

## Fund Update

### Smartshares Exchange Traded Funds

#### NZ Cash 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 NZ Cash 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 NZ Cash Fund invests in cash and cash equivalents, with the objective of outperforming the S&P/NZX Bank Bills 90-Day Index over rolling 1-year periods. The investment manager is Nikko Asset Management New Zealand Limited.

Total value of the fund:	\$125,011,164
The date the fund started:	12 November 2015

#### What are the risks of investing?

##### Risk indicator for the NZ Cash 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)	2.69%

The market index annual return is based on the annual return for the S&P/NZX Bank Bills 90-Day Index. 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 NZ Cash Fund are charged fund charges. These are as follows:

	% per annum of fund's net asset value
<b>Total fund charges</b>	0.33%
Which are made up of:	
<b>Total management and administration charges</b>	0.33%
Including:	
Manager's basic fee	0.33%
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.

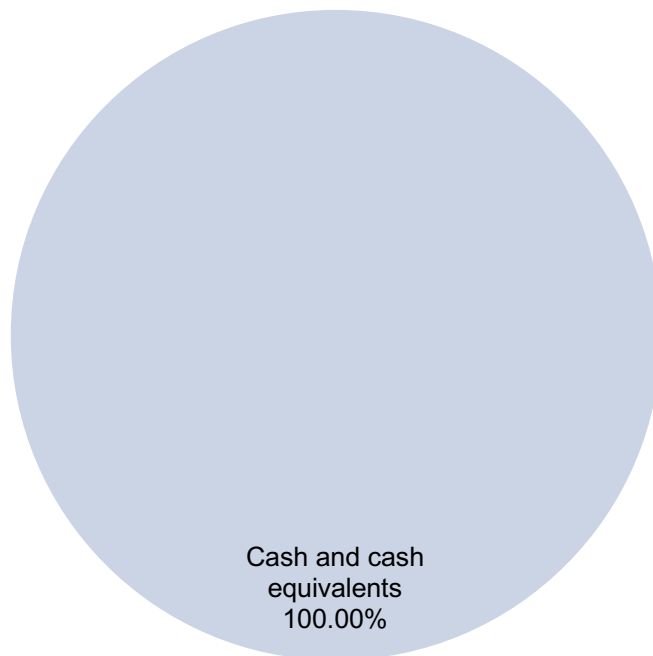
### Example of how this applies to an investor

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 \$193 (that is 1.93% of her initial \$10,000). Tara paid no other charges. This gives Tara a total return after tax of \$193 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	100.00%
New Zealand fixed interest	-
International fixed interest	-
Australasian equities	-
International equities	-
Listed property	-
Unlisted property	-
Commodities	-
Other	-

### Top 10 investments

Name	% of fund net assets	Type	Country	Credit rating (if applicable)
SBS Term Depo 020217 3.43 TD	7.43%	Cash and cash equivalents	New Zealand	BBB
ASB Bank Limited 080319 FRN	7.23%	Cash and cash equivalents	New Zealand	AA-
Kiwibank Limited 130519 FRN	6.43%	Cash and cash equivalents	New Zealand	AA+
ANZ Bank New Zealand Limited 220319 FRN	4.45%	Cash and cash equivalents	New Zealand	AA-
Contact Energy Limited 130417 7.855 CB	4.24%	Cash and cash equivalents	New Zealand	BBB
Fonterra Co Operative Group Limited 241017 FRN	4.04%	Cash and cash equivalents	New Zealand	A
New Zealand Tax Trading Co 311016 RCD	3.38%	Cash and cash equivalents	New Zealand	AA+
Bank of New Zealand 160617 3.04 TD	3.22%	Cash and cash equivalents	New Zealand	AA+
Bank of New Zealand 141016 3.30 TD	3.05%	Cash and cash equivalents	New Zealand	AA-
Meridian Energy 160317 7.55 CB	3.00%	Cash and cash equivalents	New Zealand	BBB+

The top 10 investments make up 46.47% of the fund.

## Key personnel

This shows the directors and employees 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
Fergus McDonald	Head of Bonds and Currency	16 years and 3 months	NZ Fixed Interest Portfolio Manager – Nikko Asset Management New Zealand Limited	10 years and 5 months
Ian Bellew	Fixed Income Manager	4 years and 9 months	Cash Portfolio Manager – Nikko Asset Management New Zealand Limited	4 years and 10 months
Tim O'Loan	Fixed Income Analyst	4 years and 8 months	Operations Analyst – NZ Super Fund	3 years
George Carter	Managing Director	11 months	Director, Head of Distribution, AMP Capital Investors NZ Limited	6 years and 4 months

## 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.