Fund update

For the quarter ended 30 June 2024

NZ FUNDS

NZ Funds KiwiSaver Scheme Income Strategy

This fund update was first made publicly available on 4 November 2024

What is the purpose of this update?

This is a replacement fund update. It replaces the previous fund update for the quarter ending 30 June 2024 and corrects the 'Annual Return (after charges and tax)' figures used in the fund update including for the Average Annual Return figure in the bar graph.

This document tells you how the Income Strategy 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 Income Strategy is to provide exposure to income assets. The fund is anticipated to mainly hold New Zealand, Australian and international bonds.

Total value of the fund	$101,088,005
Number of investors in the fund	20,167
The date the fund started	1 November 2010

What are the risks of investing?

Risk indicator for the Income Strategy:



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. 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.

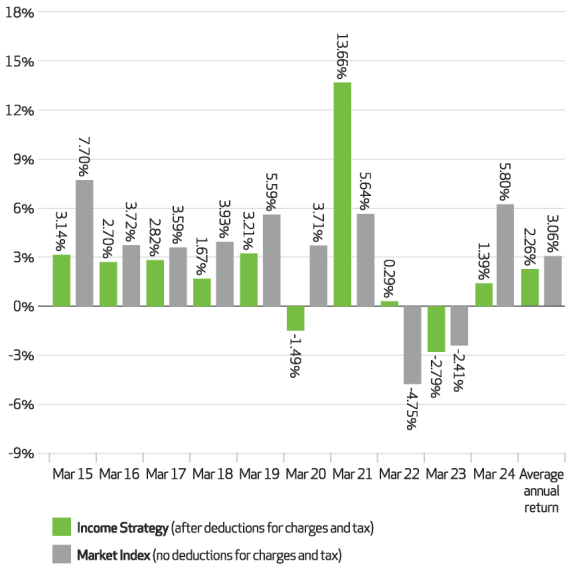
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	1.71%	1.81%
Annual return (after deductions for charges but before tax)	2.09%	2.36%
Market index annual return (reflects no deduction for charges and tax)	1.08%	6.31%

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[1]



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, 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 Income Strategy are charged fund charges. In the year to 31 March 2024 these were:

	% of net asset value
Total fund charges	1.12%
Which are made up of:	
Total management and administration charges	1.12%
Including:	
Manager's basic fee	0.95%
Other management and administration charges	0.17%
Total performance-based fees	0.00%
Other charges	**$ amount per investor**
Administration fee[2]	$29.76

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.

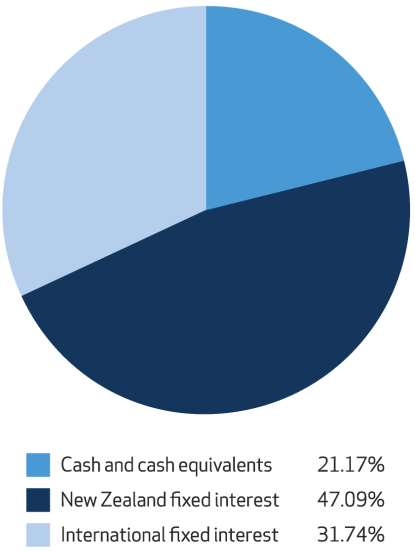
Example of how this applies to an investor

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 $181 (that's 1.81% of his initial $10,000). Liam also paid $29.76 in other charges.[2] This gives Liam a total return after tax of $151 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	8%
New Zealand fixed interest	45%
International fixed interest	47%
Australasian equities	0%
International equities	0%
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 Bank Bill 5.825% 13/08/2024	6.84%	Cash and cash equivalents	New Zealand	A-1+
2	ANZ Bank Ltd 2.999% 17/09/2031	6.08%	New Zealand fixed interest	New Zealand	A
3	GFL Environ Inc 4.375% 15/08/2029	6.03%	International fixed interest	Canada	B
4	Housing NZ Ltd 3.42% 18/10/2028	5.81%	New Zealand fixed interest	New Zealand	AAA
5	Bank of New Zealand 5.872% 01/09/2028	4.72%	New Zealand fixed interest	New Zealand	AA-
6	Westpac Bank Bill 5.83% 27/09/2024	3.38%	Cash and cash equivalents	New Zealand	A-1+
7	BNZ Bank Bill 5.615% 19/08/2024	2.73%	Cash and cash equivalents	New Zealand	A-1+
8	Mercury Ltd 5.73% 13/05/2052	2.56%	New Zealand fixed interest	New Zealand	BB+
9	ANZ Bank New Zealand 7.6 % Perpetual	2.34%	New Zealand fixed interest	New Zealand	BBB+
10	Bank of New Zealand 1.884% 08/06/2026	2.33%	New Zealand fixed interest	New Zealand	AA-

The top 10 investments make up 42.82% 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 2024, the fund's foreign currency exposure was 13.44%.

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 KiwiSaver Scheme, 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. For investors aged 18 or over, the Administration Manager of the NZ Funds KiwiSaver Scheme charged an administration fee of $2.48 per month.
3. 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.
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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