

## Fund Update

### NZ Core Equity Trust

For the quarter ended 31 December 2016

This fund update replaces the fund update for the quarter ended 31 December 2016 that was first made publicly available on 13 February 2017. The annual return (after deductions for charges and tax) was incorrect in the previous fund update. This has been corrected in this fund update and as a result the "How has the fund performed?" and "Example of how this applies to an investor" sections have changed.

This fund update was first made publicly available on 25 May 2017.

### 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:	\$24,191,474
The date the fund started:	24 July 2014

### What are the risks of investing?

#### Risk indicator for the NZ Core Equity Trust<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 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.

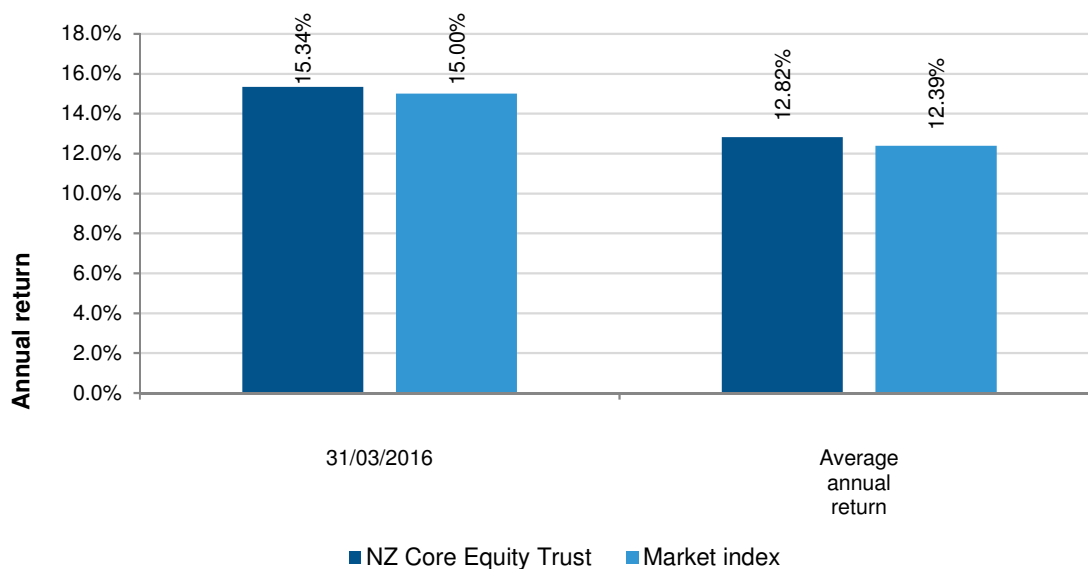
See the Product Disclosure Statement for the NZ Core Equity Trust (**PDS**) for more information about the risks associated with investing in this fund.

### How has the fund performed?

	Past year
<b>Annual return</b> (after deductions for charges and tax)	8.14%
<b>Annual return</b> (after deductions for charges but before tax)	9.73%
<b>Market index annual return</b> (reflects no deduction for charges and tax)	8.81%

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](http://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 31 December 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
<b>Total fund charges</b>	0.50%
Which are made up of:	
<b>Total management and administration charges</b>	0.50%
Including:	
Manager's basic fee	0.50%
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 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.

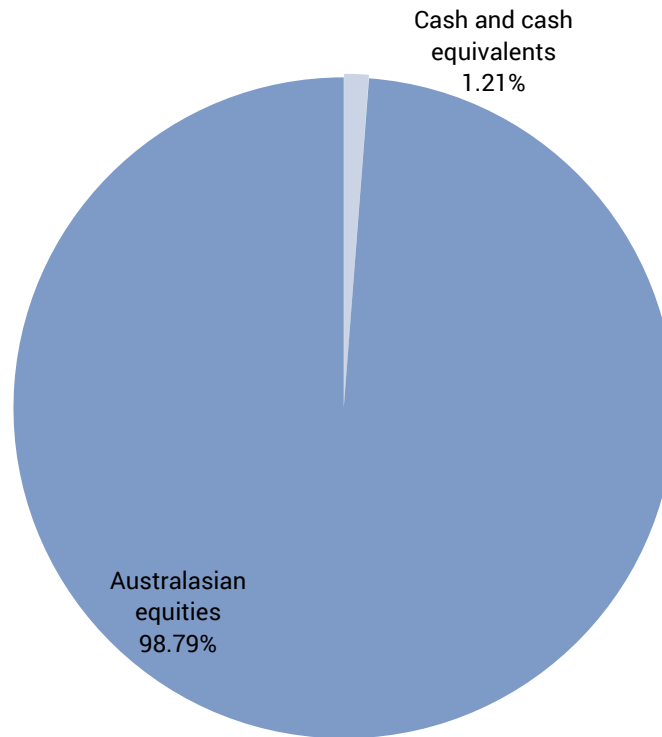
### Example of how this applies to an investor

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 \$814 (that is 8.14% of her initial \$10,000). Tara paid no other charges. This gives Tara a total return after tax of \$814 for the year.

## What does the fund invest in?

### Actual investment mix<sup>2</sup>

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)
Spark New Zealand Limited	4.90%	Australasian equities	New Zealand	
Fisher & Paykel Healthcare Corporation Limited	4.89%	Australasian equities	New Zealand	
Auckland Intl Airport Limited	4.81%	Australasian equities	New Zealand	
Fletcher Building Limited	4.79%	Australasian equities	New Zealand	
SkyCity Entertainment Group	4.68%	Australasian equities	New Zealand	
Ryman Healthcare Group Limited	4.33%	Australasian equities	New Zealand	
Meridian Energy Limited	4.09%	Australasian equities	New Zealand	
Contact Energy Limited	3.89%	Australasian equities	New Zealand	
Z Energy Limited	3.59%	Australasian equities	New Zealand	
Chorus Limited	3.21%	Australasian equities	New Zealand	

The top 10 investments make up 43.18% 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](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 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 6 months of market index returns.
- 2 The NZ Top 50 Fund invests in listed property trusts included in the S&P/NZX 50 Portfolio Index. This is included in the assets allocation to Australasian equities.