup>1</sup>	Estimated yield <sup>2</sup>	Portfolio exposure %	Portfolio exposure \$
<b>LISTED PROPERTY (CONTINUED)</b>			
Unibail-Rodamco	7.8%	2.3%	\$1,965,575
Duke Realty	3.3%	2.3%	\$1,974,844
Avalonbay Communities Inc	4.0%	2.3%	\$1,931,582
Property For Industry	4.6%	1.6%	\$1,360,154
Vital Healthcare Property Trust	4.5%	1.2%	\$1,054,456
<b>ALTERNATIVE SECURITIES</b>		<b>0.5%</b>	<b>\$441,752</b>
Universa Black Swan Protection Protocol	n/a	0.5%	\$441,752
<b>FOREIGN CURRENCY</b>		<b>7.6%</b>	<b>\$6,457,957</b>
<b>TOTAL ECONOMIC EXPOSURE<sup>3</sup></b>		<b>106.6%</b>	<b>\$90,237,377</b>

1. Where a strategy is shown, the asset class reflects the predominant assets in the strategy. The strategy may include other assets including cash.

2. The yield calculation represents an estimate of the yield on the Portfolio, calculated using the most recent information provided by the external investment managers involved in managing the Portfolio, hedged back to New Zealand dollars where appropriate. It is not calculated 'as at' any particular date as different external investment managers provide data at varying dates. As a result, in some instances the yields may lag the date of this Portfolio summary. The yield is not the actual return on the Portfolio, nor is it a projection or forecast. The Portfolio's return could be less than the Portfolio's yield. Details of the yield calculation are available on request from NZ Funds.

3. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Property Inflation Portfolio

## Notes

### Property Inflation Portfolio

- \* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

# Equity Inflation Portfolio

Performance since inception (31 October 2008) to 30 September 2017



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Equity Inflation Portfolio	1.13%	4.36%	2.11%	-0.51%	5.57%	29.07%	44.89%	-7.98%	6.28%

# Equity Inflation Portfolio

Complete Portfolio as at 30 September 2017

Strategy / Security <sup>1</sup>	Estimated yield <sup>2</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		1.9%	\$1,661,823
<b>INTERNATIONAL EQUITIES</b>		64.5%	\$56,294,003
Futures index exposure	n/a	44.1%	\$38,502,051
NZ Funds Banking & Finance Strategy	2.5%	10.4%	\$9,055,493
Impala Resource Fund	0.6%	6.2%	\$5,428,821
NZ Funds Global Energy Index Strategy	5.0%	3.8%	\$3,307,638
<b>LISTED PROPERTY</b>		21.8%	\$19,054,007
NZ Funds Perpetual, Floating Rate and Inflation Linked Bond Strategy	6.5%	21.8%	\$19,054,007
<b>ALTERNATIVE SECURITIES</b>		10.2%	\$8,931,878
Paulson International Fund	n/a	9.7%	\$8,498,211
Universa Black Swan Protection Protocol	n/a	0.5%	\$433,666
<b>FOREIGN CURRENCY</b>		4.4%	\$3,868,640
<b>TOTAL ECONOMIC EXPOSURE<sup>3</sup></b>		<b>102.8%</b>	<b>\$89,810,351</b>

1. Where a strategy is shown, the asset class reflects the predominant assets in the strategy. The strategy may include other assets including cash.

2. The yield calculation represents an estimate of the yield on the Portfolio, calculated using the most recent information provided by the external investment managers involved in managing the Portfolio, hedged back to New Zealand dollars where appropriate. It is not calculated 'as at' any particular date as different external investment managers provide data at varying dates. As a result, in some instances the yields may lag the date of this Portfolio summary. The yield is not the actual return on the Portfolio, nor is it a projection or forecast. The Portfolio's return could be less than the Portfolio's yield. Details of the yield calculation are available on request from NZ Funds.

3. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Equity Inflation Portfolio

## Notes

### Equity Inflation Portfolio

\* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.

^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

# Core Growth Portfolio

Performance since inception (31 October 2008) to 30 September 2017 for Core Growth Portfolio



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Core Growth Portfolio	0.73%	4.25%	-0.17%	3.28%	-1.97%	43.15%	41.49%	-9.69%	12.72%



# Core Growth Portfolio

Tax-adjusted performance to 30 September 2017 for Core Growth Composite Strategy



Composite strategy returns**	1 month	3 months	6 months	1 year	2 years	5 years	10 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Core Growth Composite Strategy	0.73%	4.25%	-0.17%	3.28%	-1.97%	43.15%	19.45%	153.86%	-9.69%	12.72%

# Core Growth Portfolio

Complete Portfolio as at 30 September 2017

Strategy / Security <sup>1</sup>	Estimated yield <sup>2</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		1.0%	\$862,446
<b>INTERNATIONAL FIXED INTEREST</b>		0.2%	\$203,242
United States government bond futures short exposure	n/a	0.2%	\$203,242
<b>AUSTRALASIAN EQUITIES</b>		25.4%	\$21,866,826
Dividend and Growth Strategy	6.2%	25.4%	\$21,866,826
<b>INTERNATIONAL EQUITIES</b>		63.5%	\$54,740,496
Futures index exposure	n/a	63.5%	\$54,740,496
<b>ALTERNATIVE SECURITIES</b>		48.8%	\$42,096,619
Kynikos Global Capital Partners	n/a	17.1%	\$14,785,142
Suvretta Offshore Fund	n/a	15.5%	\$13,368,302
ISAM Systematic	n/a	9.4%	\$8,143,568
H2O Global Feeder Fund Class C	n/a	6.7%	\$5,799,607
<b>FOREIGN CURRENCY</b>		51.1%	\$39,355,842
<b>TOTAL ECONOMIC EXPOSURE<sup>3</sup></b>		<b>189.9%</b>	<b>\$159,125,471</b>

1. Where a strategy is shown, the asset class reflects the predominant assets in the strategy. The strategy may include other assets including cash.

2. The yield calculation represents an estimate of the yield on the Portfolio, calculated using the most recent information provided by the external investment managers involved in managing the Portfolio, hedged back to New Zealand dollars where appropriate. It is not calculated 'as at' any particular date as different external investment managers provide data at varying dates. As a result, in some instances the yields may lag the date of this Portfolio summary. The yield is not the actual return on the Portfolio, nor is it a projection or forecast. The Portfolio's return could be less than the Portfolio's yield. Details of the yield calculation are available on request from NZ Funds.

3. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Core Growth Portfolio

## Notes

### Core Growth Portfolio

- \* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

### Composite Strategy

- \*\* The Composite Strategy is used to illustrate the long-term performance of the investment approach used in managing the Core Growth Portfolio.

*The Composite Strategy does not represent the historic returns of the Core Growth Portfolio.*

It illustrates the historical performance of the NZ Funds approach of managing assets of the type held within the Core Growth Portfolio.

The Composite Strategy is tax-adjusted to remove, as much as possible, the impact of the different tax regimes that applied during the calculation period. Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax.

For more detail on the calculation of the Core Growth Composite Strategy please contact NZ Funds.

The performance of the Core Growth Composite Strategy is not an indication of the future returns of the Core Growth Portfolio.

