

What fees are investors charged?

Investors in the Core Inflation Portfolio are charged fund charges. In the year to 31 March 2020 these were:

	% of net asset value
Total fund charges	3.51%
Which are made up of:	
Total management and administration charges	2.84%
Including:	
Manager's basic fee	2.76%
Other management and administration charges*	0.08%
Total performance-based fees	0.67%

*Note: 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 2020. For the 12 months to 31 December 2020, NZ Funds' performance fee was 1.08% and total fund charges for that period totalled 4.14%.

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, if an investor has a financial adviser and has agreed to pay a fee to the adviser for providing financial advice). NZ Funds does not currently charge any establishment, contribution, termination, withdrawal or switch fees. See the PDS for the NZ Funds Advised Portfolio Service for more information about fees.

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

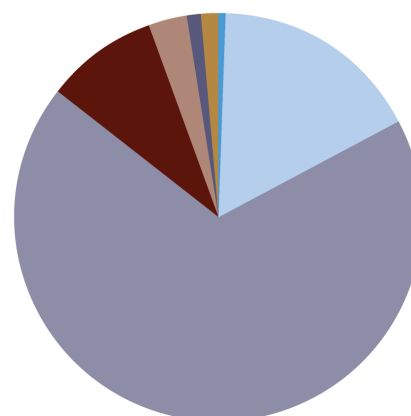
Example of how this applies to an investor

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 \$988 (that's 9.88% of his initial \$10,000). Liam did not pay any other charges. This gives Liam a total return after tax of \$988 for the year.

What does the fund invest in?

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

Actual investment mix



Cash and cash equivalents	0.62%
New Zealand fixed interest	0.01%
International fixed interest	16.87%
Australasian equities	68.09%
International equities	8.97%
Listed property	3.15%
Commodities	0.98%
Other*	1.31%

Target investment mix²

Cash and cash equivalents	5%
New Zealand fixed interest	12%
International fixed interest	13%
Australasian equities	64%
International equities	0%
Listed property	6%
Unlisted property	0%
Commodities	0%
Other	0%

*'Other' includes cryptocurrencies (which comprises actual cryptocurrencies and cryptocurrency futures) and alternative securities (investment in total return and/or downside-orientated hedge funds)

What does the fund invest in? (continued)

Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit Rating
1	Westpac current account	6.31%	Cash and cash equivalents	New Zealand	A-1+
2	Fisher & Paykel Healthcare	6.14%	Australasian equities	New Zealand	
3	Infratil	5.53%	Australasian equities	New Zealand	
4	Summerset Group Holdings Ltd	5.13%	Australasian equities	New Zealand	
5	Goldman Sachs NZD margin account	4.84%	Cash and cash equivalents	United Kingdom	A-1
6	Meridian Energy	4.61%	Australasian equities	New Zealand	
7	Contact Energy	4.37%	Australasian equities	New Zealand	
8	Chorus	4.27%	Australasian equities	New Zealand	
9	Ryman Healthcare	3.65%	Australasian equities	New Zealand	
10	Mainfreight	3.61%	Australasian equities	New Zealand	

The top 10 investments make up 48.46% of the fund.³

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 31 December 2020, the fund's foreign currency exposure was 6.16%.

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
Michael Lang	Chief Executive and a Director	2 years 3 months	Chief Investment Officer, New Zealand Funds Management Limited	10 years 1 month
James Grigor	Chief Investment Officer and a Principal	2 years 1 month	Senior Portfolio Manager, New Zealand Funds Management Limited	1 year 7 months
Mark Brooks*	Head of Income and a Principal	13 years 1 month	Senior Portfolio Manager, Credaris	3 years 4 months
Andrew Curtayne	Senior Portfolio Manager	0 years 8 months	Senior Analyst, Melqart Asset Management	3 years 8 months
David Haslam	Senior Dealer	4 years	Equities Trader, UBS NZ	0 years 11 months

* Key personnel not named in previous fund update for the fund.

Further information

You can also obtain this information, the PDS for the NZ Funds Advised Portfolio Service, and some additional information from the offer register at 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. Targets indicate what are expected to apply over the course of an economic cycle and should be considered as general guidance only. NZ Funds is an active manager and may use investment strategies that differ materially from the targets.
3. 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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