

NZFUNDS

Portfolio Insights

July 2018

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.

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.

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01

Performance summary

NZ Funds Managed Portfolio Service





Cumulative returns to 31 July 2018

Managed Portfolio Service		Actual Portfolio Returns								
Category	Portfolio		1 month	3 months	6 months	1 year	2 years	5 years	10 years	Since inception
 Cash	Core Cash Portfolio ²	Pre tax	0.16%	0.48%	0.92%	1.85%	3.72%	13.21%	31.02%	35.82%
		Post tax	0.11%	0.34%	0.66%	1.33%	2.66%	9.34%	21.29%	24.36%
 Income	Core Income Portfolio ³	Pre tax	0.23%	1.18%	1.41%	3.37%	5.64%	22.53%	59.74%	59.94%
		Post tax	0.16%	0.85%	1.01%	2.42%	4.04%	15.81%	39.91%	40.02%
	Global Income Portfolio ¹	Pre tax	0.81%	0.84%	-1.50%	-0.89%	1.43%	14.36%	-	43.82%
		Post tax	0.59%	0.61%	-1.08%	-0.63%	1.07%	10.18%	-	29.62%
 Inflation	Core Inflation Portfolio ⁴	Pre tax	-0.23%	2.93%	2.49%	8.47%	7.84%	24.19%	-	47.37%
		Post tax	-0.24%	2.90%	2.30%	7.98%	8.07%	26.02%	-	62.52%
	Property Inflation Portfolio ¹	Pre tax	1.16%	6.18%	5.52%	6.61%	5.55%	34.59%	-	65.38%
		Post tax	1.12%	6.10%	5.46%	6.59%	4.82%	32.17%	-	56.48%
	Equity Inflation Portfolio ⁴	Pre tax	2.17%	3.07%	0.52%	8.25%	5.34%	32.61%	-	55.35%
		Post tax	1.73%	2.81%	-0.05%	7.81%	5.92%	37.73%	-	130.60%
 Growth	Core Growth Composite Strategy ⁶	Pre tax	1.52%	2.35%	-3.30%	10.19%	10.11%	33.35%	47.48%	173.92% ⁸
		Post tax	1.02%	2.44%	-2.67%	10.06%	10.01%	28.29%	-	-
	Global Multi-Asset Growth Portfolio ⁹	Pre tax	0.35%	1.45%	-0.88%	13.64%	11.98%	-20.45%	-	-27.25%
		Post tax	0.36%	1.78%	0.28%	13.92%	11.23%	-26.59%	-	-32.31%
	Global Equity Growth Composite Strategy ⁵	Pre tax	2.64%	3.14%	-0.25%	11.90%	25.51%	59.50%	65.46%	272.18% ⁸
		Post tax	2.49%	3.09%	-0.28%	12.03%	24.10%	51.21%	-	-
	Dividend and Growth Composite Strategy ⁷	Pre tax	-0.68%	2.91%	2.15%	9.52%	17.92%	76.27%	86.59%	771.63% ⁸
		Post tax	-0.65%	3.04%	1.94%	9.13%	16.09%	69.92%	-	-

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.

NZ Funds Managed Portfolio Service

Annualised returns to 31 July 2018

Managed Portfolio Service			Actual Portfolio Returns							
Category	Portfolio		1 month	3 months	6 months	1 year	2 years	5 years	10 years	Since inception
 Cash	Core Cash Portfolio ²	Pre tax	0.16%	0.48%	0.92%	1.85%	1.84%	2.51%	2.74%	2.98%
		Post tax	0.11%	0.34%	0.66%	1.33%	1.32%	1.80%	1.95%	2.11%
 Income	Core Income Portfolio ³	Pre tax	0.23%	1.18%	1.41%	3.37%	2.78%	4.15%	4.80%	4.79%
		Post tax	0.16%	0.85%	1.01%	2.42%	2.00%	2.98%	3.42%	3.41%
	Global Income Portfolio ¹	Pre tax	0.81%	0.84%	-1.50%	-0.89%	0.71%	2.72%	-	3.80%
		Post tax	0.59%	0.61%	-1.08%	-0.63%	0.53%	1.96%	-	2.70%
 Inflation	Core Inflation Portfolio ⁴	Pre tax	-0.23%	2.93%	2.49%	8.47%	3.85%	4.43%	-	4.06%
		Post tax	-0.24%	2.90%	2.30%	7.98%	3.96%	4.73%	-	5.10%
	Property Inflation Portfolio ¹	Pre tax	1.16%	6.18%	5.52%	6.61%	2.74%	6.12%	-	5.29%
		Post tax	1.12%	6.10%	5.46%	6.59%	2.38%	5.74%	-	4.70%
	Equity Inflation Portfolio ⁴	Pre tax	2.17%	3.07%	0.52%	8.25%	2.63%	5.81%	-	4.62%
		Post tax	1.73%	2.81%	-0.05%	7.81%	2.92%	6.61%	-	8.94%
 Growth	Core Growth Composite Strategy ⁶	Pre tax	1.52%	2.35%	-3.30%	10.19%	4.94%	5.93%	3.96%	6.83%
		Post tax	1.02%	2.44%	-2.67%	10.06%	4.88%	5.11%	-	-
	Global Multi-Asset Growth Portfolio ⁹	Pre tax	0.35%	1.45%	-0.88%	13.64%	5.82%	-4.47%	-	-4.61%
		Post tax	0.36%	1.78%	0.28%	13.92%	5.46%	-6.00%	-	-5.63%
	Global Equity Growth Composite Strategy ⁵	Pre tax	2.64%	3.14%	-0.25%	11.90%	12.03%	9.79%	5.16%	6.04%
		Post tax	2.49%	3.09%	-0.28%	12.03%	11.40%	8.62%	-	-
	Dividend and Growth Composite Strategy ⁷	Pre tax	-0.68%	2.91%	2.15%	9.52%	8.59%	12.00%	6.44%	8.80%
		Post tax	-0.65%	3.04%	1.94%	9.13%	7.74%	11.19%	-	-

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

NZ Funds 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




Cumulative returns to 31 July 2018

NZ Funds KiwiSaver Scheme		Returns						
Strategy		1 month	3 months	6 months	1 year	2 years	5 years	Since Inception
 Income	Pre tax	0.53%	1.06%	0.12%	1.56%	4.22%	19.07%	34.99%
	Post tax	0.38%	0.76%	0.09%	1.12%	3.05%	13.46%	24.04%
 Inflation	Pre tax	0.96%	3.16%	1.96%	10.41%	9.21%	31.36%	50.97%
	Post tax	0.73%	2.94%	1.40%	9.39%	8.25%	30.18%	45.62%
 Growth	Pre tax	1.18%	4.14%	0.74%	14.98%	22.70%	56.87%	88.79%
	Post tax	0.91%	4.00%	0.76%	14.05%	20.49%	46.75%	72.32%

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) of 28%. Inception date of the Scheme was 31 October 2010. Past performance is not necessarily an indication of future returns.

NZ Funds KiwiSaver Scheme





Annualised returns to 31 July 2018

NZ Funds KiwiSaver Scheme		Returns						
Strategy		1 month	3 months	6 months	1 year	2 years	5 years	Since Inception
 Income	Pre tax	0.53%	1.06%	0.12%	1.56%	2.09%	3.55%	3.95%
	Post tax	0.38%	0.76%	0.09%	1.12%	1.51%	2.56%	2.82%
 Inflation	Pre tax	0.96%	3.16%	1.96%	10.41%	4.50%	5.61%	5.46%
	Post tax	0.73%	2.94%	1.40%	9.39%	4.05%	5.42%	4.97%
 Growth	Pre tax	1.18%	4.14%	0.74%	14.98%	10.77%	9.42%	8.54%
	Post tax	0.91%	4.00%	0.76%	14.05%	9.77%	7.97%	7.27%

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) of 28%. Inception date of the Scheme was 31 October 2010. Past performance is not necessarily an indication of future returns.

NZ Funds Managed Superannuation Service





Cumulative returns to 31 July 2018

NZ Funds Managed Superannuation Service		Returns						
Strategy		1 month	3 months	6 months	1 year	2 years	5 years	Since Inception
 ROPS GBP	Pre tax	-0.11%	-0.45%	-0.51%	-	-	-	7.84%
	Post tax	-0.06%	-0.28%	-0.26%	-	-	-	5.87%
 Income	Pre tax	0.53%	1.05%	0.07%	1.50%	-	-	3.66%
	Post tax	0.38%	0.76%	0.05%	1.08%	-	-	2.63%
 Inflation	Pre tax	0.95%	3.15%	1.87%	10.35%	-	-	9.45%
	Post tax	0.72%	2.93%	1.34%	9.35%	-	-	8.94%
 Growth	Pre tax	1.18%	4.11%	0.65%	14.73%	-	-	16.41%
	Post tax	0.90%	3.98%	0.69%	13.87%	-	-	15.16%

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) of 28%. Inception date of the Service was 25 January 2017, except ROPS GBP which has an inception date of 11 August 2017. Past performance is not necessarily an indication of future returns.