# Global Multi-Asset Growth Portfolio

Performance since inception (7 November 2011) to 30 September 2017



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Global Multi-Asset Growth Portfolio	0.48%	8.73%	-7.65%	-6.24%	-4.20%	-31.93%	-34.74%	-27.95%	15.06%

# Global Multi-Asset Growth Portfolio

Complete Portfolio as at 30 September 2017

Strategy / Security <sup>1</sup>	Estimated yield <sup>2</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		1.0%	\$270,057
<b>INTERNATIONAL EQUITIES</b>		65.4%	\$21,338,137
NZ Funds Global Metal & Mining Strategy	4.3%	21.7%	\$5,867,695
Impala Resource Fund	0.6%	16.2%	\$4,364,671
NZ Funds Global Oil Index Strategy	5.0%	14.0%	\$3,774,626
NZ Funds Agriculture Strategy	3.6%	13.6%	\$3,665,572
<b>COMMODITIES</b>		11.7%	\$3,166,284
Commodities energy futures exposure	n/a	11.7%	\$3,166,284
<b>ALTERNATIVE SECURITIES</b>		9.8%	\$2,649,676
ISAM Systematic	n/a	9.8%	\$2,649,676
<b>FOREIGN CURRENCY</b>		29.5%	\$4,308,037
<b>TOTAL ECONOMIC EXPOSURE<sup>3</sup></b>		117.5%	\$31,732,191

1. Where a strategy is shown, the asset class reflects the predominant assets in the strategy. The strategy may include other assets including cash.

2. The yield calculation represents an estimate of the yield on the Portfolio, calculated using the most recent information provided by the external investment managers involved in managing the Portfolio, hedged back to New Zealand dollars where appropriate. It is not calculated 'as at' any particular date as different external investment managers provide data at varying dates. As a result, in some instances the yields may lag the date of this Portfolio summary. The yield is not the actual return on the Portfolio, nor is it a projection or forecast. The Portfolio's return could be less than the Portfolio's yield. Details of the yield calculation are available on request from NZ Funds.

3. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Global Multi-Asset Growth Portfolio

## Notes

### Global Multi-Asset Growth Portfolio

- \* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

# Global Equity Growth Portfolio

Performance since inception (31 October 2008) to 30 September 2017 for Global Equity Growth Portfolio



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Global Equity Growth Portfolio	2.75%	6.32%	6.09%	16.11%	12.08%	73.46%	60.57%	-3.79%	10.23%

# Global Equity Growth Portfolio

Tax-adjusted performance to 30 September 2017 for Global Equity Growth Composite Strategy



Composite strategy returns**	1 month	3 months	6 months	1 year	2 years	5 years	10 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Global Equity Growth Composite Strategy	2.75%	6.32%	6.09%	16.11%	12.08%	73.46%	36.05%	247.70%	-3.79%	10.23%



# Global Equity Growth Portfolio

Complete Portfolio as at 30 September 2017

Strategy / Security <sup>1</sup>	Estimated yield <sup>2</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		1.0%	\$650,485
<b>INTERNATIONAL EQUITIES</b>		96.6%	\$62,807,194
LSV Global Concentrated ACWI Strategy	4.2%	69.8%	\$45,410,322
Futures index exposure	n/a	26.7%	\$17,396,873
<b>ALTERNATIVE SECURITIES</b>		6.0%	\$3,916,065
Kuvari Focus Fund	n/a	5.3%	\$3,440,275
Universa Black Swan Protection Protocol	n/a	0.7%	\$475,790
<b>FOREIGN CURRENCY</b>		31.3%	\$20,171,429
<b>TOTAL ECONOMIC EXPOSURE<sup>3</sup></b>		<b>134.9%</b>	<b>\$87,545,174</b>

1. Where a strategy is shown, the asset class reflects the predominant assets in the strategy. The strategy may include other assets including cash.

2. The yield calculation represents an estimate of the yield on the Portfolio, calculated using the most recent information provided by the external investment managers involved in managing the Portfolio, hedged back to New Zealand dollars where appropriate. It is not calculated 'as at' any particular date as different external investment managers provide data at varying dates. As a result, in some instances the yields may lag the date of this Portfolio summary. The yield is not the actual return on the Portfolio, nor is it a projection or forecast. The Portfolio's return could be less than the Portfolio's yield. Details of the yield calculation are available on request from NZ Funds.

3. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Global Equity Growth Portfolio

## Notes

### Global Equity Growth Portfolio

- \* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

### Composite Strategy

- \*\* The Composite Strategy is used to illustrate the long-term performance of the investment approach used in managing the Global Equity Growth Portfolio.

*The Composite Strategy does not represent the historic returns of the Global Equity Growth Portfolio.*

It illustrates the historical performance of the NZ Funds approach of managing assets of the type held within the Global Equity Growth Portfolio.

The Composite Strategy is tax-adjusted to remove, as much as possible, the impact of the different tax regimes that applied during the calculation period. Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax.

For more detail on the calculation of the Global Equity Growth Composite Strategy please contact NZ Funds.

The performance of the Global Equity Growth Composite Strategy is not an indication of the future returns of the Global Equity Growth Portfolio.

# Dividend and Growth Portfolio

Performance since inception (31 October 2008) to 30 September 2017 for Dividend and Growth Portfolio



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Dividend and Growth Portfolio	0.57%	2.31%	2.56%	8.38%	32.26%	76.09%	94.15%	-7.96%	8.85%

# Dividend and Growth Portfolio

Tax-adjusted performance to 30 September 2017 for Dividend and Growth Composite Strategy



Composite strategy returns**	1 month	3 months	6 months	1 year	2 years	5 years	10 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Dividend and Growth Composite Strategy	0.57%	2.31%	2.56%	8.38%	32.26%	76.09%	33.33%	704.76%	-7.96%	8.85%

# Dividend and Growth Portfolio

Complete Portfolio as at 30 September 2017

Strategy / Security	Estimated yield <sup>1</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		15.4%	\$13,534,705
<b>AUSTRALASIAN EQUITIES</b>		74.3%	\$64,764,298
Chorus	8.0%	12.5%	\$11,015,370
Meridian Energy	8.6%	8.5%	\$7,461,233
Metlifecare	2.2%	8.3%	\$7,302,333
Woodside Petroleum	4.6%	6.9%	\$6,096,383
Z Energy	8.9%	4.4%	\$3,907,877
Trustpower	8.8%	4.0%	\$3,492,686
Sky City Entertainment	6.5%	4.0%	\$3,474,600
Murray Goulburn Unit Trust	2.8%	3.7%	\$3,248,440
Amaysim Australia	7.7%	3.6%	\$3,191,560
Wesfarmers	5.8%	3.5%	\$3,070,187
Fisher & Paykel Healthcare	3.0%	3.5%	\$3,056,621
Spark New Zealand	9.1%	3.3%	\$2,935,702
Crown Resorts	5.5%	2.9%	\$2,529,961
Sanford	5.0%	2.5%	\$2,187,854
BlueScope Steel	1.6%	2.1%	\$1,868,153
Sky Network Television total return swap (short)	n/a	-0.5%	-\$464,583
Michael Hill International	7.2%	0.4%	\$389,919

