Fund update

For the quarter ended 30 June 2023

NZFUNDS

NZ Funds KiwiSaver Scheme Balanced Fund

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 Balanced 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 fund is to provide an entry level option, which uses a passive investment approach to gain exposure to a balanced mix of income and growth assets.

Total value of the fund	$12,158,719
Number of investors in the fund	415
The date the fund started	31 August 2021

What are the risks of investing?

Risk indicator for the Balanced 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.

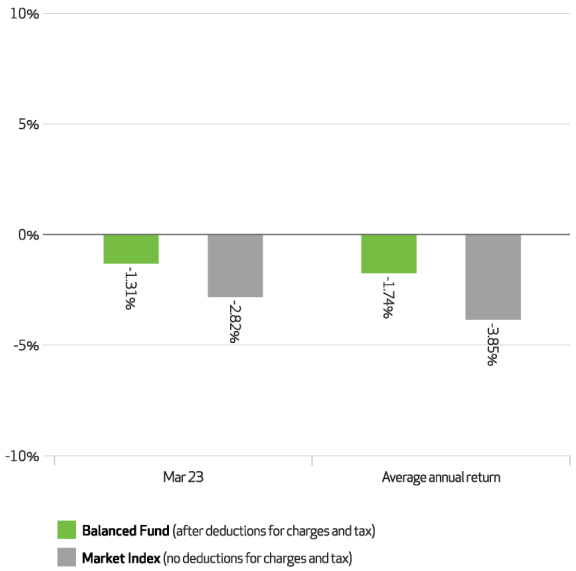
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	5.82%
Annual return (after deductions for charges but before tax)	7.36%
Market index annual return (reflects no deduction for charges and tax)	7.35%

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 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 2023.

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 Balanced Fund are charged fund charges. In the year to 31 March 2023 these were:

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

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

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

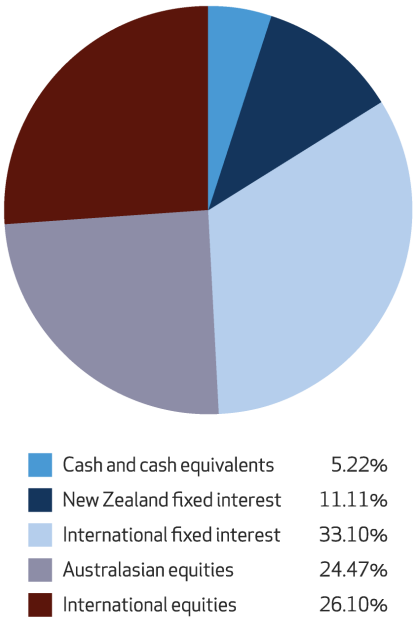
Example of how this applies to an investor

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 $582 (that's 5.82% of his initial $10,000). This gives Liam a total return after tax of $582 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[3]

Cash and cash equivalents	5%
New Zealand fixed interest	11%
International fixed interest	34%
Australasian equities	25%
International equities	25%
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 Cash	37.51%	Cash and cash equivalents	New Zealand	A-1+
2	United States Government 1.75% 15/11/2029	12.16%	International fixed interest	United States of America	Aaa
3	New Zealand Government 4.5% 15/04/2027	11.11%	New Zealand fixed interest	New Zealand	AAA
4	Australian Government 3.25% 21/04/2029	10.96%	International fixed interest	Australia	Aaau
5	Deutschland Republic 0.0% 15/08/2029	5.80%	International fixed interest	Germany	Aaau
6	Goldman Sachs Futures	3.64%	Cash and cash equivalents	New Zealand	A-1
7	Japan Government 0.2% 20/03/2032	3.13%	International fixed interest	Japan	A1
8	Fisher & Paykel Healthcare Corp	2.22%	Australasian equities	New Zealand	
9	Goldman Sachs Futures	1.75%	Cash and cash equivalents	United States of America	A-1
10	Auckland International Airport	1.66%	Australasian equities	New Zealand	

The top 10 investments make up 89.94% of the fund.[4]

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 2.78%.

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 KiwiSaver Scheme, and some additional information from the offer register at www.companiesoffice.govt.nz/disclose/.

Notes

1. As the fund started on 31 August 2021, actual returns for the last five years are not available. To calculate the risk indicator, a combination of actual returns and returns on a market index over the five years to 31 March 2023, rather than the actual returns of the fund, have been used. 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. The target investment mix is anticipated only; however, given the passive nature of the fund, the actual asset allocation is not expected to vary significantly over the course of an economic cycle.
4. 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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