

Fund Update

Fisher Funds Managed Funds Balanced Strategy

For the quarter ended: 30 September 2018
This fund update was first made publicly available on: 29 October 2018

What is the purpose of this update?

This document tells you how the Balanced Strategy has performed and what fees were charged. The document will help you to compare the fund with other funds. Fisher Funds Management 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

This investment option aims to provide a balance between protecting your investment and growing it over the long term. Invests in a balance of income and growth assets, and automatically rebalanced each year to the target investment mix of 45% Conservative Fund and 55% Growth Fund.

| | |
|---------------------------------|-------------|
| Total value of the fund | \$6,371,989 |
| Number of investors in the fund | 81 |
| The date the fund started | 31 Jul 2018 |

What are the risks of investing?

Risk indicator for the Balanced Strategy¹:



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 ipq.fisherfunds.co.nz/ffmf.

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 the past 5 years. 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 \(PDS\)](#) 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 ² |
| Annual return (after deductions for charges but before tax) | Not applicable ² |
| Market index annual return (reflects no deduction for charges and tax) | 10.09% |

The market index return reflects a composite of benchmark index returns, weighted for the fund's target asset allocation. The benchmark indices used for each asset class are defined in the Statement of Investment Policy and Objectives (SIPO). Additional information about the market index is available on the offer register at companiesoffice.govt.nz/disclose under Fisher Funds Managed Funds or OFR10667.

What fees are investors charged?

Investors in the Balanced Strategy are charged fund charges that include GST. In the year to 31 March 2018 these were:

| | % of net asset value |
|----------------------------------------------------|----------------------|
| Total fund charges | 1.47% |
| Which are made up of: | |
| Total management and administration charges | 1.47% |
| Including : | |
| Manager's basic fee | 1.20% |
| Other management and administration charges | 0.27% |
| Total performance-based fees ⁴ | 0.00% |

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

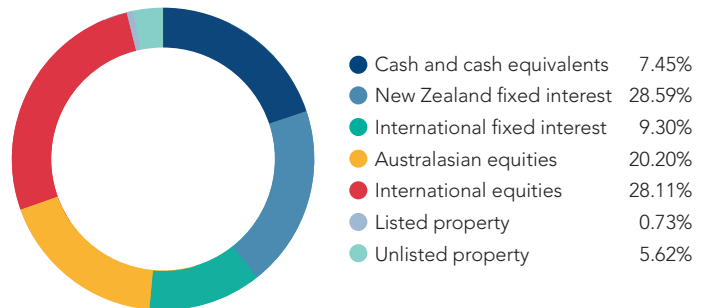
Example of how this applies to an investor

Katie had \$10,000 in the fund at 31 July 2018 and did not make any further contributions. At 30 September 2018, Katie received a return after fund charges were deducted of \$189 (that is 1.89% of her initial \$10,000). Katie did not pay other charges. This gives Katie a total return after tax of \$189 for the period.

What does the fund invest in?

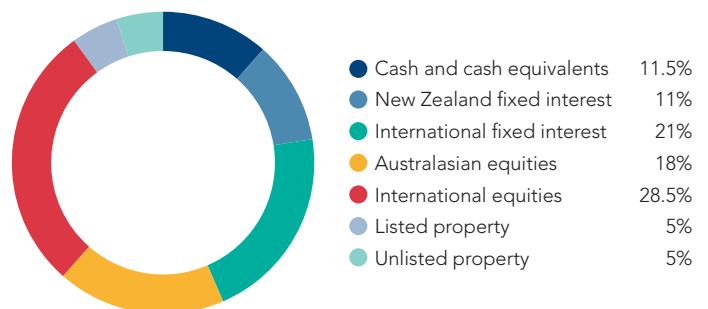
Actual investment mix

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.



Currency hedging

The currency hedge ratios for each asset class (hedged into NZD) are:

| | Benchmark | Actual as at 30 September 2018 |
|------------------------------------|-----------|--------------------------------|
| International fixed interest | 100% | 98.9% |
| Australian equities | 70% | 67.2% |
| International equities | 50% | 42.1% |
| Listed property (overseas portion) | 70% | 70.0% |

Top 10 Investments

| Name | % of fund net assets | Type | Country | Credit rating (if applicable) |
|------------------------------------------------------|----------------------|------------------------------|---------|-------------------------------|
| ANZ 10 A/C - CURRENT ACCOUNTS 28/09/2018 | 3.92% | Cash and cash equivalents | NZ | NA |
| BAYFAIR MALL | 2.31% | Unlisted property | NZ | NA |
| GOVERNMENT OF NEW ZEALAND 4.5% 15-APR-2027 | 1.23% | New Zealand fixed interest | NZ | Aaa |
| GOVERNMENT OF NEW ZEALAND 3.5% 14-APR-2033 | 1.19% | New Zealand fixed interest | NZ | Aaa |
| RABOBANK NEDERLAND FRN 22-MAR-2021 | 1.15% | New Zealand fixed interest | NZ | Aa3 |
| A2 MILK COMPANY LTD. | 1.15% | Australasian equities | NZ | NA |
| FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED | 1.15% | Australasian equities | NZ | NA |
| INTERNATIONAL FINANCE CORPORATION 3.625% 20-MAY-2020 | 1.05% | New Zealand fixed interest | NZ | AAA |
| MERIVALE MALL | 1.04% | Unlisted property | NZ | NA |
| 10Y JAPAN GOVT BOND (OSE) DEC 18 12/12/2018 | 1.01% | International fixed interest | NZ | NA |

The top 10 investments make up 15.20% of the fund.

Key personnel

| Name | Current position | Time in current position | Previous or other position | Time in previous or other position |
|------------------|--------------------------------------------------|--------------------------|------------------------------------------------------------------------------------|------------------------------------|
| Frank Jasper | Chief Investment Officer | 1 Years, 2 Months | Director, Fisher Funds Management Limited | 12 Years, 4 Months |
| Mark Brighthouse | Chief Investment Strategist | 1 Years, 2 Months | Chief Investment Officer, Fisher Funds Management Limited | 5 Years, 9 Months |
| David McLeish | Senior Portfolio Manager, Fixed Interest | 7 Years, 6 Months | Executive Director, Goldman Sachs International, London | 3 Years, 0 Months |
| Ashley Gardyne | Senior Portfolio Manager, International Equities | 2 Years, 5 Months | Senior Investment Analyst, International Equities, Fisher Funds Management Limited | 2 Years, 11 Months |
| Sam Dickie | Senior Portfolio Manager, NZ Equities | 1 Year, 7 Months | Portfolio Manager, Moore Capital Asia Limited | 5 Years, 10 Months |

Further information

You can also obtain this information, the PDS for the Fisher Funds Managed Funds, and some additional information from the offer register at companiesoffice.govt.nz/disclose under Fisher Funds Managed Funds or OFR10667.

Notes

- ¹ Market index returns as well as the fund's actual returns have been used to fill in the risk indicator, as the fund commenced less than 5 years ago. As a result of market index returns being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. Market index returns were used for the period from 1 October 2013 to 31 July 2018.
- ² The Balanced Strategy was introduced on 31 July 2018, the first annual returns will be available in the 30 September 2019 fund update.
- ³ The other management and administration charges are estimated based on the other management and administration charges for existing funds managed by Fisher Funds that are invested similarly.
- ⁴ The performance-based fee accrual is calculated on a daily basis. See the product disclosure statement for more information about the basis on which performance fees are charged.