

Fund Update

NZ Core Equity Trust

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 Core Equity Trust 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

Aims to provide investors with the benefits of long-term capital growth by investing in a diversified portfolio of financial products listed in New Zealand, with increased exposure to small companies and value companies relative to a market weighted portfolio. Value companies are companies with a low price relative to various financial measures, including book value, cash flow and earnings

Total value of the fund:	\$24,628,614
The date the fund started:	24 July 2014

What are the risks of investing?

Risk indicator for the NZ Core Equity Trust¹



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.

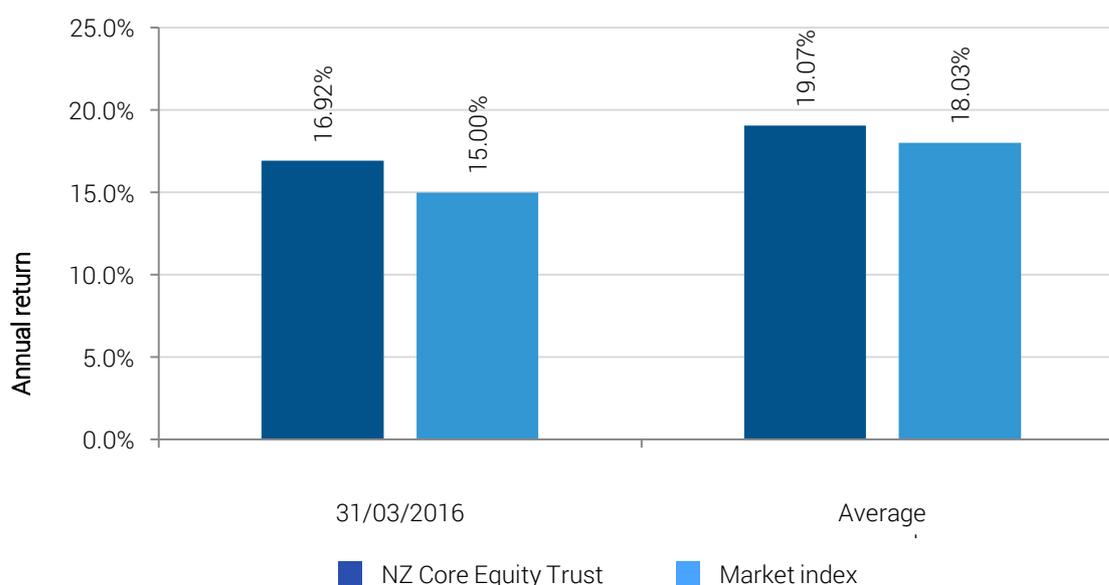
See the Product Disclosure Statement for the NZ Core Equity Trust (**PDS**) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	30.64%
Annual return (after deductions for charges but before tax)	30.82%
Market index annual return (reflects no deduction for charges and tax)	29.83%

The market index annual return is based on the annual return for the S&P/NZX 50 Portfolio Index. Additional information about the market index is available on the offer register at www.business.govt.nz/disclose

Annual return graph



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 September 2016.

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 Core Equity Trust are charged fund charges. In the year to 31 March 2016 these were:

	% per annum of fund's net asset value
Total fund charges	0.50%
Which are made up of:	
Total management and administration charges	0.50%
Including:	
Manager's basic fee	0.50%
Other management and administration charges	0.00%
Total performance-based fees	0.00%
Other charges	Dollar amount per investor
Not applicable	\$0.00

Investors may also be charged individual action fees for specific actions or decisions (for example, for contributions to, or withdrawals from, 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.

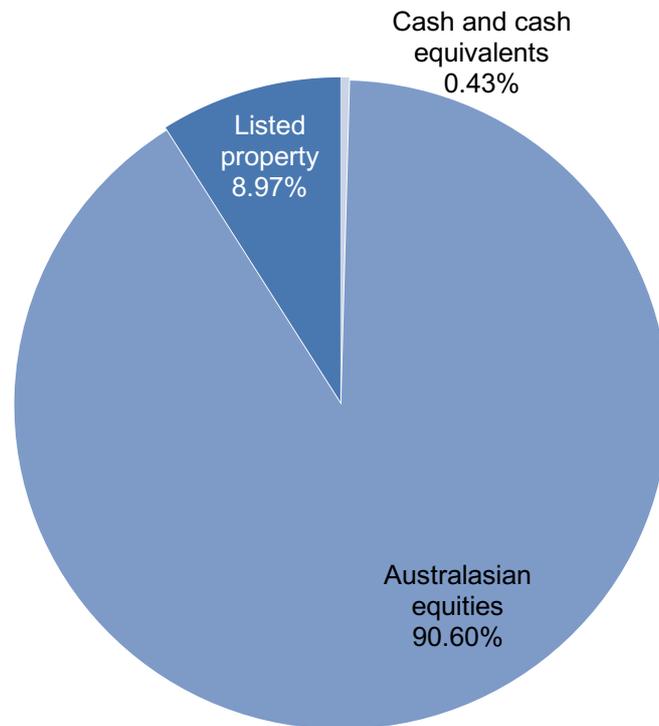
Example of how this applies to an investor

Tara had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Tara received a return after fund charges were deducted of \$3,064 (that is 30.64% of her initial \$10,000). Tara paid no other charges. This gives Tara a total return after tax of \$3,064 for the year.

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	-
Australasian equities	100.00%
International equities	-
Listed property	-
Unlisted property	-
Commodities	-
Other	-

Top 10 investments

Name	% of fund net assets	Type	Country	Credit rating (if applicable)
Auckland Intl Airport Limited	5.43%	Australasian equities	New Zealand	
Fisher & Paykel Healthcare Corporation Limited	5.33%	Australasian equities	New Zealand	
Fletcher Building Limited	5.13%	Australasian equities	New Zealand	
Ryman Healthcare Group Limited	4.89%	Australasian equities	New Zealand	
Spark New Zealand Limited	4.87%	Australasian equities	New Zealand	
SkyCity Entertainment Group	4.47%	Australasian equities	New Zealand	
Contact Energy Limited	4.27%	Australasian equities	New Zealand	
Z Energy Limited	4.08%	Australasian equities	New Zealand	
Meridian Energy Limited	4.02%	Australasian equities	New Zealand	
Trade Me Limited	3.56%	Australasian equities	New Zealand	

The top 10 investments make up 46.05% of the fund.

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
Bhanu Singh	Head of Asia Pacific Portfolio Management – Dimensional Fund Advisors	1 year and 4 months	Director – Dimensional Fund Advisors	1 year 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

Notes

- Market index returns (as well as actual returns) have been used to complete the risk indicator, as the Scheme 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 Scheme. The risk indicator uses 2 years and 9 months of market index returns.