

# Fund Update

for the quarter ended 31 December 2016

## GMI Master Trust - GMI Growth Fund

This is a replacement fund update made available on 21 June 2018. This replaces the fund update first made publicly available on 13 February 2017.

This replacement fund update has been prepared in order to make the following amendments:

- In the 'How has the fund performed?' section, to correct the past year annual return (after deductions for charges but before tax) from 0.68% to 0.26%

### What is the purpose of this update?

This document tells you how the GMI Growth Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. GMI Wealth Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

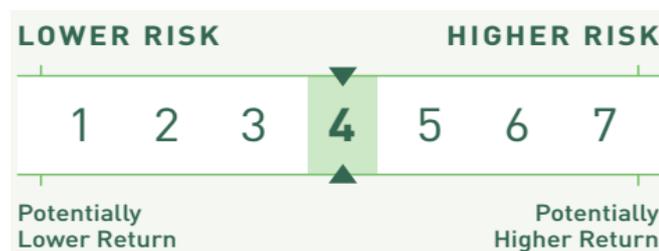
### Description of this fund

The fund provides investors with access to an actively managed diversified portfolio of primarily global assets. The investment objective is to outperform the MSCI All Country World Index, 50% hedged to the New Zealand dollar over the medium to longer term. The fund invests primarily in growth assets.

Total value of the fund	\$219,972,620
The date the fund started	01/01/2016

### What are the risks of investing?

Risk indicator for the GMI Growth Fund:<sup>1</sup>



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 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.

The principal types of risks applying to the fund that could affect an investment and the fund's returns are the risks associated with the:

- assets in which the fund invests;
- active investment management of the fund;
- performance of other parties involved in the fund, or with whom a contract is entered into on behalf of the fund; and
- rules applying to the fund changing.

### How has the fund performed?

	Past year
<b>Annual return</b> <i>(after deductions for charges and tax)</i>	-0.19%
<b>Annual return</b> <i>(after deductions for charges but before tax)</i>	0.26%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	8.86%

The market index return is the strategic asset allocation weighted benchmark index return, where the benchmark indices are defined in the Statement of Investment Policy and Objectives.

### What fees are investors charged?

Investors in the GMI Growth Fund are charged fund charges. In the year to 31 March 2016 these were:

	% of net asset value
<b>Total fund charges</b>	<b>0.11%<sup>2</sup></b>
<i>Which are made up of -</i>	
<b>Total management and administration charges</b>	<b>0.11%</b>
Including -	
Manager's basic fee	0.00%
Other management and administration charges	0.11%
<b>Total performance-based fees</b>	<b>0.00%</b>
	<b>Dollar amount per investor</b>
<b>Other charges</b>	<b>\$0.00</b>

Investors are not charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds).

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

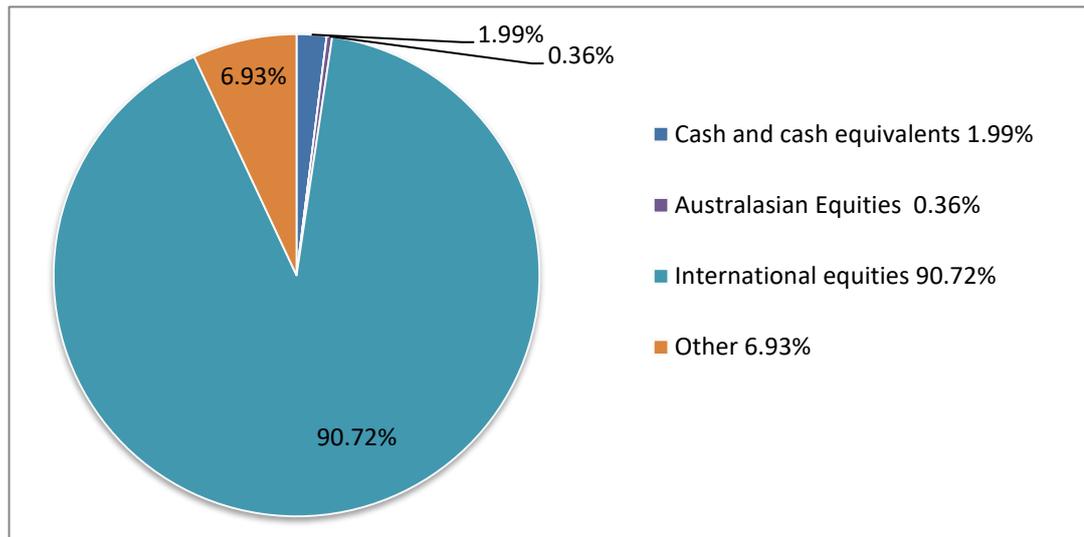
### Example of how this applies to an investor