NZ Funds Managed Superannuation Service

Annualised returns to 31 July 2018

NZ Funds Managed Superannuation Service		Returns						
Strategy		1 month	3 months	6 months	1 year	2 years	5 years	Since Inception
 ROPS GBP	Pre tax	-0.11%	-0.45%	-0.51%	-	-	-	8.09% ¹
	Post tax	-0.06%	-0.28%	-0.26%	-	-	-	6.06% ¹
 Income	Pre tax	0.53%	1.05%	0.07%	1.50%	-	-	2.41%
	Post tax	0.38%	0.76%	0.05%	1.08%	-	-	1.73%
 Inflation	Pre tax	0.95%	3.15%	1.87%	10.35%	-	-	6.15%
	Post tax	0.72%	2.93%	1.34%	9.35%	-	-	5.82%
 Growth	Pre tax	1.18%	4.11%	0.65%	14.73%	-	-	10.57%
	Post tax	0.90%	3.98%	0.69%	13.87%	-	-	9.78%

1. ROPS GBP Since Inception return figures are for a period less than 12 months and so are not annualised.

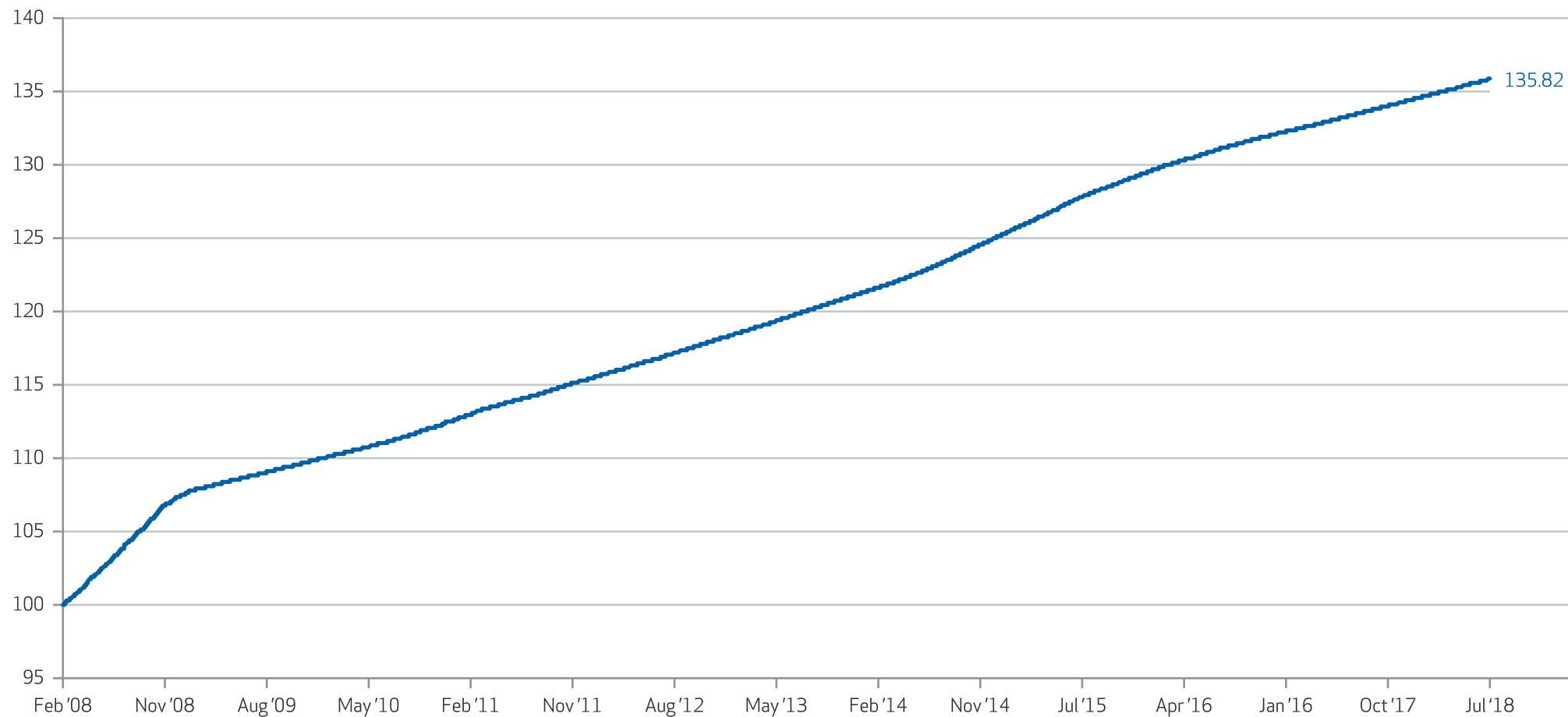
Pre tax returns are stated after Strategy fees and expenses, but before any advisory fees or investor tax. Post tax returns are stated after Strategy fees and expenses and investor tax at the highest Prescribed Investor Rate (PIR) of 28%. Inception date of the Service was 25 January 2017, except ROPS GBP which has an inception date of 11 August 2017. Past performance is not necessarily an indication of future returns.



NZ Funds Managed Portfolio Service

Core Cash Portfolio

Performance since inception (28 February 2008) to 31 July 2018



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	10 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Core Cash Portfolio	0.16%	0.48%	0.92%	1.85%	3.72%	13.21%	31.02%	35.82%	-0.04%	0.11%

Core Cash Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security	Estimated yield ¹	Credit rating	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS			100.0%	\$49,582,273
Bank deposits	2.0%	n/a	3.3%	\$1,620,276
Westpac 32 day term deposit	2.6%	A-1+	50.7%	\$25,122,102
Kiwibank bank bill 25/07/2018	1.8%	A-1	7.7%	\$3,832,346
ASB bank bill 02/08/2018 [†]	1.8%	A-1+	5.5%	\$2,736,299
BNZ bank bill 02/08/2018	1.8%	A-1+	5.5%	\$2,736,299
Kiwibank bank bill 02/08/2018	1.8%	A-1	5.5%	\$2,736,299
BNZ bank bill 23/08/2018	1.8%	A-1+	5.5%	\$2,733,425
ASB bank bill 21/09/2018 [†]	1.9%	A-1+	5.5%	\$2,729,270
BNZ bank bill 25/07/2018	1.8%	A-1+	2.8%	\$1,368,695
BNZ bank bill 30/07/2018	1.8%	A-1+	2.8%	\$1,368,354
ASB bank bill 30/07/2018 [†]	1.8%	A-1+	2.2%	\$1,094,683
Kiwibank bank bill 20/08/2018	1.8%	A-1	2.2%	\$1,093,538
ASB bank bill 23/07/2018 [†]	1.8%	A-1+	1.7%	\$821,299
Net receivables ²	n/a	n/a	-0.8%	-\$410,613
TOTAL ECONOMIC EXPOSURE³			100.0%	\$49,582,273

[†] Listing correct as at 20 July 2018. Since this date Commonwealth Bank of Australia, the parent company of ASB, has been red flagged by our external ESG research provider ISS-Ethix. As a result of this red flag the ASB bank bills have been sold and the proceeds allocated across BNZ, Kiwibank and Westpac.

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

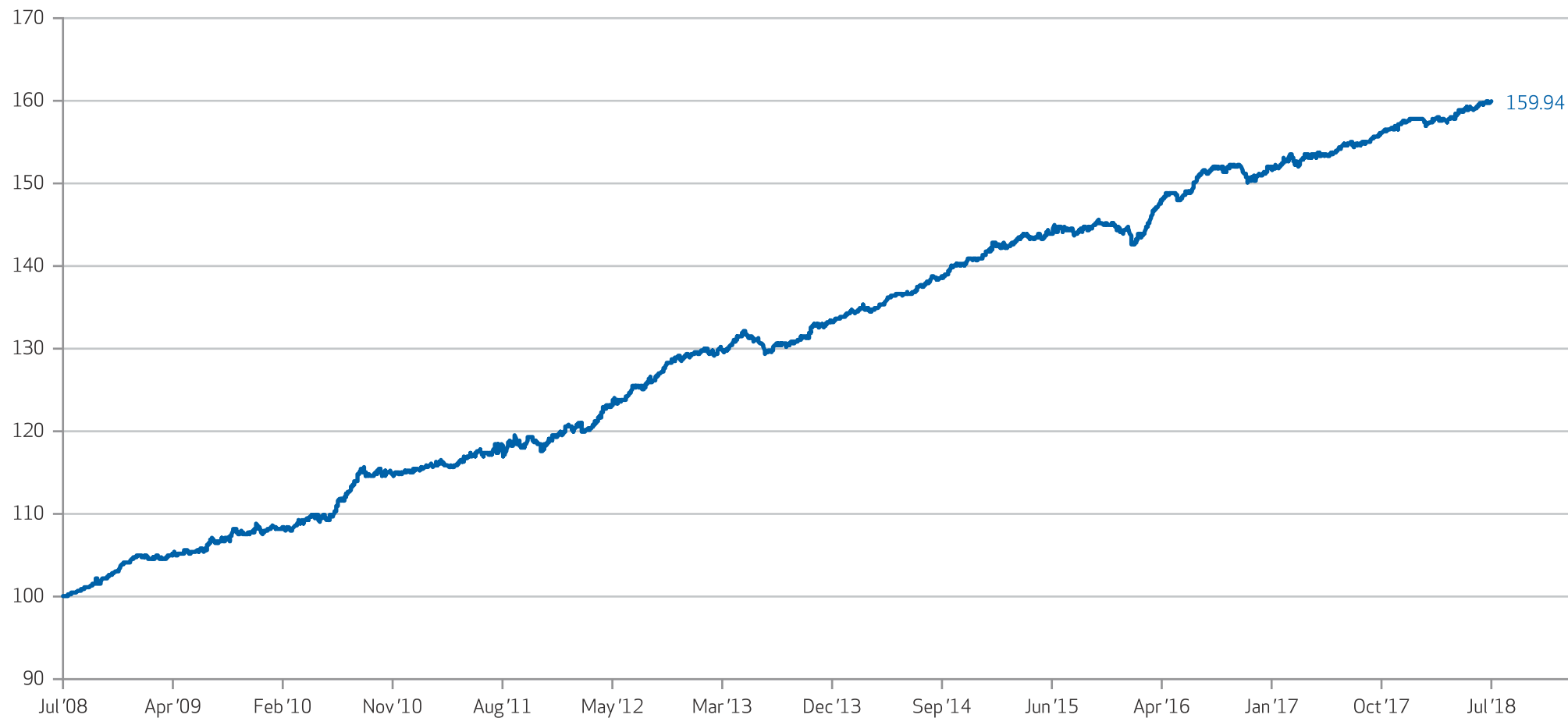
- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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 31 July 2018



