

NZFUNDS

NZ Funds

WealthBuilder

Trust Investment Series

Advised Portfolio Service



Annual Report for the year ended 31 March 2020

30 JULY 2020

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ANNUAL REPORT

Prepared as at 30 July 2020 for the year ended 31 March 2020

DETAILS OF THE SCHEMES

This Annual Report relates to the funds established within the NZ Funds Managed Portfolio Service Part One scheme and the NZ Funds Managed Portfolio Service Part Two scheme (each a 'Scheme' and together the 'Schemes') and offered under the NZ Funds Advised Portfolio Service (formerly the NZ Funds Managed Portfolio Service), NZ Funds WealthBuilder, and the NZ Funds Trust Investment Series.

The funds established within each Scheme and the name of the registered offer under which those funds are currently offered, or were previously offered during the year, is set out below:

SCHEME	OFFER	FUND
NZ Funds Managed Portfolio Service Part One	NZ Funds Advised Portfolio Service (formerly NZ Funds Managed Portfolio Service)	Core Inflation Portfolio
		Equity Inflation Portfolio
NZ Funds Managed Portfolio Service Part Two	NZ Funds Advised Portfolio Service (formerly NZ Funds Managed Portfolio Service)	Core Cash Portfolio
		Core Income Portfolio
		Global Income Portfolio
		Property Inflation Portfolio
		Core Growth Portfolio
		Global Multi-Asset Growth Portfolio ¹
		Global Equity Growth Portfolio
		Dividend and Growth Portfolio
NZ Funds Managed Portfolio Service Part Two	NZ Funds WealthBuilder ²	NZ Funds WealthBuilder – Income Strategy
		NZ Funds WealthBuilder – Inflation Strategy
		NZ Funds WealthBuilder – Growth Strategy
NZ Funds Managed Portfolio Service Part Two	NZ Funds Trust Investment Series ³	NZ Funds Dynamic Local and International Balanced Portfolio
		NZ Funds Dynamic Local and International Growth Portfolio
		NZ Funds Dynamic Local and International High Growth Portfolio

1. The Global Multi-Asset Growth Portfolio was wound up on 17 October 2019.
2. The funds offered under NZ Funds WealthBuilder commenced operation on 27 February 2020 and therefore the first accounting period and financial statements for these funds will be for the period 27 February 2020 to 31 March 2021.
3. The funds offered under the NZ Funds Trust Investment Series commenced operation on 1 April 2019 and ceased operation on 27 February 2020. The funds were terminated on 2 April 2020.

DETAILS OF THE SCHEMES

TYPE

Managed Funds

MANAGER

New Zealand Funds Management Limited (NZ Funds)

SUPERVISOR

The New Zealand Guardian Trust Company Limited

PRODUCT DISCLOSURE STATEMENTS

The latest NZ Funds Advised Portfolio Service Product Disclosure Statement (PDS) dated 1 November 2019 is open for applications.

The latest NZ Funds WealthBuilder PDS dated 9 June 2020 is open for applications.

As the funds offered under the NZ Funds Trust Investment Series have been wound-up, the status of the latest NZ Funds Trust Investment Series PDS dated 9 April 2019 is 'finalised' (that is, NZ Funds is not accepting applications and all financial products issued under the PDS have been redeemed).²

QUARTERLY FUND UPDATES

The latest fund updates for each of the funds offered under the NZ Funds Advised Portfolio Service and NZ Funds WealthBuilder for the quarter ended 30 June 2020 were made publicly available on 28 July 2020.

The last fund updates for each of the funds previously offered under the NZ Funds Trust Investment Series were for the quarter ended 31 December 2019 and were made publicly available on 13 February 2020.

FINANCIAL STATEMENTS & AUDITOR'S REPORT

The latest financial statements for the funds offered under the NZ Funds Advised Portfolio Service for the accounting period 1 April 2019 to 31 March 2020 and auditor's report were lodged with the Registrar on 29 July 2020.¹

Final financial statements for the funds previously offered under the NZ Funds Trust Investment Series for the accounting period 1 April 2020 to 31 March 2020 were lodged with the Registrar on 29 July 2020.²

1. The funds offered under NZ Funds WealthBuilder commenced operation on 27 February 2020 and therefore the first accounting period and financial statements for these funds will be for the period 27 February 2020 to 31 March 2021.
2. The funds offered under the NZ Funds Trust Investment Series commenced operation on 1 April 2019 and ceased operation on 27 February 2020. The funds were terminated on 2 April 2020.

