SMARTSHARES
a Member of the NZX Group

Fund Update

Smartshares Exchange Traded Funds

US 500 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 US 500 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 US 500 Fund invests in the Vanguard S&P 500 ETF, which is designed to track the return on the S&P 500 Index.

Total value of the fund:	$91,483,059
The date the fund started:	29 July 2015

What are the risks of investing?

Risk indicator for the US 500 Fund[1]

Potentially lower returns						Potentially higher returns
1	2	3	4	**5**	6	7
Lower risk						Higher risk

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.

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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
Annual return (after deductions for charges and tax)	0.48%
Annual return (after deductions for charges but before tax)	0.73%
Market index annual return (reflects no deduction for charges and tax)	1.03%

The market index annual return is based on the annual return for the S&P 500 Index (NZD). Additional information about the market index is available on the offer register at www.business.govt.nz/disclose

What fees are investors charged?

Investors in the US 500 Fund are charged fund charges. These are as follows:

	% per annum of fund's net asset value[2]
Total fund charges (estimate)	0.35%[3]
Which are made up of:	
Total management and administration charges (estimate)	0.35%[3]
Including:	
Manager's basic fee	0.30%
Other management and administration charges (estimate)	0.05%[3]
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 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.

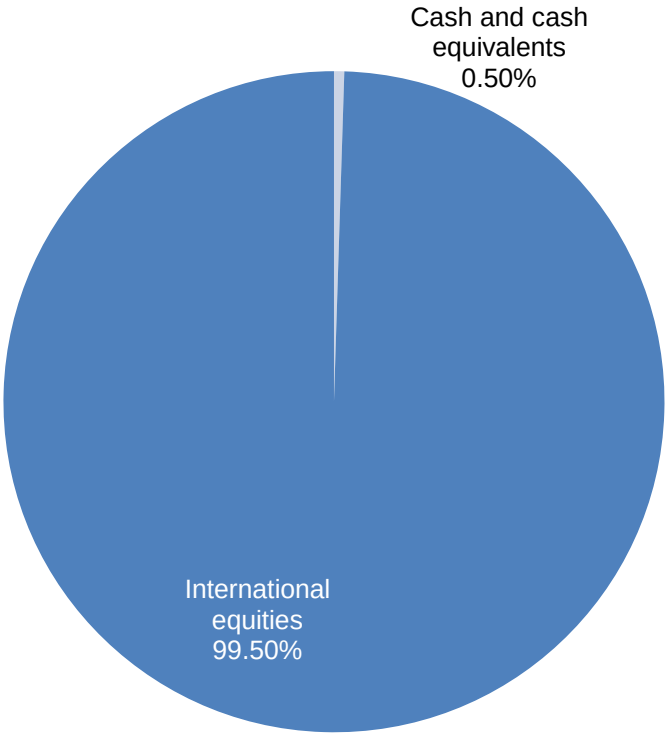
Example of how this applies to an investor

Tara had $10,000 in the fund 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 $48 (that is 0.48% of her initial $10,000). Tara paid no other charges. This gives Tara a total return after tax of $48 for the year.

What does the fund invest in?

Actual investment mix

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



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

Top 10 investments

Name	% of fund net assets	Type	Country	Credit rating (if applicable)
Vanguard 500 Fund	99.50%	International equities	United States	
Westpac NZD Current Account	0.50%	Cash and cash equivalents	New Zealand	AA-

The top 10 investments make up 100.00% of the fund.

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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
Timothy Oliver Bennett	Director	3 years and 1 month	Chief Executive Officer - NZX	4 years and 4 months
Guy Roulston Elliffe	Director	10 months	Corporate Governance Manager - ACC	1 year and 5 months
Aaron Leslie Jenkins	Head of NZX Funds Management - NZX	1 year and 3 months	Head of Markets - NZX	1 year and 6 months
Bevan Keith Miller	Director	3 years and 1 month	Chief Financial Officer - NZX	3 years and 9 months
Alistair John Williams	Director	10 months	Investment Manager - Trust Management	1 year and 8 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

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 3 years and 9 months of market index returns.

2 To the extent that fund charges involve amounts that are fixed as percentages of the net asset value, those amounts have been used to calculate the fund charges. To the extent that amounts are not fixed, a best estimate of amounts has been used.

3 Estimates have been used to calculate this amount. In particular, these charges include an estimate for the fees and costs charged by the other funds the fund may invest in. This estimate is based on the actual fees and costs reported by the other funds for the year ended 30 June 2016.