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	10 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Core Income Portfolio	0.23%	1.18%	1.41%	3.37%	5.64%	22.53%	59.74%	59.94%	-0.59%	1.54%

Core Income Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security	Estimated yield ¹	Credit rating	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS			4.2%	\$5,236,591
AUSTRALASIAN BONDS			95.8%	\$119,713,172
Vector 4.996% 14/03/2024	4.1%	BBB	9.9%	\$12,361,283
Insurance Australia Group 5.15% 15/06/2043	4.1%	BBB	8.2%	\$10,212,348
BlueScope Steel Finance USA 4.625% 05/25/2023	4.3%	BBB-	7.4%	\$9,307,246
Westpac Banking 4.695% 01/09/2026	3.9%	BBB	6.6%	\$8,297,136
Crown Subordinated Notes 23/04/2075	6.2%	NR	5.9%	\$7,337,437
Infratil 5.5% 15/06/2024	5.0%	NR	5.3%	\$6,649,431
Precinct Properties New Zealand 4.42% 27/11/2024	4.1%	NR	4.8%	\$5,948,622
NEXTDC 6% 09/06/2022	6.0%	NR	4.7%	\$5,858,834
Property for Industry 4.59% 28/11/2024	4.1%	NR	4.4%	\$5,531,813
Meridian Energy 4.88% 20/03/2024	3.8%	BBB+	4.2%	\$5,185,881
WEL Networks 02/08/2023	4.9%	NR	3.9%	\$4,925,455
Fletcher Building Industries 5.8% 15/03/2020	4.6%	NR	3.9%	\$4,906,159
Trustpower 4.01% 15/12/2022	3.8%	NR	3.8%	\$4,792,771

Core Income Portfolio

Complete Portfolio as at 20 July 2018 (continued)

Strategy / Security	Estimated yield ¹	Credit rating	Portfolio exposure %	Portfolio exposure \$
AUSTRALASIAN BONDS (CONTINUED)				
Qantas Airways 4.75% 12/10/2026	4.2%	BBB-	3.7%	\$4,582,065
Woodside Finance 3.7% 15/09/2026	3.9%	BBB+	3.6%	\$4,504,372
NEXTDC 6.25% 09/06/2021	4.6%	NR	3.2%	\$4,007,054
Fletcher Building Industries 4.75% 15/03/2021	4.4%	NR	2.9%	\$3,662,793
Powerco 4.67% 15/11/2024	4.3%	BBB	2.5%	\$3,141,736
Z Energy 4.01% 01/11/2021	3.7%	NR	1.1%	\$1,369,456
Nufarm Australia Ltd / Nufarm Americas 5.75% 30/04/2026	5.8%	BB-	1.0%	\$1,305,716
Mercury NZ 6.9% 11/07/2044	4.1%	BB+	0.6%	\$741,123
Amcor Finance USA 3.625% 28/04/2026	4.0%	BBB	4.1%	\$5,084,442
TOTAL ECONOMIC EXPOSURE²			100.0%	\$124,949,763
FOREIGN CURRENCY EXPOSURE			4.0%	\$5,046,501

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

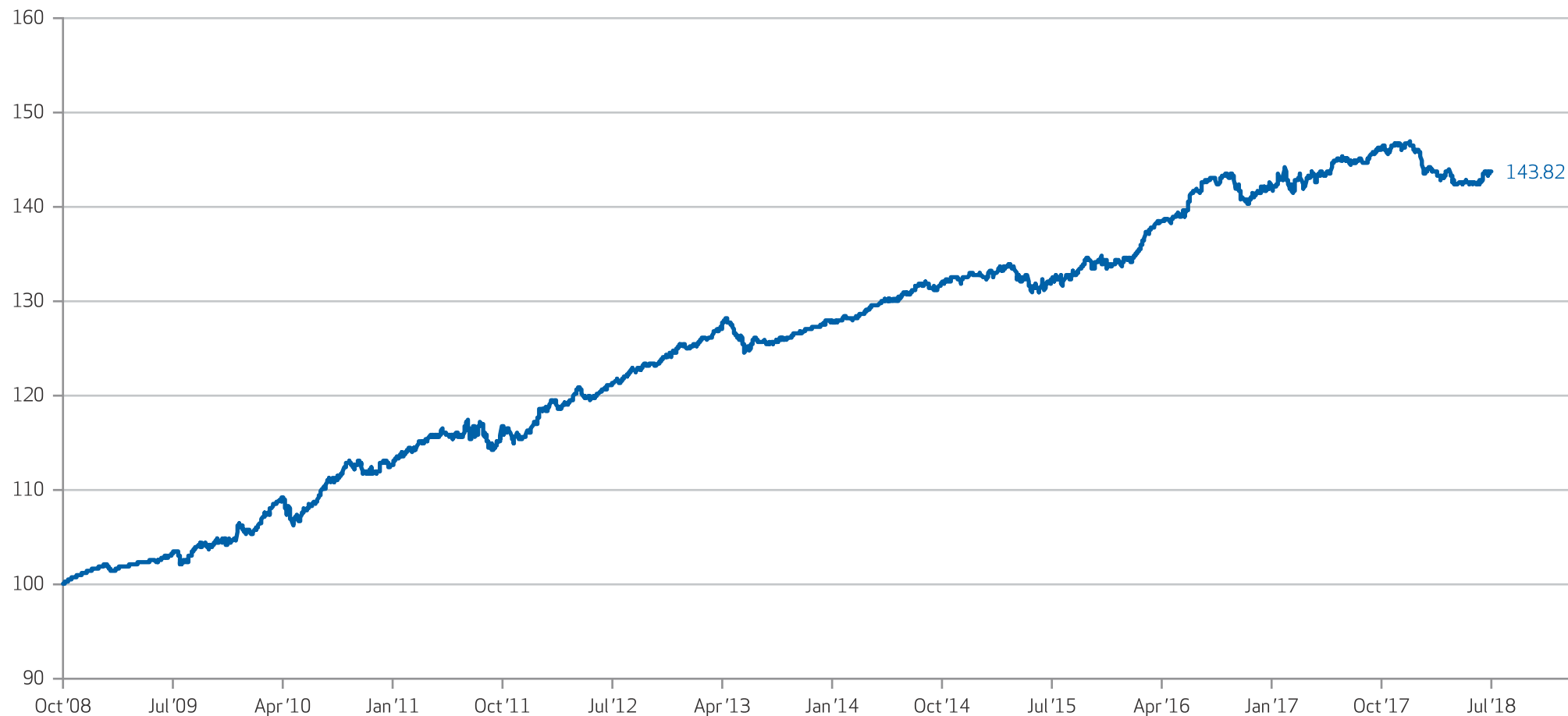
- x Returns should be looked at in conjunction with the level of risk associated with an investment. We use 'maximum decline' as a measure of risk. It represents the largest decline in value experienced during the previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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 31 July 2018



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Global Income Portfolio	0.81%	0.84%	-1.50%	-0.89%	1.43%	14.36%	43.82%	-3.12%	1.95%

Global Income Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security	Estimated yield ¹	Credit rating	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS			10.6%	\$12,197,580
INTERNATIONAL BONDS			89.5%	\$102,886,750
HCA 4.75% 05/01/2023	4.2%	BBB-	10.5%	\$12,060,287
Valeant Pharmaceuticals International 5.5% 01/11/2025	5.2%	BB-	9.9%	\$11,437,783
First Data 5% 15/01/2024	4.6%	BB	9.8%	\$11,268,447
Flex 5% 15/02/2023	3.8%	BBB-	7.6%	\$8,755,147
Devon Energy 5.85% 15/12/2025	3.6%	BBB	7.2%	\$8,318,548
Verizon Communications 2.625% 15/08/2026	3.6%	BBB+	7.2%	\$8,276,072
NRG Energy 6.625% 15/01/2027	5.6%	BB-	7.1%	\$8,167,068
Constellation Brands 4.75% 01/12/2025	3.7%	BBB	6.7%	\$7,657,595
Seagate HDD Cayman 4.875% 01/03/2024	4.9%	BB+	6.7%	\$7,649,964
Southern Copper 7.50% 27/07/2035	5.0%	BBB	6.6%	\$7,538,693
Icahn Enterprises 5.875% 01/02/2022	5.2%	BB+	5.4%	\$6,265,750
EOG Resources 4.15% 15/01/2026	3.3%	BBB+	4.7%	\$5,415,235
United States bond futures (short)	n/a	n/a	0.1%	\$76,161
TOTAL ECONOMIC EXPOSURE²			100.1%	\$115,084,330
FOREIGN CURRENCY EXPOSURE			5.0%	\$5,749,628

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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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 31 July 2018



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Core Inflation Portfolio	-0.23%	2.93%	2.49%	8.47%	7.84%	24.19%	47.37%	-6.38%	7.64%

