

Investment Update

SuperLife KiwiSaver scheme

smartBalanced

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 smartBalanced 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

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

Total value of the investment option:	\$8,680,147
Number of investors in the investment option:	235
The date the investment option started:	19 January 2015

What are the risks of investing?

Risk indicator for smartBalanced 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 KiwiSaver 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.

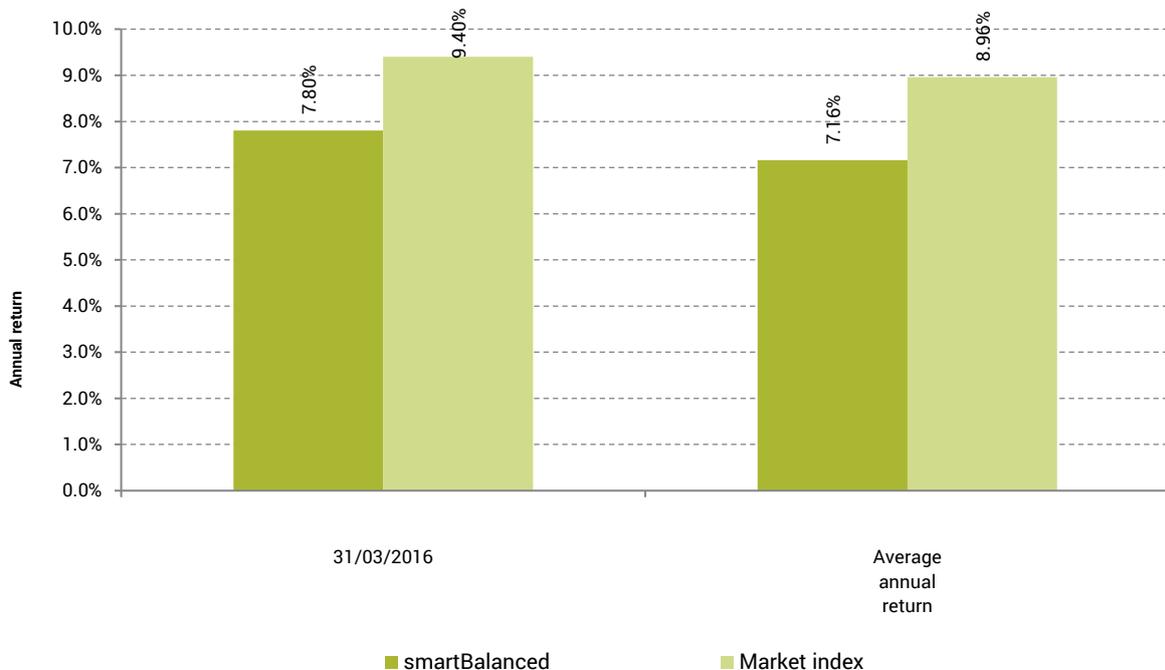
See the "Other Information – Risks" document on the offer register at www.business.govt.nz/disclose for further information.

How has the investment option performed?

	Past year
Annual return (after deductions for charges and tax)	7.60%
Annual return (after deductions for charges but before tax)	8.86%
Market index annual return (reflects no deduction for charges and tax)	7.54%

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 smartBalanced 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	0.58%*
Which are made up of:	
Total management and administration charges	0.58%
Including:	
Manager's basic fee	0.52%
Other management and administration charges	0.06%
Total performance-based fees	0.00%
Other charges	Dollar amount per investor
Administration fee	\$33 per annum*

The Scheme has a transfer fee. You will be charged this fee if you transfer your investment to another KiwiSaver scheme. The fee is \$100.

* From 9 November 2016, the total fund charges changed to 0.53% per annum of the investment option's net asset value and the administration fee reduced to \$30 per annum

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 KiwiSaver scheme.

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

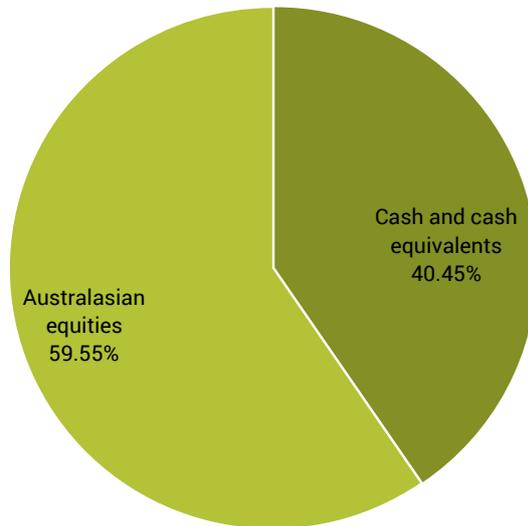
Example of how this applies to an investor

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 \$760 (that is 7.60% of her initial \$10,000). Jess paid other charges of \$33². This gives Jess a total return after tax of \$727 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	40.00%
New Zealand fixed interest	-
International fixed interest	-
Australasian equities	60.00%
International equities	-
Listed property	-
Unlisted property	-
Commodities	-
Other	-

Top 10 investments

Name	% of investment option net assets	Type	Country	Credit rating (if applicable)
Nikko AM Wholesale NZ Cash Fund	10.70%	Cash and cash equivalents	New Zealand	
SBS Term Depo 020217 3.43 TD	2.08%	Cash and cash equivalents	New Zealand	BBB
ASB Bank Ltd 080319 FRN	2.01%	Cash and cash equivalents	New Zealand	AA-
Fisher and Paykel Healthcare Corporation Limited	1.80%	Australasian equities	New Zealand	
Kiwibank Limited 130519 FRN	1.78%	Cash and cash equivalents	New Zealand	AA+
Fletcher Building Limited	1.76%	Australasian equities	New Zealand	
Contact Energy Limited	1.73%	Australasian equities	New Zealand	
Auckland International Airport Limited	1.70%	Australasian equities	New Zealand	
Meridian Energy Limited	1.68%	Australasian equities	New Zealand	
Ryman Healthcare Limited	1.68%	Australasian equities	New Zealand	

The top 10 investments make up 26.92% of the investment option.

Currency hedging

smartBalanced 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 KiwiSaver 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 This is made up of 11 months of \$2.75 per month (when the administration fee was \$33 per annum) and 1 month of \$2.50 (when the administration fee was \$30 per annum).