



## What fees are investors charged?

Investors in the Dividend and Growth Portfolio are charged fund charges. In the year to 31 March 2018 these were:

	% of net asset value
<b>Total fund charges</b>	2.52%
Which are made up of:	
<b>Total management and administration charges</b>	2.94%
Including:	
Manager's basic fee	1.75%
Other management and administration charges*	1.19%
<b>Total performance-based fees</b>	-0.41% <sup>2</sup>

\*Note: 'Total performance-based fees' is the performance fee charged by NZ Funds based on the performance of the fund. Performance-based fees are subject to market movements and manager performance and the amount of these fees for any given period may materially differ from those disclosed for the year to 31 March 2018. For the 12 months to 30 June 2018, NZ Funds' performance fee was 0.28%. As a result, 'Total fund charges' for that period totalled 3.21%.

See the PDS for more information about the basis on which performance-based fees are charged.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for the NZ Funds Managed Portfolio Service for more information about those fees.

Small differences in fees and charges can have a big impact on your investment over the long term.

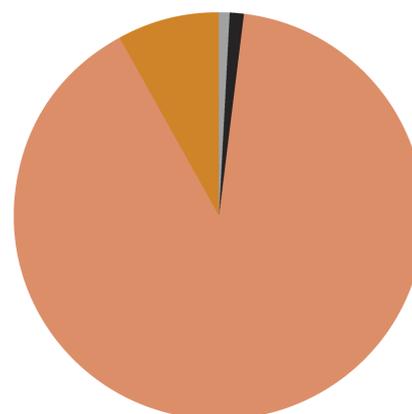
## Example of how this applies to an investor

Liam had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Liam received a return after fund charges were deducted of \$1,120 (that's 11.20% of his initial \$10,000). Liam did not pay any other charges. This gives Liam a total return after tax of \$1,120 for the year.

## What does the fund invest in?

This shows the types of assets that the fund invests in.

### Actual investment mix<sup>3</sup>



Cash and cash equivalents	0.96%
International fixed interest	1.06%
Australasian equities	90.07%
International equities	7.91%

### Target investment mix<sup>4</sup>

Cash and cash equivalents	1%
New Zealand fixed interest	0%
International fixed interest	1%
Australasian equities	90%
International equities	8%
Listed property	0%
Unlisted property	0%
Commodities	0%
Other	0%

## What does the fund invest in? (continued)

### Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit Rating
1	Fletcher Building	13.78%	Australasian equities	New Zealand	
2	Metlifecare	9.80%	Australasian equities	New Zealand	
3	Meridian Energy	9.76%	Australasian equities	New Zealand	
4	Chorus	8.86%	Australasian equities	New Zealand	
5	Rio Tinto PLC ADR	8.29%	International equities	United States of America	
6	Trade Me	6.67%	Australasian equities	New Zealand	
7	Woodside Petroleum	6.45%	Australasian equities	Australia	
8	Z Energy	4.91%	Australasian equities	New Zealand	
9	Nufarm	4.79%	Australasian equities	Australia	
10	Tower	4.10%	Australasian equities	New Zealand	

The top 10 investments make up 77.41% of the fund.<sup>5</sup>

NZ Funds actively manages the foreign currency exposure of the fund. Where the fund holds assets denominated in a foreign currency, NZ Funds has the choice of whether to hedge back to the NZ dollar or retain a foreign currency exposure. The fund may also take active foreign currency positions by holding non-NZD cash and/or foreign currency derivatives. As at 30 June 2018, the fund's foreign currency exposure was 11.29%.

## Key personnel

This shows the directors and employees who have the most impact on the investment decisions of the fund.

Name	Current position	Time in current position	Previous or other position	Time in previous or other position
Richard James	Chief Executive, Chair of the Investment Committee and a Director	9 years 4 months	Chief Operating Officer, New Zealand Funds Management Limited	6 years 1 month
Michael Lang	Chief Investment Officer and a Director	9 years 10 months	Partner, Eclectica Asset Management	1 years 8 months
David Wilson	Investment Strategist and a Principal	21 years 6 months	Chief Economist, JB Were	3 years 5 months
Mark Brooks	Head of Income and a Principal	10 years 7 months	Senior Portfolio Manager, Credaris	3 years 4 months
Josh Wilson	Portfolio Manager	7 years 1 month	Equity Analyst, Collins Stewart	4 years

## Further information

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You can also obtain this information, the PDS for the NZ Funds Managed Portfolio Service, and some additional information from the offer register at [www.companiesoffice.govt.nz/disclose/](http://www.companiesoffice.govt.nz/disclose/).

## Notes

1. The bar graph shows fund returns after the deduction of fees and tax; however, the market index returns are shown before any fees or tax are deducted.
2. In the year to 31 March 2018, a performance fee rebate was applied (that is, where all or a proportion of the NZ Funds performance fee incurred by the fund in the previous scheme year is refunded to the fund). See the PDS for more information about the basis on which the performance fee and rebate are calculated.
3. NZ Funds uses derivatives as part of its active management approach. The use of derivatives can result in the total economic exposure of the fund exceeding 100% which means the fund is leveraged. Where economic exposure exceeds 100%, the actual investment mix and the target investment mix table have been scaled to 100%. Without scaling, the total economic exposure of the fund, as shown in the actual investment mix and the target investment mix, would be 104.75% and 104.00% respectively. For more information on economic exposure, see the PDS.
4. The fund is able to invest in a wide range of assets and does not have a target investment mix. For the purposes of this update, the target investment mix has been compiled using the actual investment mix. NZ Funds is an active investment manager and as a result the actual investment mix and target investment mix will change in the future and changes may be material.
5. The top 10 investments have been compiled using a balance sheet approach. This differs from the approach used in compiling the actual and target investment mixes, which include the impact of derivatives.

**Manager**

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