Core Inflation Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		1.1%	\$1,220,013
INTERNATIONAL BONDS		23.9%	\$26,847,130
Floating Rate and Perpetual Bond Strategy	6.2%	23.9%	\$26,847,130
AUSTRALASIAN SHARES		76.2%	\$85,604,478
Dividend and Growth Strategy	5.8%	76.2%	\$85,604,478
TOTAL ECONOMIC EXPOSURE³		101.2%	\$113,671,622
FOREIGN CURRENCY EXPOSURE		7.2%	\$8,134,399

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 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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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 31 July 2018



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Property Inflation Portfolio	1.16%	6.18%	5.52%	6.61%	5.55%	34.59%	65.38%	-5.86%	6.24%

Property Inflation Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		10.4%	\$9,430,498
INTERNATIONAL BONDS		18.4%	\$16,746,933
Floating Rate and Perpetual Bond Strategy	6.2%	17.2%	\$15,611,402
Credit default swaps - Market value ³	n/a	1.0%	\$882,073
United States bond futures (short)	n/a	0.3%	\$253,457
AUSTRALASIAN SHARES		42.9%	\$39,065,273
Fletcher Building	5.2%	6.3%	\$5,704,253
Goodman Group	3.0%	3.9%	\$3,559,414
Vicinity Centres	6.1%	3.8%	\$3,416,569
Investore Property	6.3%	3.5%	\$3,199,118
Precinct Properties New Zealand	4.9%	3.5%	\$3,194,886
Goodman Property Trust	4.9%	3.5%	\$3,194,851
Property For Industry	4.5%	3.4%	\$3,129,258
Vital Healthcare Property Trust	4.6%	3.4%	\$3,052,084
Kiwi Property Group Ltd	5.8%	3.3%	\$2,965,591
Stride Property Group	6.4%	3.2%	\$2,934,993
Chorus	7.2%	2.9%	\$2,608,803
Metlifecare	1.8%	2.3%	\$2,105,451

Property Inflation Portfolio

Complete Portfolio as at 20 July 2018 (continued)

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
INTERNATIONAL SHARES		30.0%	\$27,270,931
Link	3.5%	4.0%	\$3,626,015
Public Storage	3.4%	4.0%	\$3,612,858
Mid-America Apartment Communities	3.4%	3.9%	\$3,537,154
Avalonbay Communities Inc	3.1%	3.8%	\$3,440,293
UDR	3.2%	3.8%	\$3,419,505
Equity Residential	3.0%	3.7%	\$3,379,684
Gecina	6.1%	3.5%	\$3,140,385
Unibail-Rodamco-Westfield	8.6%	3.4%	\$3,115,037
ALTERNATIVE SECURITIES		0.5%	\$485,971
Universa Black Swan Protection Protocol	n/a	0.5%	\$485,971
TOTAL ECONOMIC EXPOSURE⁴		102.2%	\$92,999,606
FOREIGN CURRENCY EXPOSURE		20.1%	\$18,298,905

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. Credit default swaps notional value is currently \$44,074,122.

4. 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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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 31 July 2018



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Equity Inflation Portfolio	2.17%	3.07%	0.52%	8.25%	5.34%	32.61%	55.35%	-7.01%	7.09%

Equity Inflation Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		6.3%	\$5,772,245
INTERNATIONAL BONDS		24.0%	\$21,975,084
Floating Rate and Perpetual Bond Strategy	6.2%	22.4%	\$20,502,704
Credit default swaps - Market value ³	n/a	1.1%	\$945,786
United States bond futures (short)	n/a	0.5%	\$491,702
Inflation swaps	n/a	0.1%	\$34,892
INTERNATIONAL SHARES		71.9%	\$65,904,728
Equity index futures (long)	n/a	44.6%	\$40,868,650
Global Banking & Finance Index Strategy	1.9%	12.9%	\$11,802,481
Impala Resource Fund	n/a	7.9%	\$7,200,573
Global Energy Index Strategy	1.8%	5.3%	\$4,869,642
Global Metal & Mining Index Strategy	3.0%	1.3%	\$1,163,381
ALTERNATIVE SECURITIES		0.5%	\$501,675
Universa Black Swan Protection Protocol	n/a	0.5%	\$501,675
TOTAL ECONOMIC EXPOSURE⁴		102.7%	\$94,153,732
FOREIGN CURRENCY EXPOSURE		21.1%	\$19,375,450

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. Credit default swaps notional value is currently \$47,257,622.

4. 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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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 31 July 2018 for Core Growth Portfolio



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Core Growth Portfolio	1.52%	2.35%	-3.30%	10.19%	10.11%	33.35%	52.67%	-10.44%	12.89%

Core Growth Portfolio

Tax-adjusted performance to 31 July 2018 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 ^x	Volatility 5 years [^]
Core Growth Composite Strategy	1.52%	2.35%	-3.30%	10.19%	10.11%	33.35%	47.48%	173.92%	-10.44%	12.89%

Core Growth Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		1.0%	\$842,350
INTERNATIONAL BONDS		2.2%	\$1,848,376
Credit default swaps - Market value ³	n/a	2.2%	\$1,848,376
AUSTRALASIAN SHARES		14.8%	\$12,445,937
Dividend and Growth Strategy	5.8%	14.8%	\$12,445,937
INTERNATIONAL SHARES		93.9%	\$79,106,117
Equity index futures (long)	n/a	77.1%	\$64,917,016
Suvretta Offshore Fund	n/a	12.6%	\$10,653,347
Kynikos Global Capital Partners	n/a	4.2%	\$3,535,754
ALTERNATIVE SECURITIES		21.0%	\$17,651,786
H2O Global Feeder Fund Class C	n/a	12.5%	\$10,523,842
ISAM Systematic Fund	n/a	8.5%	\$7,127,944
TOTAL ECONOMIC EXPOSURE⁴		132.8%	\$111,894,567
FOREIGN CURRENCY EXPOSURE		30.0%	\$25,233,134

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. Credit default swaps notional value is currently \$97,465,916.

4. 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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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.

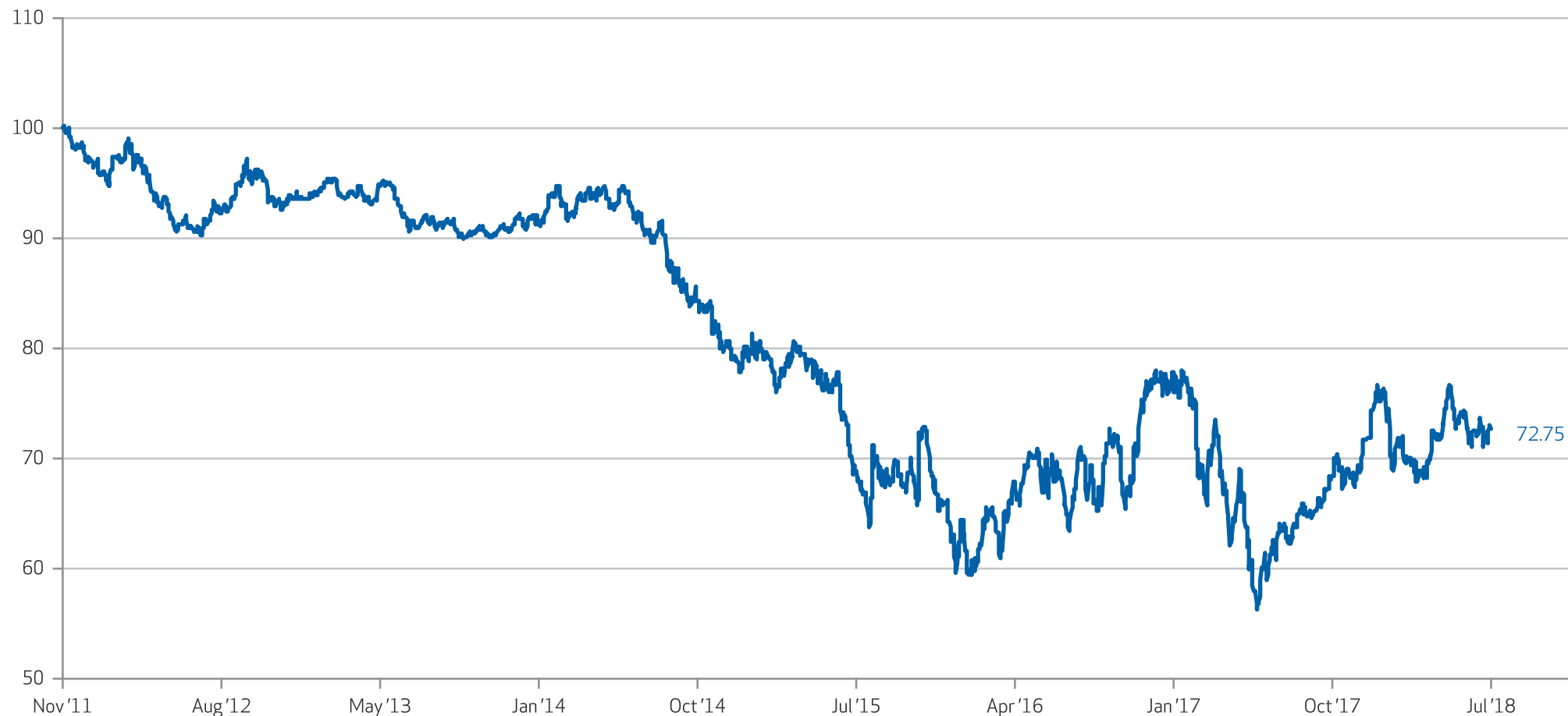
The Composite Strategy is tax-adjusted to remove, as much as possible, the impact of the different tax regimes that applied during the calculation period. Returns are stated after Portfolio fees and expenses, but before any advisory fees or investor tax.