INFORMATION ON CONTRIBUTIONS & SCHEME PARTICIPANTS

UNITS ON ISSUE

The table below shows the number of units on issue for each fund at the start and end of the year.¹

NZ FUNDS ADVISED PORTFOLIO SERVICE	UNITS ON ISSUE AT 1 APRIL 2019	UNITS ON ISSUE AT 31 MARCH 2020
Core Cash Portfolio	32,921,726	28,107,517
Core Income Portfolio	79,337,524	80,760,295
Global Income Portfolio	78,028,827	80,024,753
Core Inflation Portfolio	70,481,343	66,020,296
Property Inflation Portfolio	51,324,998	49,286,973
Equity Inflation Portfolio	89,797,834	89,010,301
Core Growth Portfolio	58,669,187	74,152,035
Global Multi-Asset Growth Portfolio ²	47,134,310	n/a
Global Equity Growth Portfolio	43,606,643	57,418,329
Dividend and Growth Portfolio	57,615,383	62,517,238
NZ FUNDS TRUST INVESTMENT SERIES ³	UNITS ON ISSUE AT 1 APRIL 2019	UNITS ON ISSUE AT 31 MARCH 2020
NZ Funds Dynamic Local and International Balanced Portfolio	n/a	n/a
NZ Funds Dynamic Local and International Growth Portfolio	n/a	n/a
NZ Funds Dynamic Local and International High Growth Portfolio	n/a	n/a

1. The funds offered under NZ Funds WealthBuilder commenced operation on 27 February 2020 and therefore the first accounting period and financial statements for these funds will be for the period 27 February 2020 to 31 March 2021.

2. The Global Multi-Asset Growth Portfolio was wound up on 17 October 2019.

3. The funds offered under the NZ Funds Trust Investment Series commenced operation on 1 April 2019 (units were first issued on 9 April 2020) and ceased operation on 27 February 2020. The funds were terminated on 2 April 2020.

CHANGES RELATING TO THE SCHEMES

This section provides information on the material changes which occurred to the Schemes during the year ended 31 March 2020.

GOVERNING DOCUMENT

There were no material changes to the Schemes' trust deeds during the year ended 31 March 2020.

On 8 October 2019, a supplemental deed under the NZ Funds Managed Portfolio Service Part Two scheme trust deed was entered into by the Supervisor and the Manager establishing the NZ Funds WealthBuilder – Income Strategy, NZ Funds WealthBuilder – Inflation Strategy, and NZ Funds WealthBuilder – Growth Strategy.

On 2 April 2020, a termination deed under the NZ Funds Managed Portfolio Service Part Two scheme trust deed was entered into by the Supervisor and the Manager terminating the NZ Funds Dynamic Local and International Balanced Portfolio, NZ Funds Dynamic Local and International Growth Portfolio, and NZ Funds Dynamic Local and International High Growth Portfolio.

TERMS OF THE OFFER OF INTERESTS IN THE SCHEMES

On 1 April 2019, changes to the fees payable by the funds offered under the NZ Funds Advised Portfolio Service were implemented, including the introduction of a new base fee to replace existing management and administration fees charged by NZ Funds, and the introduction of performance based-fees in certain related underlying funds.

On 1 April 2019, the NZ Funds Trust Investment Series offer was registered and was open for applications from 9 April 2019.

On 6 September 2019, the Global Multi-Asset Growth Portfolio was closed to new investors and was subsequently wound up and disestablished on 17 October 2019.

On 11 November 2019, the name of the NZ Funds Managed Portfolio Service offer was changed to the NZ Funds Advised Portfolio Service and the total annual fund charges for the funds offered under the NZ Funds Advised Portfolio Service were reviewed and updated.

On 11 November 2019, the NZ Funds WealthBuilder offer was registered and was open for applications from 25 November 2019.

On 27 February 2020, the NZ Funds Trust Investment Series offer was closed for applications and the funds under that offer were disestablished on 2 April 2020.

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES (SIPO)

On 1 April 2019, the SIPO was updated to include the funds offered under the NZ Funds Trust Investment Series.

On 11 November 2019, the SIPO was updated to:

- include the funds offered under NZ Funds WealthBuilder;
- include target asset allocations for the funds offered under the NZ Funds Advised Portfolio Service;
- add 'Commodities' as a permitted asset class for the Property Inflation Portfolio (with effect from 1 January 2020); and
- reflect additional exclusions under NZ Funds' Responsible Investment Policy.

