# Fund update

**For the quarter ended 30 June 2023**

NZFUNDS

# NZ Funds Active Series
# New Zealand Property & Retirement Villages

**This fund update was first made publicly available on 31 July 2023**

## What is the purpose of this update?

This document tells you how the New Zealand Property & Retirement Villages fund 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.

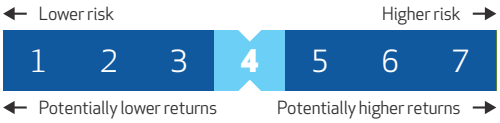
## Description of this fund

The objective of the New Zealand Property & Retirement Villages fund is to mitigate the impact of inflation on your investment over the medium and/or long term. The fund is anticipated to mainly own and trade New Zealand property and retirement village company shares.

| | |
|---|---|
| Total value of the fund | $48,494,502 |
| The date the fund started | 14 February 2023 |

## What are the risks of investing?

Risk indicator for the New Zealand Property & Retirement Villages fund[1]:




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 2023[1]. 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** (after deductions for charges but before tax) | 1.27% |

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 *disclose-register.companiesoffice.govt.nz*.

## What fees are investors charged?

Investors in the the New Zealand Property & Retirement Villages fund are charged fund charges. Based on the NZ Funds Active Inflation Series PDS dated 14 February 2023, these are estimated to be:

| | % of net asset value |
|---|---|
| **Total fund charges (estimated)**[2] | 2.95% |
| Which are made up of: | |
| **Total management and administration charges (estimated)** | 2.93% |
| Including: | |
| Manager's basic fee | 2.77% |
| Other management and administration charges | 0.16% |
| **Total performance-based fees (estimated)** | 0.02% |

See the PDS for NZ Funds Active Inflation Series for more information about the basis on which performance fees are charged.

Investors are not currently charged individual action fees (for example, withdrawing from or switching funds). See the PDS for more information about fees.

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

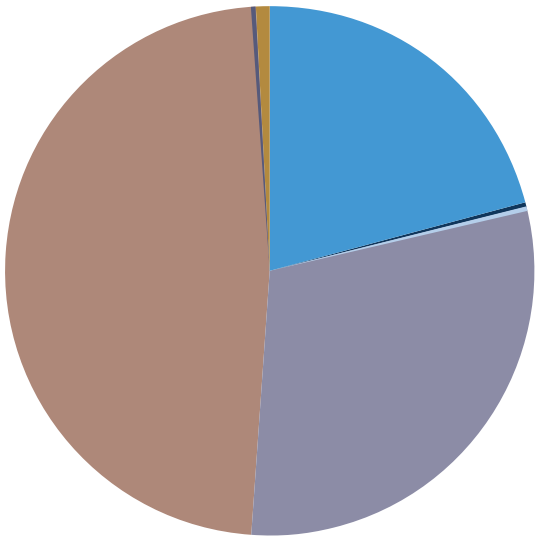
## Example of how this applies to an investor

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 $5 (that's 0.05%[3] of his initial $10,000). Liam did not pay any other charges. This gives Liam a total return after tax of $5 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 | 21.01% |
| New Zealand fixed interest | 0.05% |
| International fixed interest | 0.24% |
| Australasian equities | 29.98% |
| Listed property | 47.90% |
| Commodities | 0.08% |
| Other* | 0.74% |

**Target investment mix[4]**

| | |
|---|---|
| Cash and cash equivalents | 2% |
| New Zealand fixed interest | 12% |
| International fixed interest | 13% |
| Australasian equities | 30% |
| International equities | 0% |
| Listed property | 40% |
| Unlisted property | 0% |
| Commodities | 0% |
| Other | 3% |

* 'Other' includes digital assets (which comprises actual digital assets and digital assets 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 | Ryman Healthcare Ltd | 12.86% | Australasian equities | New Zealand | |
| 2 | Goodman Property Trust | 12.77% | Listed property | New Zealand | |
| 3 | Summerset Group Holdings Ltd | 10.60% | Australasian equities | New Zealand | |
| 4 | Precinct Properties New Zealand | 6.48% | Listed property | New Zealand | |
| 5 | Kiwi Property Group Ltd | 6.35% | Listed property | New Zealand | |
| 6 | Vital Healthcare Property Trust | 6.35% | Listed property | New Zealand | |
| 7 | Property for Industry Ltd | 6.26% | Listed property | New Zealand | |
| 8 | BNZ Bank Bill 5.68% 01/09/2023 | 5.34% | Cash and cash equivalents | New Zealand | A-1+ |
| 9 | Westpac Bank Bill 5.88% 01/09/2023 | 5.34% | Cash and cash equivalents | New Zealand | A-1+ |
| 10 | Westpac Cash | 4.49% | Cash and cash equivalents | New Zealand | A-1+ |

The top 10 investments make up 76.84% of the fund.[5]

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 2023, the fund's foreign currency exposure was 0.89%.

## 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 | 4 years 9 months | Chief Investment Officer, New Zealand Funds Management Limited | 10 years 1 month |
| James Grigor | Chief Investment Officer and a Principal | 4 years 7 months | Senior Portfolio Manager, New Zealand Funds Management Limited | 1 year 7 months |
| Mark Brooks | Head of Income and a Principal | 15 years 7 months | Senior Portfolio Manager, Credaris | 3 years 4 months |
| David Haslam | Senior Dealer | 6 years 6 months | Equities Trader, UBS NZ | 0 years 11 months |
| Casey Keiper | Senior Equity Analyst | 0 years 9 months | Equity Analyst, Hobson Wealth | 1 year 4 months |

## Further information

You can also obtain this information, the PDS for the NZ Funds Active Inflation Series, and some additional information from the offer register at *www.companiesoffice.govt.nz/disclose/*.

## Notes

1 As the fund started on 14 February 2023, 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 14 February 2023. 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 14 February 2023, historical fee information for the most recent fund year is not available. The total fund charges shown are based on fee information in the PDS for NZ Funds Active Inflation Series dated 14 February 2023. 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 NZ Funds Active Inflation Series PDS and the 'Other Material Information' document on the offer register at *www.companiesoffice.govt.nz/disclose*.

3 As the fund started on 14 February 2023, this calculation is based on the market index return for the past year.

4 The target investment mix is anticipated only and the fund's actual asset allocation is expected to vary significantly over the course of an economic cycle.

5 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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