

What fees are investors charged?

Investors in the Global Income Portfolio are charged fund charges. In the year to 31 March 2018 these were:

	% of net asset value
Total fund charges	1.52%
Which are made up of:	
Total management and administration charges	1.52%
Including:	
Manager's basic fee	0.80%
Other management and administration charges	0.72%
Total performance-based fees	n/a

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.

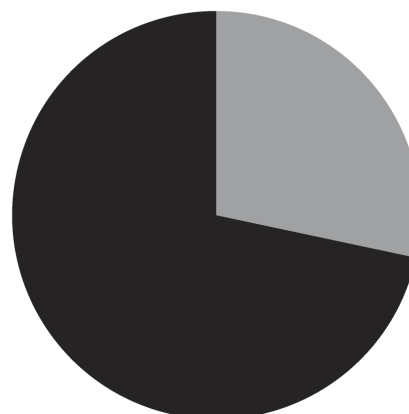
Example of how this applies to an investor

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 -\$31 (that's -0.31% of his initial \$10,000). Liam did not pay any other charges. This gives Liam a total loss after tax of -\$31 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	28.43%
International fixed interest	71.57%

Target investment mix²

Cash and cash equivalents	28%
New Zealand fixed interest	0%
International fixed interest	72%
Australasian equities	0%
International equities	0%
Listed property	0%
Unlisted property	0%
Commodities	0%
Other	0%

What does the fund invest in? (continued)

Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit Rating
1	Westpac 32 day term deposit	14.39%	Cash and cash equivalents	New Zealand	A-1+
2	Citibank Hong Kong USD current account	11.84%	Cash and cash equivalents	United States of America	A-1
3	HCA 4.75% 05/01/23	11.14%	International fixed interest	United States of America	BBB-
4	Icahn Enter/Fin IEP 5.875% 02/01/22	10.24%	International fixed interest	United States of America	BB+
5	NRG Energy 6.625% 15/01/2027	7.60%	International fixed interest	United States of America	BB
6	Devon Energy 5.85% 15/12/2025	7.45%	International fixed interest	United States of America	BBB
7	Constellation Brands 4.75% 01/12/2025	6.89%	International fixed interest	United States of America	BBB
8	Southern Copper 7.50% 27/07/2035	6.69%	International fixed interest	United States of America	BBB
9	Bausch Health 5.5% 01/11/2025	5.24%	International fixed interest	Canada	BB-
10	Bausch Health 4.5% 15/05/2023	5.16%	International fixed interest	Canada	B-

The top 10 investments make up 86.64% 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 30 September 2018, the fund's foreign currency exposure was 0.46%.

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	9 years 7 months	Chief Operating Officer, New Zealand Funds Management Limited	6 years 1 month
Michael Lang	Chief Investment Officer and a Director	10 years 1 month	Partner, Eclectica Asset Management	1 years 8 months
David Wilson	Investment Strategist and a Principal	21 years 9 months	Chief Economist, JB Were	3 years 5 months
James Grigor	Senior Portfolio Manager and a Principal	1 years 5 months	Head of Portfolio Strategy Group, Macquarie Private Wealth (now Hobson Wealth Partners)	2 years 4 months
Mark Brooks	Head of Income and a Principal	10 years 10 months	Senior Portfolio Manager, Credaris	3 years 4 months

Further information

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/.

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. 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.
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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