Fund update

For the quarter ended 30 June 2024

NZFUNDS

NZ Funds Income Generator

This fund update was first made publicly available on 26 July 2024

What is the purpose of this update?

This document tells you how the NZ Funds Income Generator 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 NZ Funds Income Generator is to provide a source of income by primarily investing in dividend paying shares and derivatives including options. The fund is anticipated to primarily hold New Zealand and Australian shares; and derivatives including options.

Total value of the fund	$21,347,667
The date the fund started	22 October 2020

What are the risks of investing?

Risk indicator for the NZ Funds Income Generator:[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 2024[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.

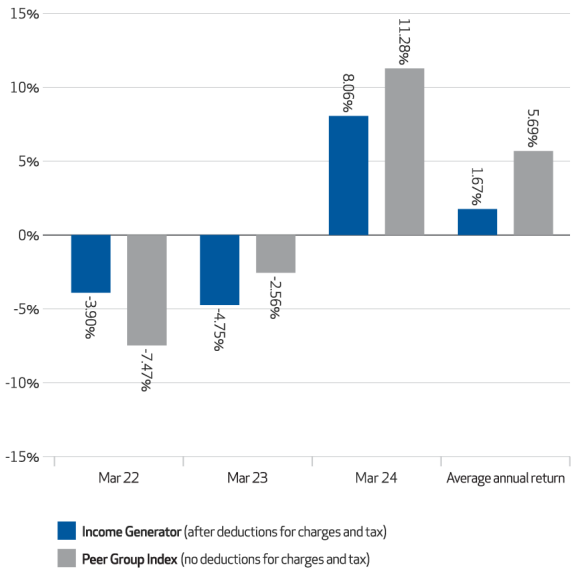
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	6.64%
Annual return (after deductions for charges but before tax)	7.36%
Peer group index annual return (reflects no deduction for charges and tax)	12.41%

The manager has used a peer group index to prepare the table, as there is no appropriate market index available for the fund. A peer group index may be a less reliable indicator of performance than an appropriate market index. The return for the peer group index reflected in the table is after the deduction of fund charges but before tax. Additional information about the peer group index is available on the offer register at www.companiesoffice.govt.nz/disclose.

Annual return graph[2]



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 June 2024.

Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the NZ Funds Income Generator are charged fund charges. In the year to 31 March 2024 these were:

	% of net asset value
Total fund charges	1.67%
Which are made up of:	
Total management and administration charges	1.67%
Including:	
Manager's basic fee	1.57%
Other management and administration charges	0.10%
Total performance-based fees	0.00% [3]

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

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

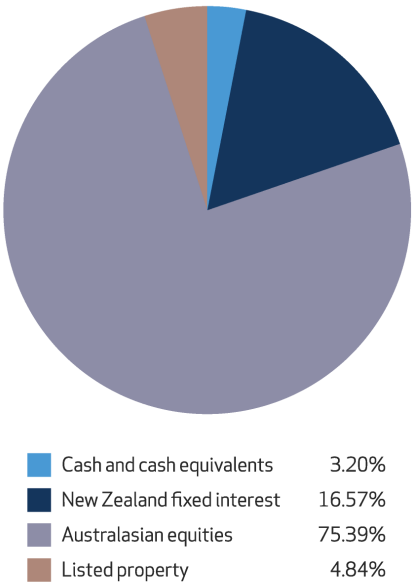
Example of how this applies to an investor

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 $664 (that's 6.64% of his initial $10,000). Liam did not pay any other charges. This gives Liam a total return after tax of $664 for the year.

What does the fund invest in?

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

Actual investment mix



Target investment mix[4]

Cash and cash equivalents	5%
New Zealand fixed interest	0%
International fixed interest	0%
Australasian equities	85%
International equities	0%
Listed property	10%
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	Kiwibank 4.93% Perpetual	11.90%	New Zealand fixed interest	New Zealand	Ba1
2	Goldman Sachs Futures	5.71%	Cash and cash equivalents	New Zealand	A-1
3	Westpac Banking Corp	5.25%	Australasian equities	Australia	
4	Woolworths Group Ltd	5.22%	Australasian equities	Australia	
5	National Australia Bank Ltd	5.16%	Australasian equities	Australia	
6	CSL Ltd	5.14%	Australasian equities	Australia	
7	Telstra Corp Ltd	5.12%	Australasian equities	Australia	
8	Commonwealth Bank of Australia	5.10%	Australasian equities	Australia	
9	Rio Tinto Ltd	5.07%	Australasian equities	Australia	
10	Goodman Group	4.84%	Listed property	Australia	

The top 10 investments make up 58.51% 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 2024, the fund's foreign currency exposure was 0.75%.

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	5 years 9 months	Chief Investment Officer, New Zealand Funds Management Limited	10 years 1 month
Mark Brooks	Chief Investment Officer and a Principal	0 years 4 months	Head of Income, New Zealand Funds Management Limited	16 years 3 months
David Haslam	Senior Dealer	7 years 6 months	Equities Trader, UBS NZ	0 years 11 months
Paul van Wetering	Head of Investment Operations and Responsible Investing	4 years 6 months	Investment Analyst, New Zealand Funds Management Limited	6 years 10 months
Casey Keiper	Senior Equity Analyst	1 year 9 months	Equity Analyst, Hobson Wealth	1 year 4 months

Further information

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

Notes

1. As the fund started on 22 October 2020, actual returns for the last five years are not available. To calculate the risk indicator, a combination of actual returns and peer group index returns have been used. Peer group index returns were used for the period prior to 22 October 2020. 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 peer group index returns are shown before any fees or tax are deducted.
3. Total performance based fees are paid with respect to certain related underlying funds managed by NZ Funds and are payable where performance of the underlying funds exceeds the hurdle rate. Details of the underlying funds to which a performance fee applies can be found in the PDS, along with details of the hurdle rate and the percentage amount of the performance fee applying to each underlying fund.
4. Targets indicate what is 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.
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.

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