

Investment Update

SuperLife workplace savings scheme

smartGrowth

For the quarter ended 31 December 2016

This investment update was first made publicly available on 28 February 2017.

What is the purpose of this update?

This document tells you how smartGrowth has performed and what fees were charged. The document will help you to compare the investment option with 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 investment option

smartGrowth invests in the ETF funds and is designed to provide investors with long-term capital growth with expected high volatility.

| | |
|---|-----------------|
| Total value of the investment option: | \$370,688 |
| Number of investors in the investment option: | 18 |
| The date the investment option started: | 16 January 2015 |

What are the risks of investing?

Risk indicator for smartGrowth ¹



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the investment option'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 an investment option'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 investment updates.

Other specific risks

There are other risks that may increase the risk to returns for investors, which are not reflected in the risk indicator. These risks include active management risk. In particular, while SuperLife workplace savings scheme's philosophy is that a passive approach to investing will deliver better long-term results, we make some active management decisions. There is a risk that this may result in the investment option achieving a return that is lower than the investment objective for the investment option.

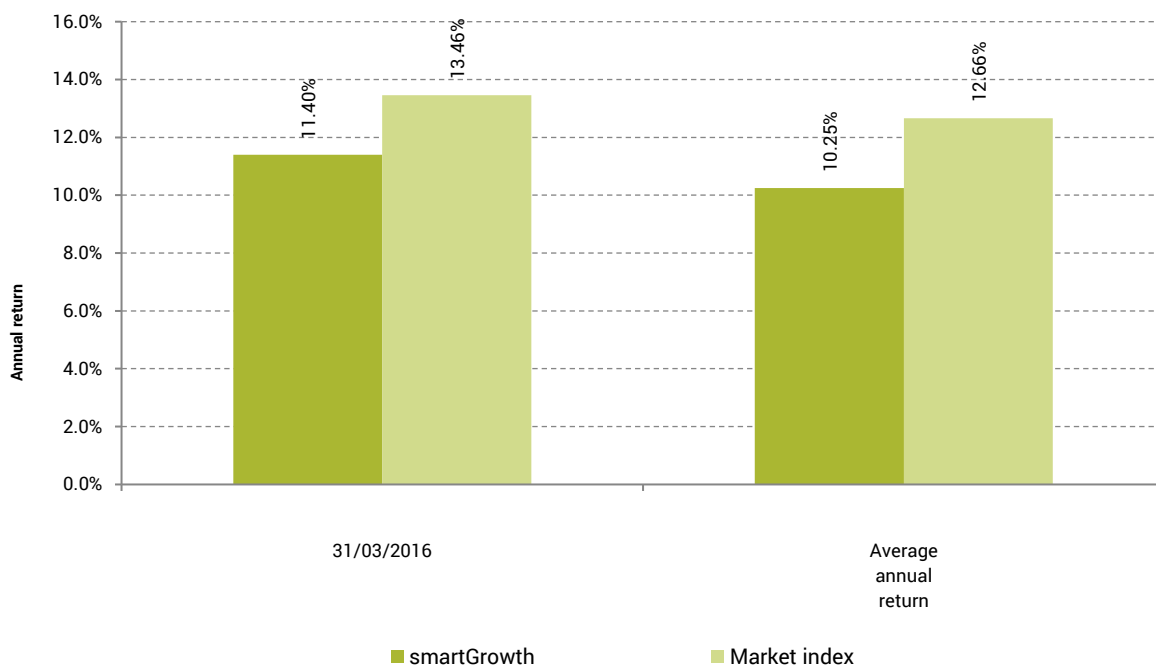
See the "Other Information – Risks" document on the offer register at www.business.govt.nz/disclose for further information.

How has the investment option performed?

| | Past year |
|--|-----------|
| Annual return (after deductions for charges and tax) | 11.23% |
| Annual return (after deductions for charges but before tax) | 13.01% |
| Market index annual return (reflects no deduction for charges and tax) | 10.57% |

The market index annual return is based on the annual return for the composite index of the underlying funds. It is made up of the indices used to measure the performance of the assets that the investment option invests in. 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 investment option started. The last bar shows the average annual return since the investment option started, up to 31 December 2016.