RELATED PARTY TRANSACTIONS

The nature of the related party transactions for the Schemes changed during the year due to the introduction of performance-based fees in certain related underlying funds which are considered related party transactions. For more information on performance-based fees, see the Product Disclosure Statements.

All related party transactions during the year ended 31 March 2020 were conducted on arm's-length terms.

OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS

UNIT PRICES

The unit prices for the funds at the start and the end of the accounting period were:¹

NZ FUNDS ADVISED PORTFOLIO SERVICE	(\$) UNIT PRICE AT 1 APRIL 2019	(\$) UNIT PRICE AT 31 MARCH 2020
Core Cash Portfolio	1.37	1.39
Core Income Portfolio	1.56	1.54
Global Income Portfolio	1.47	1.42
Core Inflation Portfolio	1.44	1.36
Property Inflation Portfolio	1.68	1.54
Equity Inflation Portfolio	0.92	0.88
Core Growth Portfolio	1.44	1.27
Global Multi-Asset Growth Portfolio ²	0.58	n/a
Global Equity Growth Portfolio	1.63	1.49
Dividend and Growth Portfolio	1.96	1.85
NZ FUNDS TRUST INVESTMENT SERIES³		
NZ Funds Dynamic Local and International Balanced Portfolio	n/a	n/a
NZ Funds Dynamic Local and International Growth Portfolio	n/a	n/a
NZ Funds Dynamic Local and International High Growth Portfolio	n/a	n/a

1. The funds offered under NZ Funds WealthBuilder commenced operation on 27 February 2020. Accordingly, the first accounting period and financial statements for these funds will be for the period 27 February 2020 to 31 March 2021.
2. The Global Multi-Asset Growth Portfolio was wound up on 17 October 2019.
3. The funds offered under the NZ Funds Trust Investment Series commenced operation on 1 April 2019 (units were first issued on 9 April 2020) and ceased operation on 27 February 2020. The funds were terminated on 2 April 2020.

CHANGES TO PERSONS INVOLVED IN THE SCHEMES

There were no changes to the Manager, the Supervisor, or the auditor of the Schemes during the year ended 31 March 2020.

The following changes occurred to the key personnel of the Manager during the year:

- On 28 June 2019, David van Schaardenburg ceased to be Head of NZ Funds Private Wealth and was removed as key personnel under the Manager's MIS manager licence.
- On 13 November 2019, Stephan Clark (formerly NZ Funds' Head of Risk) was appointed as Chief Client Officer of the Manager.
- On 18 November 2019, Geoff Motion was appointed Chief Operating Officer – Clients and added as key personnel under the Manager's MIS manager licence.
- On 3 February 2020, Rebecca Cottrell was appointed Chief Advisory Officer of the Manager and added as key personnel under the Manager's MIS manager licence. Rebecca was subsequently appointed as Chief Operating Officer of the Manager on 17 April 2020, replacing Phil Doak who ceased as Chief Operating Officer on 7 February 2020.

There were no changes to the directors of the Manager or the Supervisor during the year.

HOW TO FIND FURTHER INFORMATION

Each Scheme's trust deed, the SIPO and financial statements are available on the scheme register on the Disclose website at disclose-register.companiesoffice.govt.nz.

PDSs, quarterly fund updates, and other material information for the Schemes is available on the offer register on the Disclose website at disclose-register.companiesoffice.govt.nz.

Information relating to the Schemes and the funds (such as the current PDSs, quarterly fund updates, annual report and SIPO) is also available on our website at www.nzfunds.co.nz.

You may request a copy of the above information from us, free of charge, at the contact details opposite.

CONTACT DETAILS & COMPLAINTS

Manager

Attention: Head of Client Services
New Zealand Funds Management Limited
Level 16
21 Queen Street
Private Bag 92163
Auckland 1142

T. 09 377 2277 or 0508 733 337

E. info@nzfunds.co.nz

Supervisor

Attention: NZ Funds Relationship Manager
The New Zealand Guardian Trust Company Limited
Level 14
191 Queen Street
PO Box 274
Auckland 1140

T. 09 909 5100

E. ct-auckland@nzgt.co.nz

COMPLAINTS

In the first instance, please contact the Manager using the contact details above. Complaints about an investment can also be made direct to the Supervisor or to Financial Services Complaints Limited (FSCL), the Manager's and the Supervisor's approved dispute resolution scheme.

Dispute Resolution Scheme

Attention: Early Assistance Officer
Financial Services Complaints Limited
PO Box 5967
Wellington 6145

T. 04 472 3725 or 0800 347 257

E. complaints@fscl.org.nz

W. www.fscl.org.nz

FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

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