Fund Update

Smartshares Exchange Traded Funds

Australian Top 20 Fund

For the quarter ended 31 December 2016

This fund update was first made publicly available on 13 February 2017.

What is the purpose of this update?

This document tells you how the Australian Top 20 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 Australian Top 20 Fund invests in financial products listed on the Australian Securities Exchange and is designed to track the return on the S&P/ASX 20 Index.

Total value of the fund:	$89,232,729
The date the fund started:	7 November 2016

What are the risks of investing?

Risk indicator for the Australian Top 20 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 31 December 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
Annual return (after deductions for charges and tax)	Not applicable
Annual return (after deductions for charges but before tax)	Not applicable
Market index annual return (reflects no deduction for charges and tax)	7.03%

The market index annual return is based on the annual return for the S&P/ASX 20 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 Australian Top 20 Fund are charged fund charges. These are as follows:

	% per annum of fund's net asset value
Total fund charges	0.60%
Which are made up of:	
Total management and administration charges	0.60%
Including:	
Manager's basic fee	0.60%
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 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.

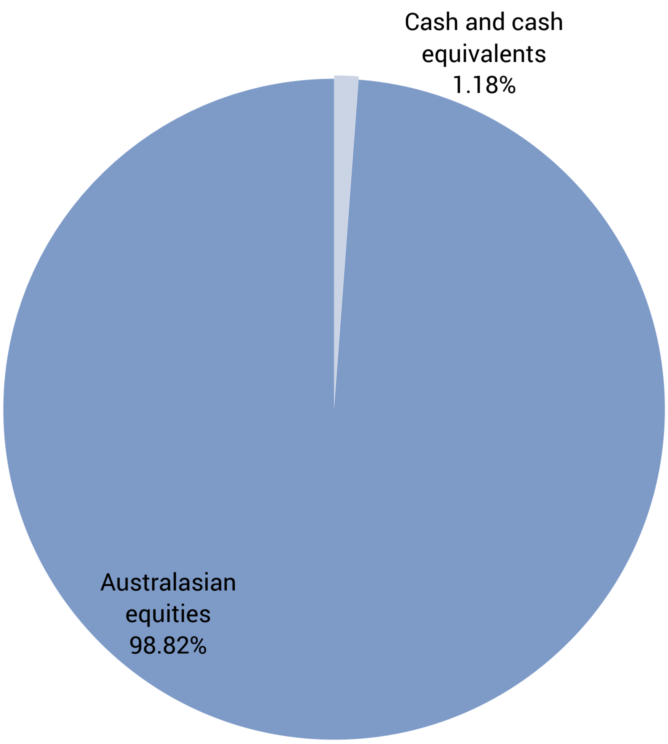
Example of how this applies to an investor

Tara had $10,000 in the fund on 7 November 2016 and did not make any further contributions. On 31 December 2016, Tara received a return after fund charges were deducted of $1,027 (that is 10.27% of her initial $10,000). Tara paid no other charges. This gives Tara a total return after tax of $1,027 for 1 month and 25 days.

What does the fund invest in?

Actual investment mix[2]

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)
Commonwealth Bank Australia	15.45%	Australasian equities	Australia	
Westpac Banking Corp	11.91%	Australasian equities	Australia	
ANZ Banking Group	9.71%	Australasian equities	Australia	
National Australia Bank Limited	8.90%	Australasian equities	Australia	
BHP Billiton Limited	8.75%	Australasian equities	Australia	
Telstra Corp Limited	6.63%	Australasian equities	Australia	
Wesfarmers Limited	5.19%	Australasian equities	Australia	
CSL Limited	4.99%	Australasian equities	Australia	
Woolworths Limited	3.38%	Australasian equities	Australia	
Macquarie Group Limited	3.23%	Australasian equities	Australia	

The top 10 investments make up 78.14% 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
Timothy Oliver Bennett	Director	3 years and 4 months	Chief Executive Officer - NZX	4 years and 7 months
Guy Roulston Elliffe	Director	1 year and 1 month	Corporate Governance Manager - ACC	1 year and 8 months
Aaron Leslie Jenkins	Head of NZX Funds Management - NZX	1 year and 6 months	Head of Markets - NZX	1 year and 6 months
Bevan Keith Miller	Director	3 years and 4 months	Chief Financial Officer - NZX	4 years
Alister John Williams	Director	1 year and 1 month	Investment Manager - Trust Management	1 year and 11 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 4 years and 10 months of market index returns.

2 The Australian Top 20 Fund invests in listed property trusts included in the S&P/ASX 20 Index. This is included in its asset allocation to Australasian equities.