

Fund Update

SuperLife UK pension transfer scheme

Ethica

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 Ethica 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

Ethica is a socially responsible fund that invests in a balanced mix of income and growth assets. Excludes assets that do not meet ethical investment standards. Negative annual returns may occur once in every 5 – 7 years on average.

Total value of the fund:	\$1,095,100
Number of investors in the fund:	14
The date the fund started:	24 July 2012

What are the risks of investing?

Risk indicator for Ethica ¹



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.

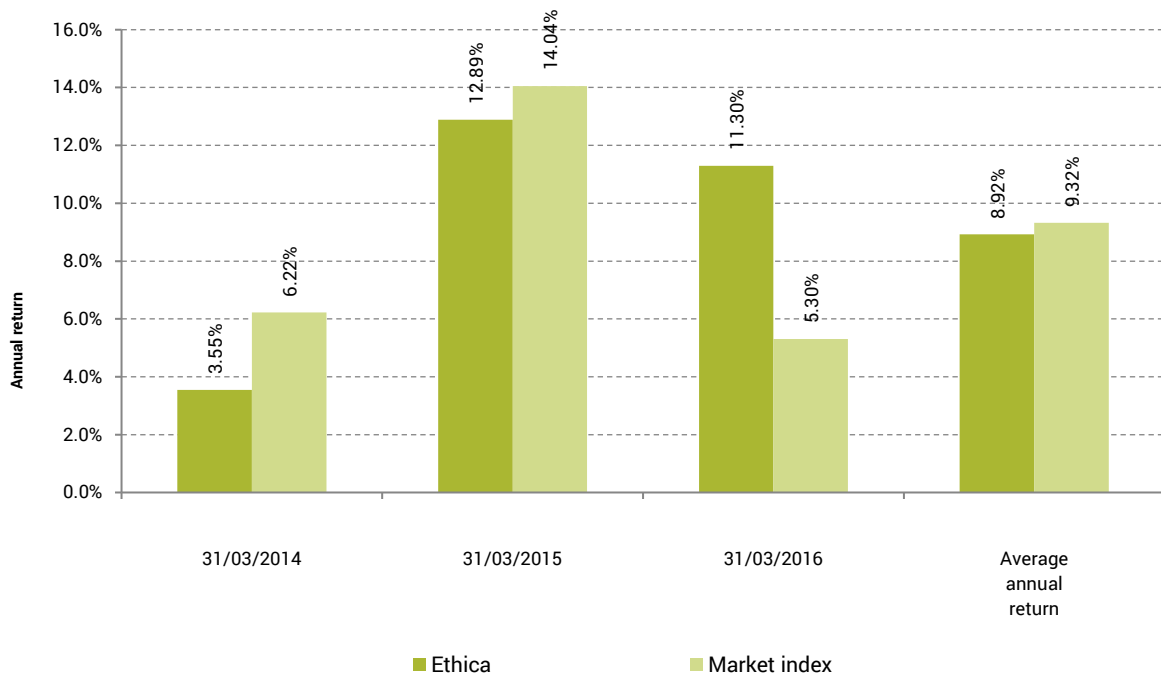
See the Product Disclosure Statement for the SuperLife UK pension transfer scheme (**PDS**) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	4.58%
Annual return (after deductions for charges but before tax)	5.64%
Market index annual return (reflects no deduction for charges and tax)	6.11%

The market index annual return is based on the annual return for the weighted average return of the market indices used to measure performance of the underlying assets. 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 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 Ethica are charged fund charges. In the year to 31 March 2016 these were:

	% per annum of fund's net asset value
Total fund charges	0.53%*
Which are made up of:	
Total management and administration charges	0.53%
Including:	
Manager's basic fee	0.45%
Other management and administration charges	0.08%
Total performance-based fees	0.00%
Other charges	Dollar amount per investor
Administration fee	\$60 per annum

* From 9 November 2016, the total fund charges changed to an estimated 0.64% per annum of the fund's net asset value.

The Scheme has an entry fee. This fee is to meet the costs of transferring your money into the Scheme from a UK pension scheme. It will be calculated as our estimate of those costs and will be agreed with you before we start the transfer process.

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 UK pension transfer scheme.

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

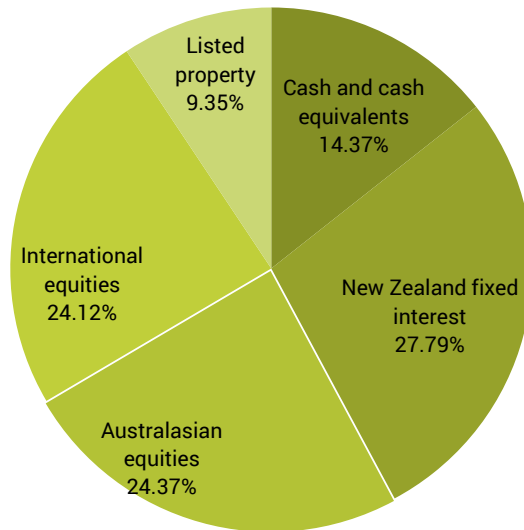
Example of how this applies to an investor

Jess had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Jess received a return after fund charges were deducted of \$458 (that is 4.58% of her initial \$10,000). Jess paid other charges of \$60. This gives Jess a total return after tax of \$398 for the year.

What does the fund invest in?

Actual investment mix

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	5.00%
New Zealand fixed interest	35.00%
International fixed interest	-
Australasian equities	25.00%
International equities	25.00%
Listed property	10.00%
Unlisted property	-
Commodities	-
Other	-

Top 10 investments

Name	% of fund net assets	Type	Country	Credit rating (if applicable)
ASB NZD Current Account	11.13%	Cash and cash equivalents	New Zealand	AA-
Wellington Drive Loan Facility 14.75%	2.39%	Cash and cash equivalents	New Zealand	
ASB Bank 150624 6.65%	1.91%	New Zealand fixed interest	New Zealand	BBB+
Bank of New Zealand 171225 5.31%	1.69%	New Zealand fixed interest	New Zealand	BBB+
Vector 150617 7.00%	1.69%	New Zealand fixed interest	New Zealand	BB+
Kiwibank 151222 5.80%	1.69%	New Zealand fixed interest	New Zealand	BBB+
Powerco 280917 6.74%	1.62%	New Zealand fixed interest	New Zealand	BBB
ANZ National Bank Perpetual 5.28%	1.56%	New Zealand fixed interest	New Zealand	BBB+
Nufarm Finance Perpetual 5.89%	1.53%	New Zealand fixed interest	New Zealand	
Mighty River Power 110719 6.90%	1.50%	New Zealand fixed interest	New Zealand	BBB+

The top 10 investments make up 26.71% of the fund.

Currency hedging

The fund's foreign currency exposure is hedged to the NZD, and hedging levels will vary between 0% and 110%.

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
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 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 6 months of market index returns.