

## Fund Update

### Smartshares Exchange Traded Funds

#### Global Bond Fund

For the quarter ended 30 September 2016

This fund update was first made publicly available on 28 October 2016.

#### What is the purpose of this update?

This document tells you how the Global Bond Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Smartshares 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 Global Bond Fund invests in international fixed interest assets, with the objective of outperforming the Barclays Global Aggregate Index by 1% per annum over rolling 3-year periods, hedged against the New Zealand dollar. The investment manager is PIMCO Australia Pty Ltd.

Total value of the fund:	\$130,937,452
The date the fund started:	12 November 2015

#### What are the risks of investing?

##### Risk indicator for the Global Bond Fund<sup>1</sup>



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 <https://www.sorted.org.nz/tools/investor-kickstarter>

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.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 5 years to 30 September 2016. 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 for the Smartshares Exchange Traded Funds (**PDS**) for more information about the risks associated with investing in this fund.

### How has the fund performed?

	Past year
<b>Annual return</b> (after deductions for charges and tax)	Not applicable
<b>Annual return</b> (after deductions for charges but before tax)	Not applicable
<b>Market index annual return</b> (reflects no deduction for charges and tax)	8.85%

The market index annual return is based on the annual return for the Barclays Global Aggregate Index (100% NZD Hedged). Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)

### What fees are investors charged?

Investors in the Global Bond Fund are charged fund charges. These are as follows:

	% per annum of fund's net asset value
<b>Total fund charges</b>	0.54%
Which are made up of:	
<b>Total management and administration charges</b>	0.54%
Including:	
Manager's basic fee	0.54%
Other management and administration charges	0.00%
<b>Total performance-based fees</b>	0.00%
<b>Other charges</b>	Dollar amount per investor
Not applicable	\$0.00

Investors may also be charged individual action fees for specific actions or decisions (for example, for initial contributions to the fund). See the PDS for more information about those fees.

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

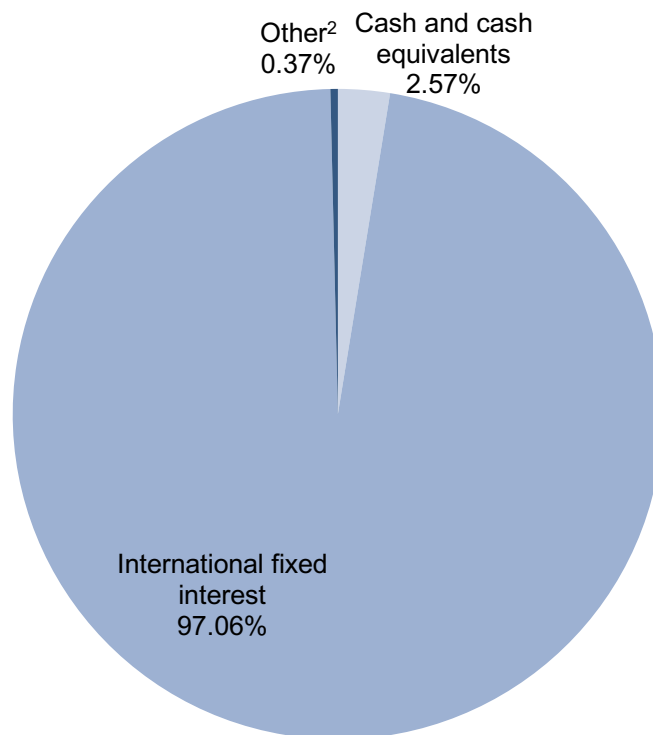
### Example of how this applies to an investor

Tara had \$10,000 in the fund on 12 November 2015 and did not make any further contributions. On 30 September 2016, Tara received a return after fund charges were deducted of \$700 (that is 7% of her initial \$10,000). Tara paid no other charges. This gives Tara a total return after tax of \$700 for the 10 months and 19 days.

### What does the fund invest in?

#### Actual investment mix

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



### Target investment mix

This shows the mix of assets that the fund generally intends to invest in.

Asset Category	Target asset mix
Cash and cash equivalents	-
New Zealand fixed interest	-
International fixed interest	100.00%
Australasian equities	-
International equities	-
Listed property	-
Unlisted property	-
Commodities	-
Other	-

### Top 10 investments

Name	% of fund net assets	Type	Country	Credit rating (if applicable)
FEDERAL NATIONAL MORTGAGE ASSOCIATION 151242 0.00 TBA	6.81%	International fixed interest	United States	AA+
FEDERAL NATIONAL MORTGAGE ASSOCIATION 151043 0.00 TBA	6.07%	International fixed interest	United States	AA+
UNITED STATES TREASURY 150125 0.25 ILB	3.24%	International fixed interest	United States	AAA
UNITED KINGDOM OF GREAT BRITAIN AND NORT IRE 220145 3.50 GB	2.82%	International fixed interest	United Kingdom	AA+
Westpac USD Current Account	2.78%	Cash and cash equivalents	United States	AA-
REALKREDIT DANMARK AS 010117 2.00 CB	2.42%	International fixed interest	Denmark	AAA
NYKREDIT REALKREDIT A S 01102016 1.00 CB	2.41%	International fixed interest	Denmark	AAA
JAPAN GOVERNMENT OF 311016 0.00 GB	2.35%	International fixed interest	Japan	A+
JAPAN GOVERNMENT OF 241016 0.00 GB	2.35%	International fixed interest	Japan	A+
JAPAN GOVERNMENT OF 051216 0.00 GB	2.27%	International fixed interest	Japan	A+

The top 10 investments make up 33.52% of the fund.

### Currency hedging

The fund's foreign currency exposure is generally 100% hedged, but may vary between 95% and 105%.

## Key personnel

This shows the directors and employees of the investment manager who have the most influence on the investment decisions of the fund:

Name	Current position	Time in current position	Previous or other positions	Time in previous / other position
Sachin Gupta	Portfolio Manager, PIMCO	13 years		
Andrew Balls	Portfolio Manager, PIMCO	10 years		

## Further information

You can also obtain this information, the PDS and some additional information, from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)

## Notes

- 1 Market index returns (as well as actual returns) have been used to complete the risk indicator, as the fund has not been in existence for 5 years. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. The risk indicator for the fund uses 4 years and 1 month of market index returns.
- 2 "Other" includes financial products used to hedge the fund's foreign currency exposure against the New Zealand dollar.