# Dividend and Growth Portfolio

Complete Portfolio as at 30 September 2017 (continued)

Strategy / Security	Estimated yield <sup>1</sup>	Portfolio exposure %	Portfolio exposure \$
<b>INTERNATIONAL EQUITIES</b>		9.3%	\$8,164,627
Rio Tinto PLC ADR	5.3%	9.3%	\$8,164,627
<b>FOREIGN CURRENCY</b>		2.6%	\$2,779,291
<b>TOTAL ECONOMIC EXPOSURE<sup>2</sup></b>		101.6%	\$89,242,921

1. The yield calculation represents an estimate of the yield on the Portfolio, calculated using the most recent information provided by the external investment managers involved in managing the Portfolio, hedged back to New Zealand dollars where appropriate. It is not calculated 'as at' any particular date as different external investment managers provide data at varying dates. As a result, in some instances the yields may lag the date of this Portfolio summary. The yield is not the actual return on the Portfolio, nor is it a projection or forecast. The Portfolio's return could be less than the Portfolio's yield. Details of the yield calculation are available on request from NZ Funds.

2. Total economic exposure represents the total economic value of a Portfolio, which is the net asset value of the Portfolio adjusted for the effect of direct derivative positions taken by the Portfolio and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# Dividend and Growth Portfolio

## Notes

### Dividend and Growth Portfolio

- \* Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 September 2017. For more details on the Portfolio's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

### Composite Strategy

- \*\* The Composite Strategy is used to illustrate the long-term performance of the investment approach used in managing the Dividend and Growth Portfolio.

*The Composite Strategy does not represent the historic returns of the Dividend and Growth Portfolio.*

It illustrates the historical performance of the NZ Funds approach of managing assets of the type held within the Dividend and Growth Portfolio.

The Composite Strategy is tax-adjusted to remove, as much as possible, the impact of the different tax regimes that applied during the calculation period. Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax.

For more detail on the calculation of the Dividend and Growth Composite Strategy please contact NZ Funds.

The performance of the Dividend and Growth Composite Strategy is not an indication of the future returns of the Dividend and Growth Portfolio.

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK





NZ Funds

KiwiSaver Scheme

# NZ Funds KiwiSaver Scheme Income Strategy

Performance since inception (31 October 2010) to 30 September 2017



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Income Strategy	0.25%	0.60%	1.93%	1.75%	10.03%	21.05%	33.28%	-2.23%	1.85%

# NZ Funds KiwiSaver Scheme Income Strategy

Indicative Strategy as at 30 September 2017

Strategy / Security	Estimated yield <sup>1</sup>	Credit rating	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>			<b>15.6%</b>	<b>\$3,058,226</b>
<b>NEW ZEALAND FIXED INTEREST</b>			<b>29.5%</b>	<b>\$5,771,625</b>
Westpac Banking 4.695% 01/09/2026	4.1%	BBB	4.3%	\$845,119
Insurance Australia Group 5.15% 15/06/2043	4.5%	BBB	4.3%	\$833,736
Mercury NZ 6.9% 11/07/2044	4.2%	BB+	3.1%	\$606,318
ANZ National Bank 5.28% perpetual	3.3%	BBB	3.0%	\$590,641
Infratil 5.5% 15/06/2024	5.2%	NR	2.7%	\$528,265
Z Energy 4.01% 01/11/2021	3.9%	NR	2.3%	\$449,107
Trustpower 4.01% 15/12/2022	4.2%	NR	1.9%	\$375,572
Fletcher Building Industries 5.8% 15/03/2020	4.4%	NR	1.9%	\$371,212
Bank of New Zealand 4.102% 15/06/2023	3.9%	AA-	1.8%	\$356,066
Meridian Energy 4.88% 20/03/2024	4.1%	BBB+	1.5%	\$300,202
University of Canterbury 7.25% 15/12/2019	3.9%	NR	0.9%	\$182,152
Heartland Bank 4.5% 21/09/2022	4.1%	BBB	0.9%	\$175,493
Chorus 4.12% 06/05/2021	3.8%	BBB	0.7%	\$135,518
Sapphire New Zealand Trust 7.24% 12/10/2041	7.2%	AAA	0.1%	\$22,224
<b>INTERNATIONAL FIXED INTEREST</b>			<b>53.3%</b>	<b>\$10,427,607</b>
ArcelorMittal 6.25% 25/02/2022	3.7%	BB+	5.1%	\$996,905
Flex 5% 15/02/2023	3.8%	BBB-	4.9%	\$959,254
HCA 4.5% 15/02/2027	4.8%	BBB-	4.8%	\$946,691
First Data 5% 15/01/2024	4.4%	BB	4.4%	\$861,207
BlueScope Steel Finance USA 6.5% 15/05/2021	4.2%	BB+	4.2%	\$822,433
Verizon Communications 2.625% 15/08/2026	4.0%	BBB+	3.2%	\$619,907
Constellation Brands 4.75% 01/12/2025	3.9%	BBB-	3.0%	\$595,321

# NZ Funds KiwiSaver Scheme Income Strategy

Indicative Strategy as at 30 September 2017 (continued)

Strategy / Security	Estimated yield <sup>1</sup>	Credit rating	Strategy exposure %	Strategy exposure \$
<b>INTERNATIONAL FIXED INTEREST (CONTINUED)</b>				
Southern Copper 7 1/2 07/27/35	5.5%	BBB	2.9%	\$570,024
Crown Subordinated Notes 23/04/2075	6.0%	NR	2.9%	\$568,462
Seagate HDD Cayman 4.875% 01/03/2024	5.8%	BB+	2.8%	\$550,505
Wells Fargo Co 3.55% 09/29/25	3.8%	A	2.7%	\$536,777
Valeant Pharmaceuticals 7% 15/03/2024	5.8%	BB-	2.6%	\$514,578
Woodside Finance 3.7% 15/09/2026	4.3%	BBB+	2.3%	\$448,239
EOG Resources 4.15% 15/01/2026	3.9%	BBB+	2.1%	\$411,514
Devon Energy 5.85% 15/12/2025	4.2%	BBB	2.0%	\$392,919
NRG Energy 7.25% 15/05/2026	6.4%	BB-	2.0%	\$392,630
NEXTDC 6.25% 09/06/2021	6.0%	NR	1.2%	\$240,240
<b>FOREIGN CURRENCY</b>			2.1%	\$409,568
<b>TOTAL ECONOMIC EXPOSURE<sup>2</sup></b>			100.5%	\$19,667,027

1. The yield calculation represents an estimate of the yield on the Strategy, calculated using the most recent information provided by the external investment managers involved in managing the Strategy, hedged back to New Zealand dollars where appropriate. It is not calculated 'as at' any particular date as different external investment managers provide data at varying dates. As a result, in some instances the yields may lag the date of this Strategy summary. The yield is not the actual return on the Strategy, nor is it a projection or forecast. The Strategy's return could be less than the Strategy's yield. Details of the yield calculation are available on request from NZ Funds.

