

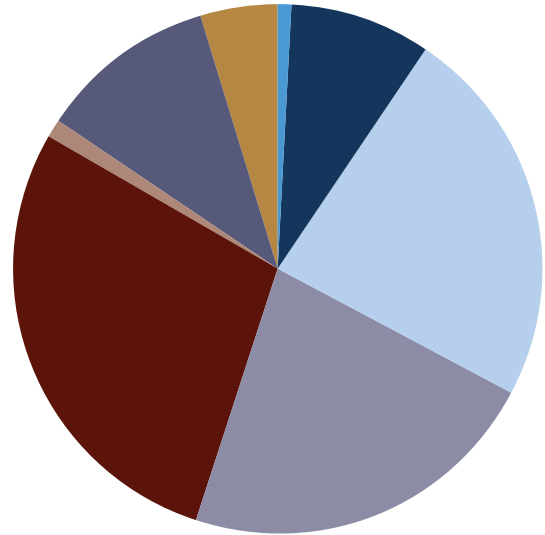
Example of how this applies to an investor

Liam had \$10,000 in the investment option 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 \$682 (that's 6.82%⁴ of his initial \$10,000). Liam also paid \$36 in other charges. This gives Liam a total return after tax of \$646 for the year.

What does the investment option invest in?

This shows the types of assets that the investment option invests in.

Actual investment mix



Cash and cash equivalents	1.05%
New Zealand fixed interest	8.60%
International fixed interest	23.26%
Australasian equities	22.36%
International equities	28.31%
Listed property	1.04%
Commodities	10.92%
Other*	4.46%

Target investment mix⁵

Cash and cash equivalents	6%
New Zealand fixed interest	20%
International fixed interest	21%
Australasian equities	18%
International equities	33%
Listed property	2%
Unlisted property	0%
Commodities	0%
Other*	0%

* 'Other' includes cryptocurrencies (which comprises actual cryptocurrencies and cryptocurrencies futures) and 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	Westpac current account	13.72%	Cash and cash equivalents	New Zealand	A-1+
2	Goldman Sachs NZD margin account	8.02%	Cash and cash equivalents	United Kingdom	A-1
3	Suvretta Offshore Fund	3.65%	International equities	Cayman Islands	
4	Citibank New Zealand NZD current account	3.50%	Cash and cash equivalents	United States of America	A-1
5	National Australia Bank Income Securities perpetual	3.29%	International fixed interest	Australia	BBB
6	Citibank Hong Kong USD current account	2.86%	Cash and cash equivalents	United States of America	A-1
7	Goldman Sachs USD margin account	2.43%	Cash and cash equivalents	United Kingdom	A-1
8	Galaxy Institutional Bitcoin Fund	2.18%	Other	Cayman Islands	
9	Emerson Point Capital Partners LP	1.71%	International equities	United States of America	
10	Fisher & Paykel Healthcare	1.64%	Australasian equities	New Zealand	

The top 10 investments make up 43.00% of the fund.⁷

NZ Funds actively manages the foreign currency exposure of the investment option. Where the investment option 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 investment option may also take active foreign currency positions by holding non-NZD cash and/or foreign currency derivatives. As at 31 December 2020, the investment option's foreign currency exposure was 18.45%.

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 NZ Funds Wealth Builder, and some additional information from the offer register at www.companiesoffice.govt.nz/disclose/.

Notes

- 1 To calculate the risk indicator, a combination of actual returns and market index returns have been used as the investment option does not have a full five year return history. Market index returns were used for the period prior to 27 February 2020. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the investment option.
- 2 Historical fee information for the most recent scheme year is not available. The total fund charges shown are based on our best estimate of the fees and costs that will be charged including fees and costs payable in respect of the underlying funds in which the investment option invests (including performance fees). For more information on the basis of estimates, see the PDS and the NZ Funds Wealth Builder 'Other Material Information' document on the offer register at www.companiesoffice.govt.nz/disclose.
- 3 For investors aged 18 or over, NZ Funds charges an administration fee of \$3 per month.
- 4 This calculation is based on the market index return for the past year as there is no past year actual return for the investment option, after deduction of estimated fees and tax of 28%.
- 5 The target investment mix is anticipated only and the Strategy's actual asset allocation is expected to vary significantly over the course of an economic cycle.
- 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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