



## What fees are investors charged?

Investors in the Property Inflation Portfolio are charged fund charges. In the year to 31 March 2016 these were:

	% of net asset value
<b>Total fund charges</b>	2.84%
Which are made up of:	
<b>Total management and administration charges</b>	2.84%
Including:	
Manager's basic fee	1.75%
Other management and administration charges	1.09%
<b>Total performance-based fees</b>	0.00%

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.

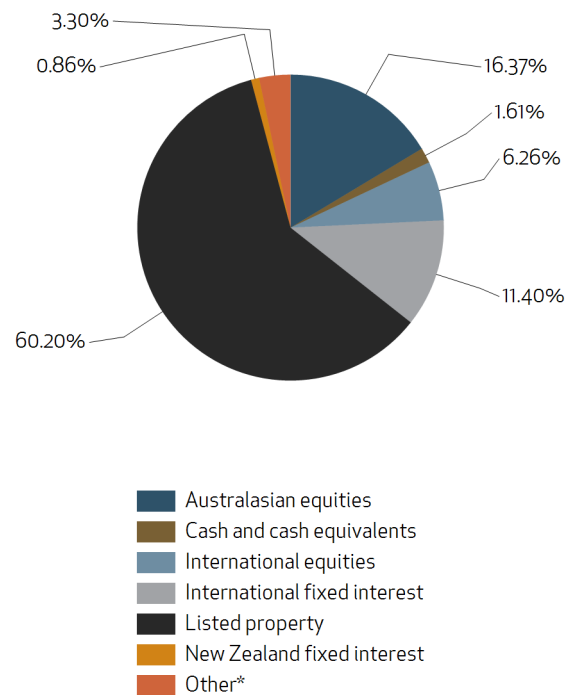
## Example of how this applies to an investor

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 incurred a loss after fund charges were deducted of -\$189 (that's -1.89% of his initial \$10,000). Liam did not pay any other charges. This gives Liam a total loss after tax of -\$189 for the year.

## What does the fund invest in?

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

### Actual investment mix<sup>2</sup>



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

Cash and cash equivalents	1%
New Zealand fixed interest	1%
International fixed interest	12%
Australasian equities	16%
International equities	6%
Listed property	61%
Other*	3%

\*'Other' includes foreign currency and alternative security funds.

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

### Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit Rating
1	Chorus	10.29%	Australasian equities	New Zealand	
2	Stride Property Group	9.99%	Listed property	New Zealand	
3	Westpac 32 day term deposit	7.94%	Cash and cash equivalents	New Zealand	A-1+
4	Investore Property	7.05%	Listed property	New Zealand	
5	Reading International	6.42%	International equities	United States of America	
6	American Homes 4 Rent	4.88%	Listed property	United States of America	
7	Metlifecare	4.44%	Australasian equities	New Zealand	
8	Sun Hung Kai Properties	3.80%	Listed property	Hong Kong	
9	Cheung Kong Property Holdings	3.64%	Listed property	Cayman Islands	
10	Vital Healthcare Property Trust	2.71%	Listed property	New Zealand	

The top 10 investments make up 61.16% of the fund.<sup>4</sup>

NZ Funds actively manages currency exposure and the fund may be fully hedged or unhedged.

## 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	7 years 10 months	Chief Operating Officer, New Zealand Funds Management Limited	6 years 1 month
Michael Lang	Chief Investment Officer and a Director	8 years 4 months	Partner, Eclectica Asset Management	1 years 8 months
David Wilson	Investment Strategist and a Principal	20 years	Chief Economist, JB Were	3 years 5 months
Mark Brooks	Head of Income and a Principal	9 years 1 month	Senior Portfolio Manager, Credaris	3 years 4 months
Josh Wilson	Portfolio Manager	5 years 7 months	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. NZ Funds uses derivatives as part of its active investment 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 pie graph 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 102.46% and 101.00% respectively. For more information on economic exposure, see the NZ Funds Managed Portfolio Service 'Other Material Information' document on the offer register at [www.companiesoffice.govt.nz/disclose/](http://www.companiesoffice.govt.nz/disclose/).
3. 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.
4. 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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