2. Total economic exposure represents the total economic value of a Strategy, which is the net asset value of the Strategy adjusted for the effect of direct derivative positions taken by the Strategy and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# NZ Funds KiwiSaver Scheme Income Strategy

## Notes

### NZ Funds KiwiSaver Scheme Income Strategy

- \* Returns are stated after Strategy fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Strategy over the 5 years ending 30 September 2017. For more details on the Strategy's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

# NZ Funds KiwiSaver Scheme Inflation Strategy

Performance since inception (31 October 2010) to 30 September 2017



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Inflation Strategy	1.25%	3.69%	0.19%	1.07%	7.90%	25.84%	39.32%	-6.80%	7.16%

# NZ Funds KiwiSaver Scheme Inflation Strategy

Complete Strategy as at 30 September 2017

Strategy / Security <sup>1</sup>	Estimated yield <sup>2</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		10.3%	\$6,878,312
<b>INTERNATIONAL FIXED INTEREST</b>		0.1%	\$76,348
United States government bond futures short exposure	n/a	0.1%	\$76,348
<b>AUSTRALASIAN EQUITIES</b>		28.5%	\$19,087,092
Dividend and Growth Strategy	6.2%	28.5%	\$19,087,092
<b>INTERNATIONAL EQUITIES</b>		33.1%	\$22,168,650
Futures index exposure	n/a	21.9%	\$14,632,070
NZ Funds Banking & Finance Strategy	2.5%	5.1%	\$3,441,391
Impala Resource Fund	0.6%	2.5%	\$1,641,921
NZ Funds Global Energy Index Strategy	5.0%	1.9%	\$1,257,013
NZ Funds Global Metal & Mining Strategy	4.3%	1.8%	\$1,196,255
<b>LISTED PROPERTY</b>		23.5%	\$15,758,255
NZ Funds Perpetual, Floating Rate and Inflation Linked Bond Strategy	6.5%	23.5%	\$15,758,255
<b>ALTERNATIVE SECURITIES</b>		3.0%	\$2,001,433
Paulson International Fund	n/a	2.8%	\$1,852,246
Universa Black Swan Protection Protocol	n/a	0.2%	\$149,187
<b>FOREIGN CURRENCY</b>		21.4%	\$14,352,596
<b>TOTAL ECONOMIC EXPOSURE<sup>3</sup></b>		120.0%	\$80,322,688

1. Where a strategy is shown, the asset class reflects the predominant assets in the strategy. The strategy may include other assets including cash.

2. The yield is not the actual return of the Strategy, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds.

3. Total economic exposure represents the total economic value of a Strategy, which is the net asset value of the Strategy adjusted for the effect of direct derivative positions taken by the Strategy and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# NZ Funds KiwiSaver Scheme Inflation Strategy

## Notes

### NZ Funds KiwiSaver Scheme Inflation Strategy

- \* Returns are stated after Strategy fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Strategy over the 5 years ending 30 September 2017. For more details on the Strategy's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.



# NZ Funds KiwiSaver Scheme Growth Strategy

Performance since inception (31 October 2010) to 30 September 2017



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months <sup>x</sup>	Volatility 5 years <sup>^</sup>
Growth Strategy	0.88%	5.69%	1.81%	9.07%	6.31%	66.71%	68.89%	-6.75%	11.82%

# NZ Funds KiwiSaver Scheme Growth Strategy

Complete Strategy as at 30 September 2017

Strategy / Security <sup>1</sup>	Estimated yield <sup>2</sup>	Portfolio exposure %	Portfolio exposure \$
<b>CASH AND CASH EQUIVALENTS</b>		1.0%	\$958,511
<b>INTERNATIONAL FIXED INTEREST</b>		0.1%	\$139,463
United States government bond futures short exposure	n/a	0.1%	\$139,463
<b>AUSTRALASIAN EQUITIES</b>		28.9%	\$27,703,445
Dividend and Growth Strategy	6.2%	28.9%	\$27,703,445
<b>INTERNATIONAL EQUITIES</b>		67.2%	\$64,381,804
Futures index exposure	n/a	33.2%	\$31,814,826
LSV Global Concentrated ACWI Strategy	4.2%	25.0%	\$23,918,770
Impala Resource Fund	0.6%	9.0%	\$8,648,208
<b>ALTERNATIVE SECURITIES</b>		23.3%	\$22,351,404
Suvretta Offshore Fund	n/a	14.5%	\$13,861,758
ISAM Systematic	n/a	4.9%	\$4,708,791
Kuvari Focus Fund	n/a	3.5%	\$3,348,555
Universa Black Swan Protection Protocol	n/a	0.5%	\$432,301
<b>FOREIGN CURRENCY</b>		38.1%	\$36,519,563
<b>TOTAL ECONOMIC EXPOSURE<sup>3</sup></b>		158.6%	\$152,054,190

1. Where a strategy is shown, the asset class reflects the predominant assets in the strategy. The strategy may include other assets including cash.

2. The yield calculation represents an estimate of the yield on the Strategy, calculated using the most recent information provided by the external investment managers involved in managing the Strategy, hedged back to New Zealand dollars where appropriate. It is not calculated 'as at' any particular date as different external investment managers provide data at varying dates. As a result, in some instances the yields may lag the date of this Strategy summary. The yield is not the actual return on the Strategy, nor is it a projection or forecast. The Strategy's return could be less than the Strategy's yield. Details of the yield calculation are available on request from NZ Funds.

3. Total economic exposure represents the total economic value of a Strategy, which is the net asset value of the Strategy adjusted for the effect of direct derivative positions taken by the Strategy and indirect derivative positions taken other than via a fund including hedge funds. For more details of the total economic exposure calculations, contact NZ Funds.

Note: Rounding may affect any subtotals and totals.

# NZ Funds KiwiSaver Scheme Growth Strategy

## Notes

### NZ Funds KiwiSaver Scheme Growth Strategy

- \* Returns are stated after Strategy fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

### Maximum Decline and Volatility

- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the last 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Strategy over the 5 years ending 30 September 2017. For more details on the Strategy's Maximum Decline and Volatility please contact NZ Funds.

### Note

Rounding may affect the subtotals and totals.

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK



# Manager portfolios

# ISAM: Absolute Returns

Indicative Portfolio Summary as at 30 September 2017

Strategy / Security <sup>1</sup>	Manager	Portfolio value \$	Portfolio value at risk %	Expected maturity	Credit rating	Estimated yield
<b>INTERNATIONAL FIXED INTEREST</b>		\$16,189,867	75.0%			
Futures exposure	ISAM	\$12,088,434	56.0%	n/a	n/a	n/a
Interest rates - Futures exposure	ISAM	\$4,101,433	19.0%	n/a	n/a	n/a
<b>CURRENCY</b>		\$11,872,569	55.0%			
Futures and forwards exposure	ISAM	\$11,872,569	55.0%	n/a	n/a	n/a
<b>INTERNATIONAL EQUITIES</b>		\$6,907,677	32.0%			
Futures exposure	ISAM	\$6,907,677	32.0%	n/a	n/a	n/a
<b>COMMODITIES</b>		\$45,115,762	209.0%			
Agriculture - Futures exposure	ISAM	\$12,088,434	56.0%	n/a	n/a	n/a
Energy - Futures exposure	ISAM	\$18,996,110	88.0%	n/a	n/a	n/a
Metals - Futures exposure	ISAM	\$14,031,218	65.0%	n/a	n/a	n/a
<b>TOTAL NZ FUNDS EXPOSURE</b>		\$21,586,489	371.0%			

1. This data is based on the most recent information received from the manager dated 30 June 2017. Actual holdings as at 30 September 2017 may vary from those shown in the table.