Alice 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, Alice incurred a loss after fund charges were deducted of \$19 (that is -0.19% of her initial \$10,000). Alice also paid \$0.00 in other charges. This gives Alice a total loss after tax of \$19 for the year.

### What does the fund invest in?

This shows the types of assets that the fund invests in.<sup>3</sup>

#### Actual investment mix



#### Target investment mix

This shows the mix of assets that the fund generally intends to invest in.

Cash and cash equivalents	0.00%
New Zealand fixed interest	0.00%
International fixed interest	0.00%
Australasian equities	0.00%
International equities	100.00%
Listed property	0.00%
Unlisted property	0.00%
Commodities	0.00%
Other	0.00%

### Top 10 investments

	Name	Country	Type	Credit rating (if applicable)	Percentage of fund net assets
1	Vanguard Total Stock Market ETF	United States	International equities		12.75%
2	Vanguard Total International Stock ETF	United States	International equities		12.43%
3	GMO Systematic Global Macro Trust	Australia	Other		2.51%
4	Man AHL Pure Momentum Limited	United States	Other		1.87%
5	ISAM Systematic Trend Q Mar-16	United States	Other		1.79%
6	Royal Dutch Shell	Great Britain	International equities		1.06%
7	Westpac US Dollar Account	New Zealand	Cash and cash equivalents	AA-	0.93%
8	American Water Works Co Inc	United States	International equities		0.92%
9	ING Group NV	Netherlands	International equities		0.88%
10	Goldman Sachs Group Inc	United States	International equities		0.83%

The top 10 investments make up 35.97% of the fund.

### Currency hedging

The Investment Manager actively manages currency risk. The New Zealand dollar exposure target for the fund is 50%, although the Investment Manager may vary from the target level. The maximum effective hedge ratio for foreign assets is 100% and the minimum is 0% although the Investment Manager typically expects this range to be between 30-70%.

## Key personnel

This shows the employees who have the most influence on the investment decisions of the fund.

Name	Current position	Time in current position	Previous or other position	Time in previous or other position
Simon O'Grady	Chief Investment Officer - Gareth Morgan Investments Limited Partnership	4 years and 2 months	Head of Investment Strategy - Suncorp Investment Management	5 years
Susan Easton	Head of Investment Strategy - Gareth Morgan Investments Limited Partnership	7 years	Investment Strategist - Gareth Morgan Investments Limited Partnership	3 years and 6 months
Nathan Field	Portfolio Manager, Equities - Gareth Morgan Investments Limited Partnership	6 years and 7 months	Senior Equity Analyst – ABN Amro, Sydney	4 years and 6 months
John Carran	Senior Economist - Gareth Morgan Investments Limited Partnership	5 years and 4 months	Senior Economist - Infometrics Ltd	2 years and 9 months
Steffan Berridge	Quantitative Strategist - Gareth Morgan Investments Limited Partnership	3 years and 3 months	Portfolio Manager - Man Group PLC	9 years

## Further information

You can also obtain this information from the Manager using the contact details below.

## Notes

1. Market index returns as well as the fund's actual returns have been used to fill in the risk indicator, as this fund has not yet been in operation for five years. Market index returns have been used from 31 March 2011 until 31 December 2015 and actual returns after that. As a result of those returns being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.
2. The total fund fee calculated for the purposes of this disclosure statement is materially different to how total fund fees are charged to an individual investor due to the period of time the fund has been in existence, resulting in significantly below average account balances in the fund.
3. Other is comprised of alternative investments: investments that fall outside the main asset classes and can include absolute return funds and commodity investments.