

Forsyth Barr NZ Fixed Interest Fund

Forsyth Barr Investment Funds

Fund Update as at 30 June 2019



This fund update was first made publicly available on 26 July 2019.

What is the purpose of this update?

This document tells you how the Forsyth Barr NZ Fixed Interest Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Forsyth Barr Investment 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

The Forsyth Barr NZ Fixed Interest Fund invests in selected New Zealand dollar denominated fixed interest assets. We aim for positive long-term returns. These kinds of investments will typically have low levels of movement up and down in value.

| | |
|----------------------------------|--------------|
| Total value of the fund | \$20,924,938 |
| The date the fund started | 26 June 2008 |

What are the risks of investing?

Risk indicator for Forsyth Barr NZ Fixed Interest Fund:



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 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 the five years to 30 June 2019. 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.

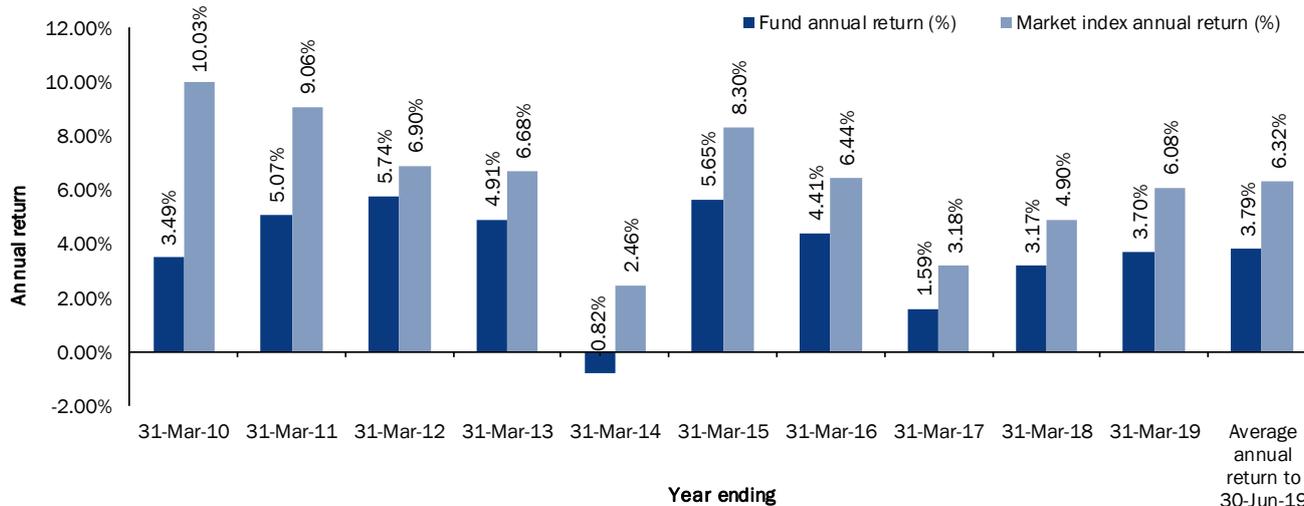
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

| | Average over past 5 years | Past year |
|--|---------------------------|-----------|
| Annual return (after deductions for charges and tax) | 3.73% | 4.35% |
| Annual return (after deductions for charges but before tax) | 5.20% | 6.08% |
| Market index annual return (reflects no deduction for charges and tax) | 5.84% | 6.85% |

The market index return is based on the S&P/NZX Investment Grade Corporate Bond Index. Additional information about the market index is available on the Forsyth Barr Investment Funds' entry on the offer register at www.business.govt.nz/disclose.

Annual return graph



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 30 June 2019.

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 Forsyth Barr NZ Fixed Interest Fund are charged fund charges. In the year to 31 March 2019 these were:

| | % of net asset value ¹ |
|--|-----------------------------------|
| Total fund charges | 0.82% |
| <i>Which are made up of:</i> | |
| Total management and administration charges including | 0.82% |
| Manager's basic fee | 0.77% |
| Other management and administration charges | 0.05% |
| Total performance-based fees | 0.00% |
| Dollar amount per investor | |
| Other charges | \$0.00 |

Investors are not currently charged any other fees. See the PDS for more information about fees.