# LSV Global Concentrated ACWI Strategy

Indicative Top 10 as at 30 September 2017

Strategy / Security <sup>1</sup>	Manager	Portfolio exposure \$	Portfolio exposure %	Market cap (us\$b)	Price / earnings <sup>2</sup>	Price / book	Payout ratio	Estimated yield <sup>3</sup>
<b>INTERNATIONAL EQUITIES</b>		<b>\$8,336,884</b>	<b>18.3%</b>					
Samsung Electronics	LSV Asset Management	\$964,223	2.1%	504.5	7.9	1.6	14%	2.4%
Boeing	LSV Asset Management	\$890,766	2.0%	222.1	19.3	n/a	60%	3.8%
Nippon Telegraph & Telephone	LSV Asset Management	\$886,407	1.9%	184.3	11.7	1.1	35%	5.0%
Merck	LSV Asset Management	\$866,081	1.9%	326.2	15.3	4.6	46%	3.7%
Pfizer	LSV Asset Management	\$820,722	1.8%	373.0	12.2	3.5	50%	4.8%
Johnson & Johnson	LSV Asset Management	\$812,592	1.8%	663.1	17.3	5.8	46%	3.4%
Sanofi	LSV Asset Management	\$782,686	1.7%	224.7	13.9	1.8	52%	6.1%
Cigna	LSV Asset Management	\$776,858	1.7%	79.7	15.0	3.0	0%	0.7%
AbbVie	LSV Asset Management	\$772,015	1.7%	214.7	11.1	17.3	44%	4.6%
Everest Re Group	LSV Asset Management	\$764,535	1.7%	19.5	12.4	1.2	26%	2.8%
<b>TOTAL EXPOSURE TOP 10 (EXCLUDING CASH AND CASH EQUIVALENTS)</b>		<b>\$8,336,884</b>	<b>18.3%</b>					
<b>TOTAL NZ FUNDS EXPOSURE</b>		<b>\$70,501,134</b>	<b>100.0%</b>					

1. This is the most recent information received from the manager dated 30 June 2017. Actual holdings as at 30 September 2017 may vary from those shown in the table.

2. Price/Earnings is based on next year's forecast earnings (NPAT) Source: Bloomberg.

3. The yield is not the actual return on the portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds. The yield includes foreign currency hedging points where appropriate.

Note: Rounding may affect any subtotals and totals.

# NZ Funds Agriculture Strategy

Complete Portfolio as at 30 September 2017

Strategy / Security	Manager	Portfolio exposure \$	Portfolio exposure %	Market cap (us\$b)	Price / earnings <sup>1</sup>	Price / book	Payout ratio	Estimated yield <sup>2</sup>
<b>FERTILIZERS &amp; AGRICULTURAL CHEMICALS</b>		\$1,668,591	45.5%					
Scotts Miracle-Gro	NZ Funds	\$337,114	9.2%	5.7	21.7	1.9	48%	2.8%
Yara International	NZ Funds	\$336,230	9.2%	12.3	15.6	1.3	48%	5.3%
Quimica Y Minera	NZ Funds	\$335,411	9.2%	14.1	32.3	6.1	59%	2.4%
Monsanto	NZ Funds	\$331,974	9.1%	52.7	19.5	8.0	37%	2.5%
FMC	NZ Funds	\$327,862	8.9%	12.0	19.6	7.2	16%	1.4%
<b>CONSTRUCTION &amp; FARM MACHINERY &amp; HEAVY TRUCKS</b>		\$1,027,991	28.0%					
Deere & Co	NZ Funds	\$347,960	9.5%	40.4	17.5	4.7	35%	2.6%
CNH Industrial	NZ Funds	\$342,258	9.3%	13.9	19.4	3.1	37%	2.5%
Kubota	NZ Funds	\$337,773	9.2%	22.5	16.5	2.0	30%	3.8%
<b>AGRICULTURAL PRODUCTS</b>		\$639,503	17.4%					
Archer-Daniels-Midland	NZ Funds	\$323,891	8.8%	23.9	14.8	1.4	48%	3.8%
Bunge	NZ Funds	\$315,612	8.6%	9.8	12.7	1.3	33%	3.3%
<b>PACKAGED FOODS &amp; MEATS</b>		\$329,488	9.0%					
Marine Harvest	NZ Funds	\$329,488	9.0%	9.7	11.9	3.2	83%	9.3%
<b>TOTAL NZ FUNDS EXPOSURE</b>		\$3,665,572	100.0%					

1. Price/Earnings is based on next year's forecast earnings (NPAT) Source: Bloomberg.

2. The yield is not the actual return on the portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds. The yield includes foreign currency hedging points where appropriate.

Note: Rounding may affect any subtotals and totals.



# NZ Funds Banking & Finance Strategy

Complete Portfolio as at 30 September 2017

Strategy / Security	Manager	Portfolio exposure \$	Portfolio exposure %	Market cap (us\$b)	Price / earnings <sup>1</sup>	Price / book	Payout ratio	Estimated yield <sup>2</sup>
<b>INTEGRATED OIL &amp; GAS</b>		\$6,348,125	50.4%					
Wells Fargo	NZ Funds	\$1,293,969	10.3%	274.0	12.5	1.5	37%	3.6%
Citigroup	NZ Funds	\$1,277,011	10.1%	198.4	12.1	0.9	24%	2.6%
JPMorgan Chase	NZ Funds	\$1,263,555	10.0%	336.4	12.5	1.4	31%	3.1%
Bank of America	NZ Funds	\$1,259,859	10.0%	267.6	11.8	1.0	27%	2.9%
US Bancorp	NZ Funds	\$1,253,730	10.0%	89.7	14.1	2.0	34%	3.0%
<b>MULTI-INDUSTRY SECTOR HOLDINGS</b>		\$1,235,223	9.8%					
Berkshire Hathaway	NZ Funds	\$1,235,223	9.8%	452.5	22.8	1.5	0%	0.6%
<b>CONSUMER FINANCE</b>		\$1,211,355	9.6%					
Visa	NZ Funds	\$1,211,355	9.6%	240.9	26.2	7.9	21%	1.4%
<b>ASSET MANAGEMENT &amp; CUSTODY BANKS</b>		\$1,263,476	10.0%					
Blackrock Inc	NZ Funds	\$1,263,476	10.0%	72.8	17.9	2.4	43%	3.0%
<b>INVESTMENT BANKING &amp; BROKERAGE</b>		\$2,529,440	20.1%					
Goldman Sachs Group	NZ Funds	\$1,276,525	10.1%	95.7	11.7	1.2	16%	2.0%
Morgan Stanley	NZ Funds	\$1,252,915	10.0%	88.6	11.9	1.2	27%	2.9%
<b>TOTAL NZ FUNDS EXPOSURE</b>		\$12,587,620	100.0%					

1. Price/Earnings is based on next year's forecast earnings (NPAT) Source: Bloomberg.

2. The yield is not the actual return on the portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds. The yield includes foreign currency hedging points where appropriate.

