

What fees are investors charged?

Investors in the Growth Strategy are charged fund charges. In the year to 31 March 2019 these were:

	% of net asset value
Total fund charges	1.58%
Which are made up of:	
Total management and administration charges	1.58%
Including:	
Manager's basic fee	1.50%
Other management and administration charges*	0.08% (estimate) ³
Total performance-based fees	n/a [†]

*Note: Included within 'Other management and administration charges' are performance-based fees charged by external managers of underlying funds that the fund invested into which totalled -0.02%.⁴ Performance-based fees are subject to market movements and manager performance and the amount of these fees for any given period may materially differ from those disclosed for the year to 31 March 2019.

[†]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 Managed Superannuation 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.

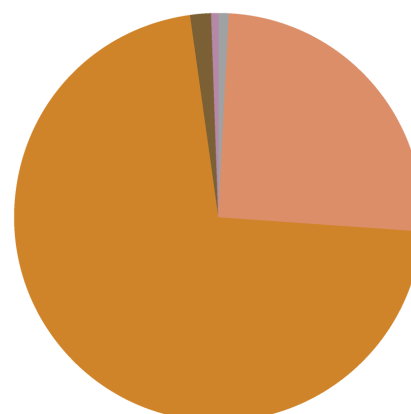
Example of how this applies to an investor

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 \$169 (that's 1.69% of his initial \$10,000). Liam did not pay any other charges. This gives Liam a total return after tax of \$169 for the year.

What does the fund invest in?

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

Actual investment mix⁵



Cash and cash equivalents	0.97%
Australasian equities	25.31%
International equities	71.69%
Listed property	1.65%
Other*	0.38%

Target investment mix⁶

Cash and cash equivalents	1%
New Zealand fixed interest	0%
International fixed interest	0%
Australasian equities	25%
International equities	72%
Listed property	2%
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	18.95%	Cash and cash equivalents	New Zealand	A-1+
2	Suvretta Offshore Fund	12.16%	International equities	Cayman Islands	
3	Westpac current account	7.41%	Cash and cash equivalents	New Zealand	A-1+
4	Goldman Sachs NZD margin account	4.77%	Cash and cash equivalents	United Kingdom	A-1
5	Glade Brook Private Investor LLC	4.07%	International equities	United States of America	
6	Emerson Point Capital Partners LP	3.83%	International equities	United States of America	
7	Meridian Energy	2.15%	Australasian equities	New Zealand	
8	Contact Energy	2.11%	Australasian equities	New Zealand	
9	Lyft	1.59%	International equities	United States of America	
10	a2Milk	1.46%	Australasian equities	New Zealand	

The top 10 investments make up 58.50% of the fund.⁷

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 June 2019, the fund's foreign currency exposure was 22.30%.

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	0 years 9 months	Chief Investment Officer, New Zealand Funds Management Limited	10 years 1 month
James Grigor	Chief Investment Officer and a Principal	0 years 7 months	Senior Portfolio Manager, New Zealand Funds Management Limited	1 years 7 months
David Wilson	Chief Operating Officer - Investments and a Principal	0 years 7 months	Investment Strategist, New Zealand Funds Management Limited	21 years 11 months
Mark Brooks	Head of Income and a Principal	11 years 7 months	Senior Portfolio Manager, Credaris	3 years 4 months
David Haslam	Senior Dealer	2 years 6 months	Equities Trader, UBS NZ	0 years 11 months

Further information

You can also obtain this information, the PDS for the 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 25 January 2017, actual returns for the last 5 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 25 January 2017. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.
2. 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.
3. Other management and administration charges comprise:
 - (a) operating costs directly incurred by the fund; and
 - (b) annual management fees, performance-based fees and operating costs incurred by underlying funds the fund invests into.

Estimates were used when deriving annual management fees, performance-based fees and operating costs incurred by the following underlying funds the fund invested into.

Fund	Information and assumptions used to make estimates
Suvretta Offshore Fund	The fee and operating cost amount obtained from the manager of the fund was for the year to 31 December 2018. Performance fee amounts are estimated using the same criteria used by the administrator of the fund.
Impala Resource Fund	Fee and operating cost amounts are estimated using fee targets provided by the manager of the fund for the year to 31 December 2018. Performance fee amounts are estimated using the same criteria used by the administrator of the fund.

4. In the 12 month period to 31 March 2019, there was a reversal of external manager performance fees that had been accrued in the previous year.
5. 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 103.01% and 103.00% respectively. For more information on economic exposure, see the PDS.
6. 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.
7. 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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