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

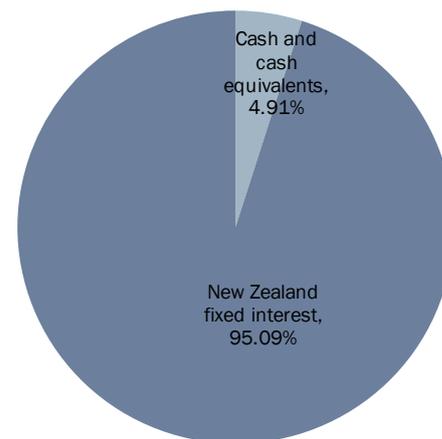
Example of how this applies to an investor

Jane 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, Jane received a return after fund charges were deducted but before tax of \$608 (that is 6.08% of her initial \$10,000). This gives Jane a total return after tax of \$435 for the year.

What does the fund invest in?

This shows the types of assets that the fund invests in.

Actual investment mix



Target investment mix

| | |
|------------------------------|--------|
| Cash and cash equivalents | 5.00% |
| New Zealand fixed interest | 90.00% |
| International fixed interest | 5.00% |
| Australasian equities | 0.00% |
| International equities | 0.00% |
| Listed property | 0.00% |
| Unlisted property | 0.00% |
| Commodities | 0.00% |
| Other | 0.00% |

Top 10 investments

| | Name | Percentage of fund net assets | Type | Country | Credit rating (if applicable) |
|----|--|-------------------------------|----------------------------|-------------|-------------------------------|
| 1 | New Zealand Local Government Funding Agency Ltd 15/04/2025 2.75% | 7.54% | New Zealand fixed interest | New Zealand | AA+ |
| 2 | Housing New Zealand 3.42% 18/10/2028 | 6.89% | New Zealand fixed interest | New Zealand | AA+ |
| 3 | New Zealand Local Government Funding Agency Ltd 15/04/2023 5.50% | 5.12% | New Zealand fixed interest | New Zealand | AA+ |
| 4 | ANZ transactional bank account | 4.91% | Cash and cash equivalents | New Zealand | AA- |
| 5 | New Zealand Local Government Funding Agency Ltd 15/04/2020 3.00% | 3.16% | New Zealand fixed interest | New Zealand | AA+ |
| 6 | Housing New Zealand 3.36% 12/06/2025 | 2.76% | New Zealand fixed interest | New Zealand | AA+ |
| 7 | Genesis Energy Limited 5.0% 03/04/2025 | 2.67% | New Zealand fixed interest | New Zealand | BBB+ |
| 8 | Vector Ltd 14/03/2024 4.996% | 2.63% | New Zealand fixed interest | New Zealand | BBB |
| 9 | Port of Tauranga Limited 4.792% 29/01/2021 | 2.53% | New Zealand fixed interest | New Zealand | BBB+ |
| 10 | New Zealand Local Government Funding Agency Ltd 15/05/2021 6.00% | 2.34% | New Zealand fixed interest | New Zealand | AA+ |

The top 10 investments make up 40.55% of the fund.

Key personnel

| Name | Current position | Time in current position | Previous or other current position | Time in previous or other current position |
|--------------------|---|-------------------------------------|---|--|
| Kevin Stirrat | Head of Investment Strategy, Forsyth Barr Limited | 13 years and 10 months ² | Director, Deutsche Bank | 11 years and 2 months |
| Craig Alexander | Head of Funds Management, Forsyth Barr Limited | 6 years ² | Head of Fixed Interest, Tower Investments | 5 years and 2 months |
| Malcolm Davie | Equity Portfolio Manager, Forsyth Barr Limited | 5 years and 3 months ² | Head of Investment Management, First NZ Capital | 7 years and 3 months |
| Rob Mercer | Head of Private Wealth Research, Forsyth Barr Limited | 7 years and 1 month ² | Head of Research, Forsyth Barr Limited | 11 years and 4 months |
| Neil Paviour-Smith | Director | 11 years and 4 months ² | Managing Director, Forsyth Barr Limited (current) | 18 Years and 6 months |

Further information

You can also obtain this information, the PDS for the Forsyth Barr Investment Funds, and some additional information from the offer register at www.business.govt.nz/disclose.

Notes

- ¹ Including GST.
- ² These personnel are employees of Forsyth Barr Limited, which carries out investment management and daily administration of the Forsyth Barr Investment Funds (and is an authorised body under our licence as a manager of registered schemes).