Note: Rounding may affect any subtotals and totals.

# NZ Funds Global Energy Index Strategy

Complete Portfolio as at 30 September 2017

Strategy / Security	Manager	Portfolio exposure \$	Portfolio exposure %	Market cap (us\$b)	Price / earnings <sup>1</sup>	Price / book	Payout ratio	Estimated yield <sup>2</sup>
<b>INTEGRATED OIL &amp; GAS</b>		<b>\$2,682,669</b>	<b>58.3%</b>					
BP	NZ Funds	\$467,537	10.2%	126.8	17.2	1.3	107%	7.9%
Statoil	NZ Funds	\$452,666	9.8%	66.2	18.1	1.7	80%	6.7%
Exxon Mobil	NZ Funds	\$448,587	9.8%	347.7	21.2	2.0	82%	4.5%
Eni	NZ Funds	\$446,429	9.7%	60.2	19.9	1.0	115%	8.0%
Total	NZ Funds	\$437,269	9.5%	134.5	12.6	1.2	67%	7.6%
Petrochina	NZ Funds	\$430,181	9.4%	208.7	21.3	0.6	51%	3.0%
<b>OIL &amp; GAS EXPLORATION &amp; PRODUCTION</b>		<b>\$1,456,770</b>	<b>31.7%</b>					
EOG Resources	NZ Funds	\$500,138	10.9%	55.9	71.3	4.0	50%	1.3%
ConocoPhillips	NZ Funds	\$478,404	10.4%	61.0	41.5	2.0	94%	2.9%
CNOOC	NZ Funds	\$478,228	10.4%	57.7	11.7	1.0	51%	5.0%
<b>OIL &amp; GAS REFINING &amp; MARKETING</b>		<b>\$458,355</b>	<b>10.0%</b>					
Marathon Petroleum	NZ Funds	\$458,355	10.0%	28.4	16.5	2.2	49%	3.6%
<b>TOTAL NZ FUNDS EXPOSURE</b>		<b>\$4,597,794</b>	<b>100.0%</b>					

1. Price/Earnings is based on next year's forecast earnings (NPAT) Source: Bloomberg.

2. The yield is not the actual return on the portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds. The yield includes foreign currency hedging points where appropriate.

Note: Rounding may affect any subtotals and totals.

# NZ Funds Global Metals and Mining Strategy

Complete Portfolio as at 30 September 2017

Strategy / Security	Manager	Portfolio exposure \$	Portfolio exposure %	Market cap (us\$b)	Price / earnings <sup>1</sup>	Price / book	Payout ratio	Estimated yield <sup>2</sup>
<b>UNKNOWN</b>		\$810,952	11.4%					
Southern Copper	NZ Funds	\$810,952	11.4%	30.8	20.3	4.4	47%	2.9%
<b>ALUMINUM</b>		\$789,341	11.1%					
Norsk Hydro Asa	NZ Funds	\$789,341	11.1%	15.1	13.8	1.4	38%	5.0%
<b>DIVERSIFIED METALS &amp; MINING</b>		\$2,365,208	33.3%					
MMC Norilsk Nickel PJSC	NZ Funds	\$829,090	11.7%	27.3	10.3	6.9	96%	10.0%
Rio Tinto PLC ADR	NZ Funds	\$786,968	11.1%	86.2	12.9	1.9	60%	5.3%
Sumitomo Metal Mining	NZ Funds	\$749,149	10.6%	9.3	11.4	1.0	29%	4.6%
<b>GOLD</b>		\$776,639	10.9%					
Goldcorp	NZ Funds	\$776,639	10.9%	11.3	27.7	0.8	17%	1.2%
<b>STEEL</b>		\$2,353,350	33.2%					
Nucor	NZ Funds	\$830,604	11.7%	17.9	12.9	2.1	35%	3.3%
ArcelorMittal	NZ Funds	\$764,708	10.8%	26.4	8.9	0.8	16%	4.1%
Tata Steel	NZ Funds	\$758,038	10.7%	9.7	n/a	n/a	n/a	2.2%
<b>TOTAL NZ FUNDS EXPOSURE</b>		<b>\$7,095,491</b>	<b>100.0%</b>					

1. Price/Earnings is based on next year's forecast earnings (NPAT) Source: Bloomberg.

2. The yield is not the actual return on the portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds. The yield includes foreign currency hedging points where appropriate.

Note: Rounding may affect any subtotals and totals.

# NZ Funds Global Oil Index Strategy

Complete Portfolio as at 30 September 2017

Strategy / Security	Manager	Portfolio exposure \$	Portfolio exposure %	Market cap (us\$b)	Price / earnings <sup>1</sup>	Price / book	Payout ratio	Estimated yield <sup>2</sup>
<b>INTEGRATED OIL &amp; GAS</b>		<b>\$2,223,498</b>	<b>58.9%</b>					
BP	NZ Funds	\$386,807	10.2%	126.8	17.2	1.3	107%	7.9%
Statoil	NZ Funds	\$374,910	9.9%	66.2	18.1	1.7	80%	6.7%
Exxon Mobil	NZ Funds	\$369,093	9.8%	347.7	21.2	2.0	82%	4.5%
Eni	NZ Funds	\$368,592	9.8%	60.2	19.9	1.0	115%	8.0%
Total	NZ Funds	\$364,145	9.6%	134.5	12.6	1.2	67%	7.6%
Petrochina	NZ Funds	\$359,950	9.5%	208.7	21.3	0.6	51%	3.0%
<b>OIL &amp; GAS EXPLORATION &amp; PRODUCTION</b>		<b>\$1,170,458</b>	<b>31.0%</b>					
ConocoPhillips	NZ Funds	\$395,206	10.5%	61.0	41.5	2.0	94%	2.9%
CNOOC	NZ Funds	\$393,311	10.4%	57.7	11.7	1.0	51%	5.0%
EOG Resources	NZ Funds	\$381,941	10.1%	55.9	71.3	4.0	50%	1.3%
<b>OIL &amp; GAS REFINING &amp; MARKETING</b>		<b>\$380,670</b>	<b>10.1%</b>					
Marathon Petroleum	NZ Funds	\$380,670	10.1%	28.4	16.5	2.2	49%	3.6%
<b>TOTAL NZ FUNDS EXPOSURE</b>		<b>\$3,774,626</b>	<b>100.0%</b>					

1. Price/Earnings is based on next year's forecast earnings (NPAT) Source: Bloomberg.

2. The yield is not the actual return on the portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds. The yield includes foreign currency hedging points where appropriate.

Note: Rounding may affect any subtotals and totals.