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 31 July 2018



Portfolio returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Global Multi-Asset Growth Portfolio	0.35%	1.45%	-0.88%	13.64%	11.98%	-20.45%	-27.25%	-11.47%	16.29%

Global Multi-Asset Growth Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		14.4%	\$4,004,660
INTERNATIONAL BONDS		2.1%	\$584,552
Credit default swaps - Market value ³	n/a	2.1%	\$584,552
INTERNATIONAL SHARES		79.0%	\$21,995,840
Global Oil Index Strategy	4.7%	24.0%	\$6,672,512
Global Metal & Mining Index Strategy	3.0%	19.1%	\$5,309,005
Global Agriculture Index Strategy	3.6%	19.0%	\$5,285,283
Impala Resource Fund	n/a	17.0%	\$4,729,041
ALTERNATIVE SECURITIES		8.7%	\$2,418,574
ISAM Systematic Fund	n/a	8.0%	\$2,232,086
Universa Black Swan Protection Protocol	n/a	0.7%	\$186,488
TOTAL ECONOMIC EXPOSURE⁴		104.2%	\$29,003,627
FOREIGN CURRENCY EXPOSURE		37.0%	\$10,307,824

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. Credit default swaps notional value is currently \$29,208,037.

4. 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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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 31 July 2018 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 ^x	Volatility 5 years [^]
Global Equity Growth Portfolio	2.64%	3.14%	-0.25%	11.90%	25.51%	59.50%	71.88%	-7.11%	10.16%

Global Equity Growth Portfolio

Tax-adjusted performance to 31 July 2018 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 ^x	Volatility 5 years [^]
Global Equity Growth Composite Strategy	2.64%	3.14%	-0.25%	11.90%	25.51%	59.50%	65.46%	272.18%	-7.11%	10.16%

Global Equity Growth Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		1.0%	\$669,856
INTERNATIONAL BONDS		1.8%	\$1,235,740
Credit default swaps - Market value ³	n/a	1.8%	\$1,235,740
INTERNATIONAL SHARES		106.4%	\$71,254,905
LSV Global Concentrated Fund	0.8%	73.3%	\$49,073,813
Equity index futures (long)	n/a	33.1%	\$22,181,091
ALTERNATIVE SECURITIES		0.8%	\$564,597
Universa Black Swan Protection Protocol	n/a	0.8%	\$564,597
TOTAL ECONOMIC EXPOSURE⁴		110.1%	\$73,725,098
FOREIGN CURRENCY EXPOSURE		45.0%	\$30,139,499

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. Credit default swaps notional value is currently \$61,745,639.

4. 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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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 31 July 2018 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 ^x	Volatility 5 years [^]
Dividend and Growth Portfolio	-0.68%	2.91%	2.15%	9.52%	17.92%	76.27%	110.28%	-7.47%	8.91%

Dividend and Growth Portfolio

Tax-adjusted performance to 31 July 2018 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 ^x	Volatility 5 years [^]
Dividend and Growth Composite Strategy	-0.68%	2.91%	2.15%	9.52%	17.92%	76.27%	86.59%	771.63%	-7.47%	8.91%

Dividend and Growth Portfolio

Complete Portfolio as at 20 July 2018

Strategy / Security	Estimated yield ¹	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		1.0%	\$992,342
INTERNATIONAL BONDS		0.9%	\$846,196
Credit default swaps - Market value ²	n/a	0.9%	\$846,196
AUSTRALASIAN SHARES		104.1%	\$103,348,061
Fletcher Building	5.2%	15.0%	\$14,844,153
Meridian Energy	7.7%	9.9%	\$9,864,652
Metlifecare	1.8%	9.3%	\$9,256,770
Chorus	7.2%	8.3%	\$8,264,727
Rio Tinto PLC ADR ³	4.6%	8.1%	\$8,026,953
Trade Me	6.1%	7.0%	\$6,932,962
Woodside Petroleum	6.0%	6.3%	\$6,265,875
Z Energy	11.1%	4.7%	\$4,626,265
Nufarm	1.9%	4.6%	\$4,541,857
Tower	5.8%	4.4%	\$4,382,656
Australian futures index exposure	n/a	4.4%	\$4,316,707
Spark New Zealand	8.7%	4.2%	\$4,211,097
Trustpower	8.5%	4.2%	\$4,169,857
Michael Hill International	8.4%	3.3%	\$3,235,953

Dividend and Growth Portfolio

Complete Portfolio as at 20 July 2018 (continued)

Strategy / Security	Estimated yield ¹	Portfolio exposure %	Portfolio exposure \$
AUSTRALASIAN SHARES (CONTINUED)			
AMP	7.4%	3.0%	\$3,000,917
Sanford	5.1%	2.9%	\$2,906,853
a2 Milk	0.8%	1.9%	\$1,927,649
Sky Network Television total return swap (short)	n/a	1.5%	\$1,503,942
Murray Goulburn Unit Trust	0.0%	1.1%	\$1,068,215
TOTAL ECONOMIC EXPOSURE⁴		106.0%	\$105,186,599
FOREIGN CURRENCY EXPOSURE		9.4%	\$9,299,224

1. 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.

2. Credit default swaps notional value is currently \$42,771,320.

3. The Rio Tinto PLC ADR is shown as an exposure to Australasian shares, as economically this holding provides a return equivalent to that of a Rio Tinto share which is an Australian share for asset classification purposes.

4. 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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Portfolio over the 5 years ending 30 June 2018. 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.

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NZ Funds KiwiSaver Scheme

NZ Funds KiwiSaver Scheme Income Strategy

Performance since inception (31 October 2010) to 31 July 2018



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Income Strategy	0.53%	1.06%	0.12%	1.56%	4.22%	19.07%	34.99%	-1.34%	1.80%

NZ Funds KiwiSaver Scheme Income Strategy

Complete Strategy as at 20 July 2018

Strategy / Security	Estimated yield ¹	Credit rating	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS			11.2%	\$3,355,901
AUSTRALASIAN BONDS			44.7%	\$13,368,779
Vector 4.996% 14/03/2024	4.1%	BBB	4.8%	\$1,441,657
Insurance Australia Group 5.15% 15/06/2043	4.1%	BBB	4.0%	\$1,191,033
BlueScope Steel Finance USA 4.625% 05/25/2023	4.3%	BBB-	3.6%	\$1,085,474
Westpac Banking 4.695% 01/09/2026	3.9%	BBB	3.2%	\$967,668
Crown Subordinated Notes 23/04/2075	6.2%	NR	2.9%	\$855,742
Infratil 5.5% 15/06/2024	5.0%	NR	2.6%	\$775,502
Precinct Properties New Zealand 4.42% 27/11/2024	4.1%	NR	2.3%	\$693,769
NEXTDC 6% 09/06/2022	6.0%	NR	2.3%	\$683,297
Property for Industry 4.59% 28/11/2024	4.1%	NR	2.2%	\$645,157
Meridian Energy 4.88% 20/03/2024	3.8%	BBB+	2.0%	\$604,813
WEL Networks 02/08/2023	4.9%	NR	1.9%	\$574,440
Fletcher Building Industries 5.8% 15/03/2020	4.6%	NR	1.9%	\$572,190
Trustpower 4.01% 15/12/2022	3.8%	NR	1.9%	\$558,965
Qantas Airways 4.75% 12/10/2026	4.2%	BBB-	1.8%	\$534,391
Woodside Finance 3.7% 15/09/2026	3.9%	BBB+	1.8%	\$525,330
NEXTDC 6.25% 09/06/2021	4.6%	NR	1.6%	\$467,330
Fletcher Building Industries 4.75% 15/03/2021	4.4%	NR	1.4%	\$427,180
Powerco 4.67% 15/11/2024	4.3%	BBB	1.2%	\$366,411
Z Energy 4.01% 01/11/2021	3.7%	NR	0.5%	\$159,715
Nufarm Australia Ltd / Nufarm Americas 5.75% 30/04/2026	5.8%	BB-	0.5%	\$152,281
Mercury NZ 6.9% 11/07/2044	4.1%	BB+	0.3%	\$86,435

NZ Funds KiwiSaver Scheme Income Strategy

Complete Strategy as at 20 July 2018 (continued)

Strategy / Security	Estimated yield ¹	Credit rating	Strategy exposure %	Strategy exposure \$
INTERNATIONAL BONDS			44.1%	\$13,200,478
HCA 4.75% 05/01/2023	4.2%	BBB-	4.9%	\$1,477,839
Valeant Pharmaceuticals International 5.5% 01/11/2025	5.2%	BB-	4.7%	\$1,401,559
First Data 5% 15/01/2024	4.6%	BB	4.6%	\$1,380,809
Flex 5% 15/02/2023	3.8%	BBB-	3.6%	\$1,072,835
Devon Energy 5.85% 15/12/2025	3.6%	BBB	3.4%	\$1,019,335
Verizon Communications 2.625% 15/08/2026	3.6%	BBB+	3.4%	\$1,014,130
NRG Energy 6.625% 15/01/2027	5.6%	BB-	3.3%	\$1,000,773
Constellation Brands 4.75% 01/12/2025	3.7%	BBB	3.1%	\$938,343
Seagate HDD Cayman 4.875% 01/03/2024	4.9%	BB+	3.1%	\$937,408
Southern Copper 7.50% 27/07/2035	5.0%	BBB	3.1%	\$923,773
Icahn Enterprises 5.875% 01/02/2022	5.2%	BB+	2.6%	\$767,790
EOG Resources 4.15% 15/01/2026	3.3%	BBB+	2.2%	\$663,570
Amcor Finance USA 3.625% 28/04/2026	4.0%	BBB	2.0%	\$592,982
United States bond futures (short)	n/a	n/a	0.0%	\$9,333
TOTAL ECONOMIC EXPOSURE²			100.0%	\$29,925,158
FOREIGN CURRENCY EXPOSURE			4.3%	\$1,293,103