Important: This does not tell you how the investment option 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 smartGrowth are charged fund charges. In the year to 31 March 2016 these were:

| | % per annum of investment option's net asset value |
|--|--|
| Total fund charges | 0.41%* |
| Which are made up of: | |
| Total management and administration charges | 0.41% |
| Including: | |
| Manager's basic fee | 0.40% |
| Other management and administration charges | 0.01% |
| Total performance-based fees | 0.00% |
| Other charges | Dollar amount per investor |
| Administration fee | \$33 per annum* |
| Paper statements fee | \$18 per annum ² |

The supplement for your employer may allow you to withdraw money from your member account and transfer it to a KiwiSaver scheme. Where the transfer is to a KiwiSaver scheme other than the SuperLife KiwiSaver scheme, you may be charged a withdrawal fee. The fee is \$50.

* From 9 November 2016, the total fund charges changed to 0.49% per annum of the investment option's net asset value and the administration fee reduced to \$12 per annum. A paper statement fee of \$18 per annum was introduced.

See the "Other Information – Fees" document on the offer register at www.business.govt.nz/disclose for further information about the fees you will be charged for investing in the SuperLife workplace savings scheme.

Small differences in fees and charges can have a big impact on your investment over the long term.

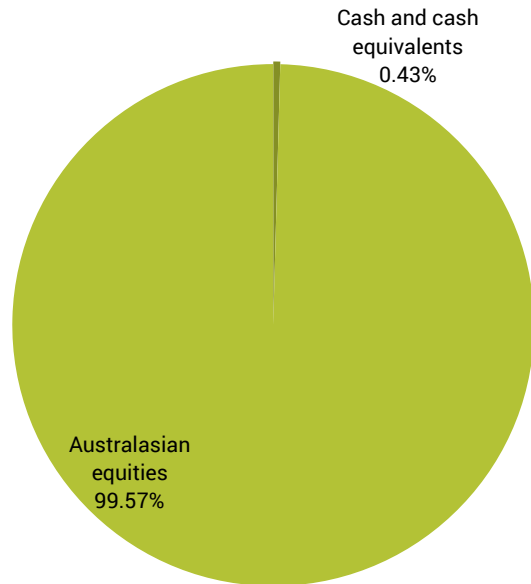
Example of how this applies to an investor

Jess had \$10,000 in the investment option and did not make any further contributions. At the end of the year, Jess received a return after fund charges were deducted of \$1,123 (that is 11.23% of her initial \$10,000). Jess paid other charges of \$31³. (Jess received statements and other SuperLife communications electronically and was not charged the paper statements fee). This gives Jess a total return after tax of \$1,092 for the year.

What does the investment option invest in?

Actual investment mix

This shows the types of assets that the investment option invests in.



Target investment mix

This shows the mix of assets that the investment option 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 investment option net assets | Type | Country | Credit rating (if applicable) |
|--|-----------------------------------|-----------------------|-------------|-------------------------------|
| Fisher and Paykel Healthcare Corporation Limited | 3.09% | Australasian equities | New Zealand | |
| Fletcher Building Limited | 3.02% | Australasian equities | New Zealand | |
| Contact Energy Limited | 2.97% | Australasian equities | New Zealand | |
| Auckland International Airport Limited | 2.91% | Australasian equities | New Zealand | |
| Meridian Energy Limited | 2.88% | Australasian equities | New Zealand | |
| Ryman Healthcare Limited | 2.88% | Australasian equities | New Zealand | |
| Spark New Zealand Limited | 2.82% | Australasian equities | New Zealand | |
| Z Energy | 2.67% | Australasian equities | New Zealand | |
| Sky City Entertainment Group Limited | 2.39% | Australasian equities | New Zealand | |
| Fortescue Metals Group Ltd | 2.19% | Australasian equities | Australia | |

The top 10 investments make up 27.83% of the investment option.

Currency hedging

smartGrowth does not hedge its foreign currency exposure.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the investment option:

| 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 |
| Michael John Chamberlain | Head of SuperLife Funds Management | 1 year and 11 months | Director - SuperLife Limited | 18 years and 6 months |
| Guy Roulston Elliffe | Director | 1 year and 1 month | Corporate Governance Manager - ACC | 1 year and 8 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 Product Disclosure Statement for the SuperLife workplace savings scheme, 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 investment option 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 investment option. The risk indicator for the investment option uses 3 years of market index returns.
- 2 You will only be charged this fee if you choose to receive statements and other SuperLife communications in paper form.
- 3 This is made up of 11 months of \$2.75 per month (when the administration fee was \$33 per annum) and 1 month of \$1.00 (when the administration fee was \$12 per annum).