# NZ Funds Management Dividend and Growth Strategy

Complete Portfolio as at 30 September 2017

Strategy / Security	Manager	Portfolio exposure \$	Portfolio exposure %	Market cap (us\$b)	Price / earnings <sup>1</sup>	Price / book	Payout ratio	Estimated yield <sup>2</sup>
<b>CASH AND CASH EQUIVALENTS</b>		<b>\$37,393,715</b>	<b>14.7%</b>					
Bank deposits	NZ Funds	\$1,299,998	0.5%	n/a	n/a	n/a	n/a	2.0%
Westpac 32 day term deposit	NZ Funds	\$33,861,203	13.3%	n/a	n/a	n/a	n/a	2.6%
Net receivables <sup>3</sup>	NZ Funds	\$2,232,514	0.9%	n/a	n/a	n/a	n/a	n/a
<b>AUSTRALASIAN EQUITIES</b>		<b>\$189,549,654</b>	<b>74.9%</b>					
Chorus	NZ Funds	\$32,239,362	12.7%	1.6	21.3	1.6	123%	8.0%
Meridian Energy	NZ Funds	\$21,837,250	8.6%	7.3	25.0	1.5	172%	8.6%
Metlifecare	NZ Funds	\$21,372,188	8.4%	1.2	12.1	0.8	26%	2.2%
Woodside Petroleum	NZ Funds	\$17,842,660	7.0%	26.6	18.2	1.3	79%	4.6%
Z Energy	NZ Funds	\$11,437,425	4.5%	2.9	12.9	4.1	82%	8.9%
Trustpower	NZ Funds	\$10,222,259	4.0%	1.7	15.5	1.2	102%	8.8%
Sky City Entertainment	NZ Funds	\$10,169,325	4.0%	2.5	15.1	2.2	82%	6.5%
Murray Goulburn Unit Trust	NZ Funds	\$9,507,410	3.7%	0.5	11.7	0.6	30%	2.8%
Amaysim Australia	NZ Funds	\$9,340,934	3.7%	0.4	9.6	4.9	71%	7.7%
Wesfarmers	NZ Funds	\$8,985,704	3.5%	50.9	15.6	1.9	87%	5.8%
Fisher & Paykel Healthcare	NZ Funds	\$8,946,000	3.5%	7.3	32.7	10.0	70%	3.0%
Spark New Zealand	NZ Funds	\$8,592,100	3.4%	6.7	16.0	4.2	107%	9.1%
Crown Resorts	NZ Funds	\$7,404,593	2.9%	8.5	19.1	1.6	100%	5.5%
Sanford	NZ Funds	\$6,403,328	2.5%	0.7	14.5	1.3	52%	5.0%
BlueScope Steel	NZ Funds	\$5,467,639	2.1%	6.7	11.3	1.1	15%	1.6%
Sky Network Television total return swap (short)	NZ Funds	-\$1,359,723	-0.5%	n/a	n/a	n/a	0%	n/a
Michael Hill International	NZ Funds	\$1,141,200	0.4%	0.5	10.8	1.9	56%	7.2%

# NZ Funds Management Dividend and Growth Strategy

Complete Portfolio as at 30 September 2017 (continued)

Strategy / Security	Manager	Portfolio exposure \$	Portfolio exposure %	Market cap (us\$b)	Price / earnings <sup>1</sup>	Price / book	Payout ratio	Estimated yield <sup>2</sup>
<b>INTERNATIONAL EQUITIES</b>		\$23,895,915	9.4%					
Rio Tinto PLC ADR	NZ Funds	\$23,895,915	9.4%	119.5	12.9	1.9	60%	5.3%
<b>FOREIGN CURRENCY</b>		\$8,134,319	2.7%					
United States Dollar	NZ Funds	\$4,075,245	1.6%	n/a	n/a	n/a	n/a	n/a
Australian Dollar	NZ Funds	\$2,699,352	1.1%	n/a	n/a	n/a	n/a	n/a
<b>TOTAL NZ FUNDS EXPOSURE</b>		\$258,973,604	101.6%					

1. Price/Earnings is based on next year's forecast earnings (NPAT) Source: Bloomberg.

2. The yield calculation represents an estimate of the yield on the Portfolio, calculated using forecast dividends (Source: Bloomberg), NZ Funds' estimate of imputation credits where appropriate, and hedged back to New Zealand dollars where appropriate. The yield is not the actual return on the Portfolio, nor is it a projection or forecast. The Portfolio's return could be less than the Portfolio's yield. Details of the yield calculation are available on request from NZ Funds.

3. Net receivables include unrealised profit and loss and net receivables/payables.

Note: Rounding may affect any subtotals and totals.

# NZ Funds Perpetual, Floating Rate and Inflation Linked Bond Strategy

Complete Portfolio as at 30 September 2017

Strategy / Security	Manager	Portfolio exposure \$	Portfolio exposure %	Market cap (us\$b)	Price / earnings <sup>1</sup>	Price / book	Payout ratio	Estimated yield <sup>2</sup>
<b>FERTILIZERS &amp; AGRICULTURAL CHEMICALS</b>		\$5,018,250	7.5%					
Nufarm Step-up Securities	NZ Funds	\$5,018,250	7.5%	n/a	n/a	n/a	n/a	6.8%
<b>CASINOS &amp; GAMING</b>		\$9,530,983	14.3%					
Crown Subordinated Notes 23/04/2075	NZ Funds	\$6,453,236	9.7%	n/a	n/a	n/a	n/a	n/a
Crown Subordinated Notes 14/09/2072	NZ Funds	\$3,077,748	4.6%	n/a	n/a	n/a	n/a	n/a
<b>PHARMACEUTICALS</b>		\$5,004,312	7.5%					
Valeant Pharmaceuticals International 4.5% 15/05/2023	NZ Funds	\$5,004,312	7.5%	n/a	n/a	n/a	n/a	10.0%
<b>DIVERSIFIED BANKS</b>		\$22,717,519	34.0%					
Banco Santander 6.25%	NZ Funds	\$8,633,518	12.9%	n/a	n/a	n/a	n/a	6.2%
Barclays 6.625% perpetual	NZ Funds	\$7,988,817	12.0%	n/a	n/a	n/a	n/a	5.7%
National Australia Bank Income Securities perpetual	NZ Funds	\$6,095,184	9.1%	n/a	n/a	n/a	n/a	4.5%
<b>MORTGAGE REIT'S</b>		\$12,693,365	19.0%					
MFA Financial	NZ Funds	\$12,693,365	19.0%	3.5	12.1	1.1	111%	9.8%
<b>RESIDENTIAL REIT'S</b>		\$11,833,432	17.7%					
American Homes 4 Rent 5% perpetual - B	NZ Funds	\$6,308,061	9.4%	n/a	n/a	n/a	n/a	5.0%
American Homes 4 Rent 5% perpetual - A	NZ Funds	\$5,525,371	8.3%	n/a	n/a	n/a	n/a	5.0%
<b>TOTAL NZ FUNDS EXPOSURE</b>		<b>\$66,797,863</b>	<b>100.0%</b>					

1. Price/Earnings is based on next year's forecast earnings (NPAT) Source: Bloomberg.

2. The yield is not the actual return on the portfolio, nor is it a projection or forecast. Details of the yield calculation are available on request from NZ Funds. The yield includes foreign currency hedging points where appropriate.