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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Strategy over the 5 years ending 30 June 2018. 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 31 July 2018



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Inflation Strategy	0.96%	3.16%	1.96%	10.41%	9.21%	31.36%	50.97%	-5.40%	7.60%

NZ Funds KiwiSaver Scheme Inflation Strategy

Complete Strategy as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		11.1%	\$5,109,274
INTERNATIONAL BONDS		22.0%	\$10,103,513
Floating Rate and Perpetual Bond Strategy	6.2%	21.2%	\$9,746,877
Credit default swaps - Market value ³	n/a	0.5%	\$237,068
United States bond futures (short)	n/a	0.2%	\$111,646
Inflation swaps	n/a	0.0%	\$7,923
AUSTRALASIAN SHARES		35.8%	\$16,466,310
Dividend and Growth Strategy	5.8%	35.8%	\$16,466,310
INTERNATIONAL SHARES		32.5%	\$14,949,498
Equity index futures (long)	n/a	20.2%	\$9,279,675
Global Banking & Finance Index Strategy	1.9%	5.8%	\$2,679,883
Impala Resource Fund	n/a	3.4%	\$1,567,979
Global Energy Index Strategy	1.8%	2.4%	\$1,105,706
Global Metal & Mining Index Strategy	3.0%	0.7%	\$316,255
ALTERNATIVE SECURITIES		0.4%	\$174,892
Universa Black Swan Protection Protocol	n/a	0.4%	\$174,892
TOTAL ECONOMIC EXPOSURE⁴		101.9%	\$46,803,487
FOREIGN CURRENCY EXPOSURE		12.8%	\$5,882,914

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. Credit default swaps notional value is currently \$18,595,679.

4. 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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Strategy over the 5 years ending 30 June 2018. 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 31 July 2018



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Growth Strategy	1.18%	4.14%	0.74%	14.98%	22.70%	56.87%	88.79%	-8.83%	11.99%

NZ Funds KiwiSaver Scheme Growth Strategy

Complete Strategy as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		1.0%	\$1,667,433
INTERNATIONAL BONDS		1.5%	\$2,553,223
Credit default swaps - Market value ³	n/a	1.5%	\$2,553,223
AUSTRALASIAN SHARES		30.9%	\$51,482,930
Dividend and Growth Strategy	5.8%	30.9%	\$51,482,930
INTERNATIONAL SHARES		79.9%	\$133,261,599
Equity index futures (long)	n/a	42.5%	\$70,863,152
LSV Global Concentrated Fund	0.8%	16.8%	\$28,068,581
Suvretta Offshore Fund	n/a	14.5%	\$24,136,649
Impala Resource Fund	n/a	6.1%	\$10,193,218
ALTERNATIVE SECURITIES		4.8%	\$8,016,545
ISAM Systematic Fund	n/a	4.3%	\$7,204,589
Universa Black Swan Protection Protocol	n/a	0.5%	\$811,956
TOTAL ECONOMIC EXPOSURE⁴		118.1%	\$196,981,732
FOREIGN CURRENCY EXPOSURE		38.2%	\$63,630,437

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. Credit default swaps notional value is currently \$148,709,215.

4. 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 previous 12 months.
- ^ This is the annualised standard deviation calculated from weekly returns of the Strategy over the 5 years ending 30 June 2018. For more details on the Strategy's Maximum Decline and Volatility please contact NZ Funds.

Note

Rounding may affect the subtotals and totals.

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NZ Funds Managed Superannuation Service

NZ Funds ROPS GBP Income Strategy

Performance since inception (11 August 2017) to 31 July 2018



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
ROPS GBP Income Strategy	-0.11%	-0.45%	-0.51%	n/a	n/a	n/a	7.84%	n/a	11.11%

NZ Funds ROPS GBP Income Strategy

Complete Strategy as at 20 July 2018

Strategy / Security	Estimated yield ¹	Credit rating	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS			10.7%	\$170,661
AUSTRALASIAN BONDS			45.0%	\$720,285
Vector 4.996% 14/03/2024	4.1%	BBB	4.8%	\$77,672
Insurance Australia Group 5.15% 15/06/2043	4.1%	BBB	4.0%	\$64,169
BlueScope Steel Finance USA 4.625% 05/25/2023	4.3%	BBB-	3.7%	\$58,482
Westpac Banking 4.695% 01/09/2026	3.9%	BBB	3.3%	\$52,135
Crown Subordinated Notes 23/04/2075	6.2%	NR	2.9%	\$46,104
Infratil 5.5% 15/06/2024	5.0%	NR	2.6%	\$41,781
Precinct Properties New Zealand 4.42% 27/11/2024	4.1%	NR	2.3%	\$37,378
NEXTDC 6% 09/06/2022	6.0%	NR	2.3%	\$36,814
Property for Industry 4.59% 28/11/2024	4.1%	NR	2.2%	\$34,759
Meridian Energy 4.88% 20/03/2024	3.8%	BBB+	2.0%	\$32,585
WEL Networks 02/08/2023	4.9%	NR	1.9%	\$30,949
Fletcher Building Industries 5.8% 15/03/2020	4.6%	NR	1.9%	\$30,828
Trustpower 4.01% 15/12/2022	3.8%	NR	1.9%	\$30,115
Qantas Airways 4.75% 12/10/2026	4.2%	BBB-	1.8%	\$28,791
Woodside Finance 3.7% 15/09/2026	3.9%	BBB+	1.8%	\$28,303
NEXTDC 6.25% 09/06/2021	4.6%	NR	1.6%	\$25,178
Fletcher Building Industries 4.75% 15/03/2021	4.4%	NR	1.4%	\$23,015
Powerco 4.67% 15/11/2024	4.3%	BBB	1.2%	\$19,741
Z Energy 4.01% 01/11/2021	3.7%	NR	0.5%	\$8,605
Nufarm Australia Ltd / Nufarm Americas 5.75% 30/04/2026	5.8%	BB-	0.5%	\$8,204
Mercury NZ 6.9% 11/07/2044	4.1%	BB+	0.3%	\$4,657

NZ Funds ROPS GBP Income Strategy

Complete Strategy as at 20 July 2018 (continued)

Strategy / Security	Estimated yield ¹	Credit rating	Strategy exposure %	Strategy exposure \$
INTERNATIONAL BONDS			44.4%	\$711,197
HCA 4.75% 05/01/23	4.2%	BBB-	5.0%	\$79,621
Valeant Pharmaceuticals International 5.5% 01/11/2025	5.2%	BB-	4.7%	\$75,511
First Data 5% 15/01/2024	4.6%	BB	4.6%	\$74,393
Flex 5% 15/02/2023	3.8%	BBB-	3.6%	\$57,801
Devon Energy 5.85% 15/12/2025	3.6%	BBB	3.4%	\$54,918
Verizon Communications 2.625% 15/08/2026	3.6%	BBB+	3.4%	\$54,638
NRG Energy 6.625% 15/01/2027	5.6%	BB-	3.4%	\$53,918
Constellation Brands 4.75% 01/12/2025	3.7%	BBB	3.2%	\$50,555
Seagate HDD Cayman 4.875% 01/03/2024	4.9%	BB+	3.2%	\$50,504
Southern Copper 7.50% 27/07/2035	5.0%	BBB	3.1%	\$49,770
Icahn Enterprises 5.875% 01/02/2022	5.2%	BB+	2.6%	\$41,366
EOG Resources 4.15% 15/01/2026	3.3%	BBB+	2.2%	\$35,751
Amcor Finance USA 3.625% 28/04/2026	4.0%	BBB	2.0%	\$31,948
United States bond futures (short)	n/a	n/a	0.0%	\$503
TOTAL ECONOMIC EXPOSURE²			100.0%	\$1,602,122
GBP CURRENCY EXPOSURE			100.0%	\$1,601,799
OTHER FOREIGN CURRENCY EXPOSURE			4.3%	\$69,169

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 ROPS GBP Income Strategy

Notes

NZ Funds ROPS GBP 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 previous 12 months.
- ^ This is the annualised standard deviation calculated using weekly returns of the Strategy and market index data over the 5 years ending 30 June 2018. Market index data is used for calculating the volatility prior to the inception date. For more details on the market index data, see the SIPO for the NZ Funds Managed Superannuation Service. 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 Managed Superannuation Service Income Strategy

Performance since inception (25 January 2017) to 31 July 2018



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Income Strategy	0.53%	1.05%	0.07%	1.50%	n/a	n/a	3.66%	-1.32%	2.12%

