

What fees are investors charged?

Investors in the Property Inflation Portfolio are charged fund charges. In the year to 31 March 2019 these were:

	% of net asset value
Total fund charges	2.77%
Which are made up of:	
Total management and administration charges	2.77%
Including:	
Manager's basic fee	1.75%
Other management and administration charges	1.02%
Total performance-based fees	n/a [†]

[†]From 1 April 2019, a performance-based fee may be charged in certain related underlying funds. For more information, see the PDS.

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 Advised 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.

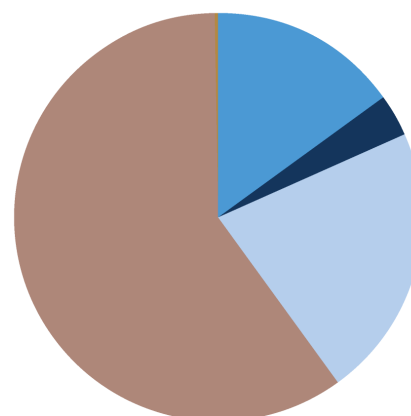
Example of how this applies to an investor

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 received a return after fund charges were deducted of \$1,658 (that's 16.58% of his initial \$10,000). Liam did not pay any other charges. This gives Liam a total return after tax of \$1,658 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	15.11%
New Zealand fixed interest	3.46%
International fixed interest	21.54%
Listed property	59.65%
Other*	0.24%

Target investment mix²

Cash and cash equivalents	5%
New Zealand fixed interest	12%
International fixed interest	13%
Australasian equities	0%
International equities	0%
Listed property	70%
Unlisted property	0%
Commodities	0%
Other	0%

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

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	7.81%	Cash and cash equivalents	New Zealand	A-1+
2	National Australia Bank Income Securities perpetual	5.33%	International fixed interest	Australia	BBB-
3	Goodman Property Trust	4.34%	Listed property	New Zealand	
4	MFA Financial	3.93%	International fixed interest	United States of America	
5	Precinct Properties New Zealand	3.79%	Listed property	New Zealand	
6	First Quantum Minerals 6.875% 01/03/2026	3.55%	International fixed interest	Canada	B
7	Precinct Properties New Zealand 4.8% 27/09/2021	3.46%	New Zealand fixed interest	New Zealand	Not rated
8	Kiwi Property Group Ltd	3.41%	Listed property	New Zealand	
9	Prologis	3.17%	Listed property	United States of America	
10	Uber Technologies 8% 01/11/2026	2.75%	International fixed interest	United States of America	B-

The top 10 investments make up 41.54% 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 31 December 2019, the fund's foreign currency exposure was 2.39%.

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

Further information

You can also obtain this information, the PDS for the NZ Funds Advised 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. Targets indicate what are expected to apply over the course of an economic cycle and should be considered as general guidance only. NZ Funds is an active manager and may use investment strategies that differ materially from the targets.
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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