Note: Rounding may affect any subtotals and totals.

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK





# Appendices

# Glossary

## Credit default swap

An agreement with a counterparty, usually a bank, where the counterparty indemnifies the holder against the possible default of an entity or the holder indemnifies the counterparty against the possible default of an entity. Buying protection via a credit default swap is akin to buying insurance against the default of the entity. The price of the credit default swap will change as the probability of default changes.

## Credit spread

Credit spread is a measure of a security's credit quality. The lower the credit spread, the lower the probability that the security will default. Credit spread measures the distance (measured in percentage points or basis points (one basis point equals 0.01%)) the yield on a fixed interest security trades above a benchmark bond yield (such as a government bond of the same maturity). For example, if the government bond yield is 3.5% and a security trades on a yield of 4.5%, its credit spread is 1% or 100 basis points.

## Credit spread duration

Credit spread duration measures a security's sensitivity to a change in its credit spread. A security's credit spread will change if the probability of the security defaulting changes. For example, if a security has a credit spread duration of three years, then a one percentage point rise in its credit spread will approximately equate to a 3% fall in the security's price.

## Estimated yield

This is calculated using a forecast of next year's dividend or interest payment. This forecast is then divided by the current price to determine an estimated yield.

## Exchange Traded Fund (ETF)

An ETF is a managed fund which holds either shares, bonds and/or commodity futures. An ETF is either actively managed by a manager or passively managed to a specific index. An ETF is then traded on a stock exchange so holders will buy and sell the fund by transacting on the stock exchange. This means the price of the ETF may be different from the underlying Net Asset Value (NAV) of the fund. For example an ETF may trade at a discount to its NAV.

## Fundamental analysis/research

Analysis based on fundamental factors. For example, in analysing a company its sales, earnings, return on equity and profit margin are used to obtain a valuation of the company and potential for future growth.

## Futures contract

A derivative contract to buy or sell a given security at a specified price, on a specified future date. Futures create an obligation to buy or sell at maturity.

## Hedging

Hedging a security will reduce that security's sensitivity to the asset class that has been hedged. For example, hedging the currency exposure of a security reduces its sensitivity to currency movements. Hedging a security's interest rate exposure reduces its sensitivity to interest rates. Hedging is usually implemented through derivative contracts such as foreign exchange forwards.

## Interest rate duration

Interest rate duration measures a security's sensitivity to changes in interest rates. The higher the number, the greater the security's sensitivity to interest rates. For example if a fixed interest security has a duration of four years, then a one percentage point rise in interest rates will approximately equate to a 4% fall in the security's price.

# Glossary

## Interest rate swap

An agreement with a counterparty, usually a bank, to exchange a floating rate cashflow with a fixed rate cashflow for a specified term, or vice versa. For example, in a falling interest rate environment a holder may wish to convert their floating rate investment into a fixed rate investment. This can be done through an interest rate swap. The term of an interest rate swap can be five years or more.

## Investment grade

Bonds which have a credit rating of Baa3 (Moody's) or BBB- (S&P) or higher. Generally associated with lower credit risk.

## Long position

A position taken by investors who seek to profit from the rising price of an asset. When using derivatives to take a long position, the investor agrees to buy an asset at the current market price at a future date. An investor may also buy the asset immediately. In both cases, the investor only makes a profit if the price of the asset rises. If the price of the asset falls, the investor makes a loss.

## Market capitalisation

The size of a publicly listed company. It is calculated by multiplying the number of outstanding shares by the market price per share.

## Payout ratio

The percentage of a company's earnings paid as dividends to shareholders. It is calculated by dividing the dividend per share by the earnings per share.

## Price/Book

The Price/Book ratio is used to compare the market's valuation of a company to the value of the company as indicated in its financial statements. It is calculated by dividing the market price per share by the book value per share.

## Price/Earnings

The Price/Earnings ratio is a valuation ratio. It shows how much investors are willing to pay per dollar of earnings. It is calculated by dividing the market price per share by the earnings per share.

## Short position

An investment made to profit from a fall in the price of a security. It is an agreement to sell a security at the current market price. A profit is made only if the price of the security drops. If the price of the security rises, a loss is made.

## Total economic exposure

This metric is a total of the different economic exposures held by the Portfolio. These economic exposures comprise those held by way of physical securities; derivative contracts such as futures; and exposures through leverage. The currency exposure of the assets is also taken into account, with all foreign currency exposure being treated as a separate economic exposure. A share in United States dollars is therefore counted as two different exposures. For example, if a Portfolio was to purchase \$100 worth of shares in United States dollars and leave the exposure to the United States dollar unhedged, then the total economic exposure would be recorded as 200% - i.e. \$100 exposure to the shares and \$100 exposure to the NZ\$/US\$ exchange rate.

# Glossary

## Weighted average

When calculating a weighted average, the proportion of each security within the portfolio is factored into the calculation. A security with a higher (lower) weight in the portfolio will contribute more (less) to the average.

## Yield

The income return on an investment relative to its purchase price. This refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

## Yield to maturity

The annualised total return, expressed as a percentage, that a bond is expected to provide to the investor if held to maturity.

# External Managers

As at 30 September 2017

MANAGER	SECURITY / STYLE											NZ FUNDS KIWISAVER SCHEME		
		CORE CASH PORTFOLIO	CORE INCOME PORTFOLIO	GLOBAL INCOME PORTFOLIO	CORE INFLATION PORTFOLIO	PROPERTY INFLATION PORTFOLIO	EQUITY INFLATION PORTFOLIO	CORE GROWTH PORTFOLIO	GLOBAL MULTI-ASSET GROWTH PORTFOLIO	GLOBAL EQUITY GROWTH PORTFOLIO	DIVIDEND AND GROWTH PORTFOLIO	INCOME STRATEGY	INFLATION STRATEGY	GROWTH STRATEGY
H2O ASSET MANAGEMENT	ALTERNATIVE SECURITIES									✓				
IMPALA	RESOURCE SHARES						✓		✓				✓	✓
ISAM	ALTERNATIVE SECURITIES - MOMENTUM							✓	✓					✓
KYNIKOS ASSOCIATES	ALTERNATIVE SECURITIES							✓						
LSV	GLOBAL SHARES - ACTIVE									✓				✓
PAULSON	ALTERNATIVE SECURITIES						✓						✓	
SUVRETTA CAPITAL	ALTERNATIVE SECURITIES							✓						✓
KUVARI PARTNERS	GLOBAL SHARES - ACTIVE									✓				✓
UNIVERSA	ALTERNATIVE SECURITIES					✓	✓			✓			✓	✓

# Important Legal Information

Please note that these Portfolio Insights have been provided for information purposes only. The content of this document is not intended as a substitute for specific professional advice on investments, financial planning or any other matter.

For further information or to request a copy of the NZ Funds Managed Portfolio Service Product Disclosure Statement, NZ Funds KiwiSaver Scheme Product Disclosure Statement, or the the NZ Funds Managed Superannuation Service Product Disclosure Statement, please contact New Zealand Funds Management Limited or visit our website at [www.nzfunds.co.nz](http://www.nzfunds.co.nz).