NZ Funds Managed Superannuation Service Income Strategy

Complete Strategy as at 20 July 2018

Strategy / Security	Estimated yield ¹	Credit rating	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS			11.2%	\$373,859
AUSTRALASIAN BONDS			44.7%	\$1,490,109
Vector 4.996% 14/03/2024	4.1%	BBB	4.8%	\$160,690
Insurance Australia Group 5.15% 15/06/2043	4.1%	BBB	4.0%	\$132,755
BlueScope Steel Finance USA 4.625% 05/25/2023	4.3%	BBB-	3.6%	\$120,989
Westpac Banking 4.695% 01/09/2026	3.9%	BBB	3.2%	\$107,858
Crown Subordinated Notes 23/04/2075	6.2%	NR	2.9%	\$95,383
Infratil 5.5% 15/06/2024	5.0%	NR	2.6%	\$86,439
Precinct Properties New Zealand 4.42% 27/11/2024	4.1%	NR	2.3%	\$77,329
NEXTDC 6% 09/06/2022	6.0%	NR	2.3%	\$76,162
Property for Industry 4.59% 28/11/2024	4.1%	NR	2.2%	\$71,910
Meridian Energy 4.88% 20/03/2024	3.8%	BBB+	2.0%	\$67,414
WEL Networks 02/08/2023	4.9%	NR	1.9%	\$64,028
Fletcher Building Industries 5.8% 15/03/2020	4.6%	NR	1.9%	\$63,777
Trustpower 4.01% 15/12/2022	3.8%	NR	1.9%	\$62,303
Qantas Airways 4.75% 12/10/2026	4.2%	BBB-	1.8%	\$59,564
Woodside Finance 3.7% 15/09/2026	3.9%	BBB+	1.8%	\$58,554
NEXTDC 6.25% 09/06/2021	4.6%	NR	1.6%	\$52,089
Fletcher Building Industries 4.75% 15/03/2021	4.4%	NR	1.4%	\$47,614
Powerco 4.67% 15/11/2024	4.3%	BBB	1.2%	\$40,841
Z Energy 4.01% 01/11/2021	3.7%	NR	0.5%	\$17,802
Nufarm Australia Ltd / Nufarm Americas 5.75% 30/04/2026	5.8%	BB-	0.5%	\$16,974
Mercury NZ 6.9% 11/07/2044	4.1%	BB+	0.3%	\$9,634

NZ Funds Managed Superannuation Service Income Strategy

Complete Strategy as at 20 July 2018 (continued)

Strategy / Security	Estimated yield ¹	Credit rating	Strategy exposure %	Strategy exposure \$
INTERNATIONAL BONDS			44.1%	\$1,471,350
HCA 4.75% 05/01/23	4.2%	BBB-	4.9%	\$164,723
Valeant Pharmaceuticals International 5.5% 01/11/2025	5.2%	BB-	4.7%	\$156,220
First Data 5% 15/01/2024	4.6%	BB	4.6%	\$153,907
Flex 5% 15/02/2023	3.8%	BBB-	3.6%	\$119,580
Devon Energy 5.85% 15/12/2025	3.6%	BBB	3.4%	\$113,617
Verizon Communications 2.625% 15/08/2026	3.6%	BBB+	3.4%	\$113,037
NRG Energy 6.625% 15/01/2027	5.6%	BB-	3.3%	\$111,548
Constellation Brands 4.75% 01/12/2025	3.7%	BBB	3.1%	\$104,589
Seagate HDD Cayman 4.875% 01/03/2024	4.9%	BB+	3.1%	\$104,485
Southern Copper 7.50% 27/07/2035	5.0%	BBB	3.1%	\$102,966
Icahn Enterprises 5.875% 01/02/2022	5.2%	BB+	2.6%	\$85,579
EOG Resources 4.15% 15/01/2026	3.3%	BBB+	2.2%	\$73,963
Amcor Finance USA 3.625% 28/04/2026	4.0%	BBB	2.0%	\$66,095
United States bond/futures/(short)	n/a	n/a	0.0%	\$1,040
TOTAL ECONOMIC EXPOSURE²			100.0%	\$3,335,318
FOREIGN CURRENCY EXPOSURE			4.3%	\$144,132

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 Managed Superannuation Service Income Strategy

Notes

NZ Funds Managed Superannuation Service 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 previous 12 months.
- ^ This is the annualised standard deviation calculated using weekly returns of the Strategy and market index data over the 5 years ending 30 June 2018. Market index data is used for calculating the volatility prior to the inception date. For more details on the market index data, see the SIPO for the NZ Funds Managed Superannuation Service. 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 Managed Superannuation Service Inflation Strategy

Performance since inception (25 January 2017) to 31 July 2018



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Inflation Strategy	0.95%	3.15%	1.87%	10.35%	n/a	n/a	9.45%	-5.39%	7.03%

NZ Funds Managed Superannuation Service Inflation Strategy

Complete Strategy as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		11.2%	\$485,010
INTERNATIONAL BONDS		22.0%	\$953,799
Floating Rate and Perpetual Bond Strategy	6.2%	21.2%	\$920,148
Credit default swaps - Market value ³	n/a	0.5%	\$22,363
United States bond futures (short)	n/a	0.2%	\$10,540
Inflation swaps	n/a	0.0%	\$748
AUSTRALASIAN SHARES		35.8%	\$1,554,532
Dividend and Growth Strategy	5.7%	35.8%	\$1,554,532
INTERNATIONAL SHARES		32.5%	\$1,411,299
Equity index futures (long)	n/a	20.2%	\$876,043
Global Banking & Finance Index Strategy	1.9%	5.8%	\$252,993
Impala Resource Fund	n/a	3.4%	\$148,024
Global Energy Index Strategy	1.8%	2.4%	\$104,384
Global Metal & Mining Index Strategy	3.0%	0.7%	\$29,856
ALTERNATIVE SECURITIES		0.4%	\$16,511
Universa Black Swan Protection Protocol	n/a	0.4%	\$16,511
TOTAL ECONOMIC EXPOSURE⁴		101.9%	\$4,421,151
FOREIGN CURRENCY EXPOSURE		12.8%	\$555,373

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. Credit default swaps notional value is currently \$1,755,515.

4. 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 Managed Superannuation Service Inflation Strategy

Notes

NZ Funds Managed Superannuation Service 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 previous 12 months.
- ^ This is the annualised standard deviation calculated using weekly returns of the Strategy and market index data over the 5 years ending 30 June 2018. Market index data is used for calculating the volatility prior to the inception date. For more details on the market index data, see the SIPO for the NZ Funds Managed Superannuation Service. 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 Managed Superannuation Service Growth Strategy

Performance since inception (25 January 2017) to 31 July 2018



Strategy returns*	1 month	3 months	6 months	1 year	2 years	5 years	Since inception	Maximum decline 12 months ^x	Volatility 5 years [^]
Growth Strategy	1.18%	4.11%	0.65%	14.73%	n/a	n/a	16.41%	-8.82%	10.40%

NZ Funds Managed Superannuation Service Growth Strategy

Complete Strategy as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		1.0%	\$98,772
INTERNATIONAL BONDS		1.5%	\$151,197
Credit default swaps - Market value ³	n/a	1.5%	\$151,197
AUSTRALASIAN SHARES		30.9%	\$3,048,717
Dividend and Growth Strategy	5.8%	30.9%	\$3,048,717
INTERNATIONAL SHARES		79.9%	\$7,891,487
Equity index futures (long)	n/a	42.5%	\$4,196,375
LSV Global Concentrated Fund	0.8%	16.8%	\$1,662,166
Suvretta Offshore Fund	n/a	14.5%	\$1,429,324
Impala Resource Fund	n/a	6.1%	\$603,622
ALTERNATIVE SECURITIES		4.8%	\$474,724
ISAM Systematic Fund	n/a	4.3%	\$426,641
Universa Black Swan Protection Protocol	n/a	0.5%	\$48,082
TOTAL ECONOMIC EXPOSURE⁴		118.1%	\$11,664,897
FOREIGN CURRENCY EXPOSURE		38.1%	\$3,768,068

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. Credit default swaps notional value is currently \$8,806,264.

4. 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 Managed Superannuation Service Growth Strategy

Notes

NZ Funds Managed Superannuation Service 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 previous 12 months.
- ^ This is the annualised standard deviation calculated using weekly returns of the Strategy and market index data over the 5 years ending 30 June 2018. Market index data is used for calculating the volatility prior to the inception date. For more details on the market index data, see the SIPO for the NZ Funds Managed Superannuation Service. For more details on the Strategy's Maximum Decline and Volatility please contact NZ Funds.

Note

Rounding may affect the subtotals and totals.

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Manager portfolios

Floating Rate and Perpetual Bond Strategy

Complete Portfolio as at 20 July 2018

Strategy / Security	Estimated yield ¹	Portfolio exposure %	Portfolio exposure \$
FERTILIZERS & AGRICULTURAL CHEMICALS		7.4%	\$5,348,948
Nufarm Step-up Securities	6.5%	7.4%	\$5,348,948
COPPER		12.0%	\$8,709,612
First Quantum Minerals 6.875% 01/03/2026	7.3%	12.0%	\$8,709,612
CASINOS & GAMING		13.4%	\$9,731,393
Crown Subordinated Notes 23/04/2075	5.6%	9.2%	\$6,675,740
Crown Subordinated Notes 14/09/2072	5.9%	4.2%	\$3,055,652
PHARMACEUTICALS		18.8%	\$13,690,369
Valeant Pharmaceuticals International 4.5% 15/05/2023	7.5%	14.1%	\$10,245,224
Valeant Pharmaceuticals International 9% 15/12/2025	7.4%	4.7%	\$3,445,145
LIFE SCIENCES TOOLS & SERVICES		10.9%	\$7,915,487
Eurofins Scientific 3.25%	6.2%	10.9%	\$7,915,487
DIVERSIFIED BANKS		12.3%	\$8,947,001
National Australia Bank Income Securities perpetual	3.9%	12.3%	\$8,947,001
MORTGAGE REIT'S		11.8%	\$8,571,825
MFA Financial	9.7%	11.8%	\$8,571,825
OFFICE REIT'S		13.5%	\$9,793,478
Precinct Properties New Zealand 4.8% 27/09/2021	4.4%	13.5%	\$9,793,478
TOTAL NZ FUNDS EXPOSURE		100.0%	\$72,708,113

1. 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.

