

NZ Funds Managed Superannuation Service Growth Strategy - British Pounds

This fund update was first made publicly available on 17 November 2020

What is the purpose of this update?

This is a replacement fund update, replacing the previous fund update for the quarter ending 30 June 2020, first made publicly available on 28 July 2020. We identified that in that fund update, the calculation of the 'Total management and administration charges (estimated)' in the 'What fees are investors charged?' section of the fund update contained an arithmetic error. This has now been corrected.

This document tells you how the Growth Strategy - British Pounds has performed and what fees were charged. The document will help you to compare the fund with other funds. New Zealand Funds Management Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The objective of the Growth Strategy - British Pounds is to grow your investment over the long term and to provide exposure to the British Pound. The fund is anticipated to hold mainly Australasian and international shares, and/or hedge funds. The fund is exposed to the British Pound.

Total value of the fund	£3,019,030
Number of investors in the fund	25
The date the fund started ¹	3 December 2019

What are the risks of investing?

Risk indicator for the Growth Strategy - British Pounds¹:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.nzfunds.co.nz/AdviceSolutions/RiskProfile/

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

The risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 30 June 2020¹. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	not applicable
Annual return (after deductions for charges but before tax)	not applicable
Market index annual return (reflects no deduction for charges and tax)	4.39%

The market index annual return is based on a composite index calculated using the market indices and weightings set out in the Statement of Investment Policy and Objectives (SIPO). Additional information about the market index is available on the offer register at www.companiesoffice.govt.nz/disclose/.

What fees are investors charged?

Investors in the Growth Strategy - British Pounds are charged fund charges. Based on the PDS dated 9 June 2020, these are estimated to be:

	% of net asset value
Total fund charges (estimated)²	1.65%
Which are made up of:	
Total management and administration charges (estimated)	1.63%
Including:	
Manager's basic fee	1.15%
Other management and administration charges	0.48%
Total performance-based fees	0.02%

See the PDS for more information about the basis on which performance 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 Managed Superannuation Service for more information about fees.

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

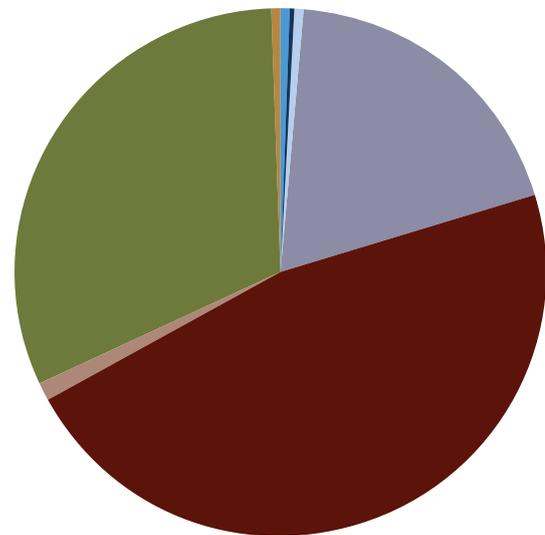
Example of how this applies to an investor

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 \$439 (that's 4.39%³ of his initial \$10,000). Liam did not pay any other charges. This gives Liam a total return after tax of \$439 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	0.56%
New Zealand fixed interest	0.29%
International fixed interest	0.64%
Australasian equities	18.93%
International equities	46.77%
Listed property	1.12%
Commodities	31.20%
Other*	4.49%

Target investment mix^{4,5}

Cash and cash equivalents	0%
New Zealand fixed interest	0%
International fixed interest	0%
Australasian equities	26%
International equities	65%
Listed property	5%
Unlisted property	0%
Commodities	0%
Other*	4%

* 'Other' comprises alternative securities (investment in total return and/or downside-orientated hedge funds).

What does the fund invest in?

Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit rating
1	Goldman Sachs NZD margin account	14.47%	Cash and cash equivalents	United Kingdom	A-1
2	Suvretta Offshore Fund	9.67%	International equities	Cayman Islands	
3	Westpac current account	9.12%	Cash and cash equivalents	New Zealand	A-1+
4	Uber Technologies Inc	5.11%	International equities	United States of America	
5	Citibank Hong Kong USD current account	4.27%	Cash and cash equivalents	United States of America	A-1
6	Emerson Point Capital Partners LP	4.21%	International equities	United States of America	
7	Chorus	2.57%	Australasian equities	New Zealand	
8	Meridian Energy	2.55%	Australasian equities	New Zealand	
9	Goldmans Sachs OTC collateral NZD margin account	2.47%	Cash and cash equivalents	United Kingdom	A-1
10	Spark New Zealand	2.46%	Australasian equities	New Zealand	

The top 10 investments make up 56.90% of the fund⁶.

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. The fund targets 100% exposure to the British Pound. As at 30 June 2020, the fund's foreign currency exposure was 138.91%.

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	1 year 9 months	Chief Investment Officer, New Zealand Funds Management Limited	10 years 1 month
James Grigor	Chief Investment Officer and a Principal	1 year 7 months	Senior Portfolio Manager, New Zealand Funds Management Limited	1 year 7 months
David Wilson	Chief Operating Officer - Investments and a Principal	1 year 7 months	Investment Strategist, New Zealand Funds Management Limited	21 years 11 months
Mark Brooks	Head of Income and a Principal	12 years 7 months	Senior Portfolio Manager, Credaris	3 years 4 months
David Haslam	Senior Dealer	3 years 6 months	Equities Trader, UBS NZ	0 years 11 months

Further information

You can also obtain this information, the PDS for NZ Funds Managed Superannuation Service, and some additional information from the offer register at www.companiesoffice.govt.nz/disclose/.

Notes

- 1 As the fund started on 3 December 2019, actual returns for the last five years are not available. To calculate the risk indicator, a combination of actual returns and market index returns have been used. Market index returns were used for the period prior to 3 December 2019. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.
- 2 As the fund started on 3 December 2019, historical fee information for the most recent scheme year is not available. The total fund charges shown are based on the fee information in the PDS dated 11 November 2019. It includes our best estimate of the fees and costs that will be charged to the fund including fees and costs payable in respect of the underlying funds in which the fund invests (including performance fees). For more information on the basis of estimates, see the PDS and the NZ Funds Managed Superannuation Service 'Other Material Information' document on the offer register at www.companiesoffice.govt.nz/disclose/.
- 3 As the fund started on 3 December 2019, this calculation is based on the market index return for the past year.
- 4 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 has been scaled to 100%. Without scaling, the total economic exposure of the fund as shown in the actual investment mix pie graph would be 179.24%. For more information on economic exposure, see the 'Other Material Information' document on the offer register at www.companiesoffice.govt.nz/disclose/.
- 5 Targets indicate what is expected to apply over the course of an economic cycle and should be considered as general only. NZ Funds is an active investment manager and may at times use investment strategies that differ materially from the above targets.
- 6 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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