Global Agriculture Index Strategy

Complete Portfolio as at 20 July 2018

Strategy / Security	Estimated yield ¹	Portfolio exposure %	Portfolio exposure \$
FERTILIZERS & AGRICULTURAL CHEMICALS		35.0%	\$1,849,854
FMC	0.5%	12.8%	\$676,273
Yara International	5.6%	11.6%	\$615,571
Quimica Y Minera	2.7%	10.6%	\$558,009
CONSTRUCTION & FARM MACHINERY & HEAVY TRUCKS		31.4%	\$1,658,564
Kubota	4.0%	10.8%	\$573,271
Deere & Co	1.6%	10.6%	\$561,236
CNH Industrial	4.5%	9.9%	\$524,057
AGRICULTURAL PRODUCTS		22.2%	\$1,174,804
Archer-Daniels-Midland	2.5%	12.1%	\$640,055
Bunge	2.6%	10.1%	\$534,748
PACKAGED FOODS & MEATS		11.4%	\$602,062
Marine Harvest	8.1%	11.4%	\$602,062
TOTAL NZ FUNDS EXPOSURE		100.0%	\$5,285,283

1. 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.

Global Banking & Finance Index Strategy

Complete Portfolio as at 20 July 2018

Strategy / Security	Estimated yield ¹	Portfolio exposure %	Portfolio exposure \$
DIVERSIFIED BANKS		49.1%	\$7,113,293
Bank of America	1.9%	10.9%	\$1,574,753
JPMorgan Chase	2.5%	10.7%	\$1,551,969
Wells Fargo	2.8%	9.7%	\$1,410,905
Citigroup	2.4%	8.9%	\$1,292,966
US Bancorp	2.6%	8.9%	\$1,282,699
MULTI-INDUSTRYSECTOR HOLDINGS		9.8%	\$1,420,562
Berkshire Hathaway	0.0%	9.8%	\$1,420,562
CONSUMER FINANCE		11.9%	\$1,721,874
Visa	0.2%	11.9%	\$1,721,874
ASSET MANAGEMENT & CUSTODY BANKS		10.5%	\$1,523,170
Blackrock Inc	2.2%	10.5%	\$1,523,170
INVESTMENT BANKING & BROKERAGE		18.7%	\$2,703,464
Morgan Stanley	2.2%	9.6%	\$1,384,171
Goldman Sachs Group	1.1%	9.1%	\$1,319,293
TOTAL NZ FUNDS EXPOSURE		100.0%	\$14,482,364

1. 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.

Global Energy Index Strategy

Complete Portfolio as at 20 July 2018

Strategy / Security	Estimated yield ¹	Portfolio exposure %	Portfolio exposure \$
INTEGRATED OIL & GAS		68.7%	\$8,689,496
Occidental Petroleum	3.4%	10.9%	\$1,384,215
Statoil	5.9%	9.8%	\$1,243,607
BP	6.6%	9.8%	\$1,238,438
Exxon Mobil	3.7%	9.8%	\$1,237,052
Total	7.2%	9.5%	\$1,201,002
Petrochina	3.4%	9.5%	\$1,199,681
Eni	7.5%	9.4%	\$1,185,501
OIL & GAS EXPLORATION & PRODUCTION		20.6%	\$2,602,647
EOG Resources	0.3%	10.5%	\$1,327,780
CNOOC	5.2%	10.1%	\$1,274,866
OIL & GAS REFINING & MARKETING		10.7%	\$1,355,716
JX Holdings	4.7%	10.7%	\$1,355,716
TOTAL NZ FUNDS EXPOSURE		100.0%	\$12,647,859

1. 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.

Global Metals and Mining Strategy

Complete Portfolio as at 20 July 2018

Strategy / Security	Estimated yield ¹	Portfolio exposure %	Portfolio exposure \$
ALUMINUM		11.6%	\$785,947
Norsk Hydro Asa	6.5%	11.6%	\$785,947
DIVERSIFIED METALS & MINING		33.1%	\$2,246,614
Rio Tinto PLC ADR	4.6%	12.6%	\$856,535
Teck Resources	0.2%	10.5%	\$713,072
Sumitomo Metal Mining	5.2%	10.0%	\$677,007
COPPER		9.5%	\$643,823
Southern Copper	2.8%	9.5%	\$643,823
GOLD		11.3%	\$769,283
Goldcorp	0.2%	11.3%	\$769,283
STEEL		34.5%	\$2,342,975
Nucor	1.9%	12.7%	\$860,714
ArcelorMittal	4.1%	11.4%	\$770,863
Tata Steel GDR	1.6%	10.5%	\$711,398
TOTAL NZ FUNDS EXPOSURE		100.0%	\$6,788,642

1. 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.

ISAM: Absolute Returns

Indicative Portfolio Summary as at 20 July 2018

Strategy / Security ¹	Manager	Estimated yield ²	Portfolio value at risk %	Portfolio exposure \$
INTERNATIONAL BONDS			0.3%	
Futures exposure	ISAM	n/a	0.2%	
Interest rates - Futures exposure	ISAM	n/a	0.1%	
CURRENCY			0.4%	
Futures and forwards exposure	ISAM	n/a	0.4%	
INTERNATIONAL SHARES			0.8%	
Futures exposure	ISAM	n/a	0.8%	
COMMODITIES			1.6%	
Agriculture - Futures exposure	ISAM	n/a	0.5%	
Energy - Futures exposure	ISAM	n/a	0.6%	
Metals - Futures exposure	ISAM	n/a	0.5%	
TOTAL NZ FUNDS EXPOSURE			3.0%	\$16,565,909

1. This data is based on the most recent information received from the manager dated 30 April 2018. Actual holdings as at 20 July 2018 may vary from those shown in the table.

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.

LSV Global Concentrated ACWI Strategy

Indicative Top 10 as at 20 July 2018

Strategy / Security ¹	Estimated yield ²	Portfolio exposure %	Portfolio exposure \$
INTERNATIONAL SHARES		18.8%	\$14,445,330
Tatneft PAO	8.5%	2.2%	\$1,654,406
Total	7.4%	2.1%	\$1,587,097
Pfizer	3.6%	2.0%	\$1,527,748
Amgen	2.7%	1.9%	\$1,445,519
Nippon Telegraph & Telephone	5.6%	1.9%	\$1,445,357
FirstEnergy	3.7%	1.8%	\$1,395,439
Valero Energy	2.8%	1.8%	\$1,391,925
Magna International	2.0%	1.8%	\$1,358,597
Verizon Communications	4.5%	1.7%	\$1,323,165
Cisco Systems	3.0%	1.7%	\$1,316,077
TOTAL EXPOSURE TOP 10 (EXCL. CASH AND CASH EQUIVALENTS)		18.8%	\$14,445,330
TOTAL NZ FUNDS EXPOSURE		100.0%	\$78,352,122

1. This is the most recent information received from the manager dated 30 June 2018. Actual holdings as at 20 July 2018 may vary from those shown in the table.

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 20 July 2018

Strategy / Security	Estimated yield ¹	Portfolio exposure %	Portfolio exposure \$
CASH AND CASH EQUIVALENTS		1.0%	\$2,563,212
INTERNATIONAL BONDS		0.9%	\$2,194,343
Credit default swaps - Market value ²	n/a	0.9%	2,194,343.10
AUSTRALASIAN SHARES		104.6%	\$268,000,603
Fletcher Building	5.2%	15.0%	\$38,493,629
Meridian Energy	7.7%	10.0%	\$25,580,863
Metlifecare	1.8%	9.4%	\$24,004,515
Chorus	7.2%	8.4%	\$21,431,963
Rio Tinto PLC ADR ³	4.6%	8.1%	\$20,815,372
Trade Me	6.1%	7.0%	\$17,978,451
Woodside Petroleum	6.0%	6.3%	\$16,248,570
Z Energy	11.1%	4.7%	\$11,996,760
Nufarm	1.9%	4.6%	\$11,777,875
Tower	5.8%	4.4%	\$11,365,035
Australian futures index exposure	n/a	4.4%	\$11,194,019
Spark New Zealand	8.7%	4.3%	\$10,920,152
Trustpower	8.5%	4.2%	\$10,813,210

NZ Funds Management Dividend and Growth Strategy

Complete Portfolio as at 20 July 2018 (continued)

Strategy / Security	Estimated yield ¹	Portfolio exposure %	Portfolio exposure \$
AUSTRALASIAN SHARES (CONTINUED)			
Michael Hill International	8.4%	3.3%	\$8,391,423
AMP	7.4%	3.0%	\$7,781,932
Sanford	5.1%	2.9%	\$7,538,007
a2 Milk	0.8%	2.0%	\$4,998,750
Sky Network Television total return swap (short)	n/a	1.5%	\$3,900,000
Murray Goulburn Unit Trust	0.0%	1.1%	\$2,770,079
TOTAL NZ FUNDS EXPOSURE		106.4%	\$272,758,159
FOREIGN CURRENCY EXPOSURE		9.4%	\$24,114,605

1. 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.

2. Credit default swaps notional value is currently \$110,913,930.

3. The Rio Tinto PLC ADR is shown as an exposure to Australasian shares, as economically this holding provides a return equivalent to that of a Rio Tinto share which is an Australian share for asset classification purposes.

Note: Rounding may affect any subtotals and totals.



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. In analysing a company, for example, 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.

Glossary

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.

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.

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.

Glossary

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 31 July 2018

MANAGER	SECURITY / STYLE	NZ FUNDS MANAGED PORTFOLIO SERVICE									NZ FUNDS KIWISAVER SCHEME			NZ FUNDS MANAGED SUPERANNUATION SERVICE				
		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	GBP-ROPS INCOME STRATEGY	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									✓				✓				✓
SUVRETTA CAPITAL	ALTERNATIVE SECURITIES						✓							✓				✓
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.