



SIL MUTUAL FUND EMPLOYER LUMP SUM SCHEME

SIL Employer Balanced Fund

This fund update was first made publicly available on: 27 September 2018

What is the purpose of this update?

This document tells you how the SIL Employer Balanced Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Superannuation Investments 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 SIL Employer Balanced Fund invests in similar amounts of income assets (cash and cash equivalents and fixed interest) and growth assets (equities and listed property). The fund may also invest in alternative assets.

The fund aims to achieve a return (after the fund charge and before tax) on average over rolling three year periods that outperforms the composite index.

| | |
|---------------------------------|--------------|
| Total value of the fund (\$) | 6,503,214 |
| Number of investors in the fund | 118 |
| The date the fund started | 11 June 2008 |

What are the risks of investing?

Risk indicator for the SIL Employer Balanced 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 may be 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 ended 30 June 2018. 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.

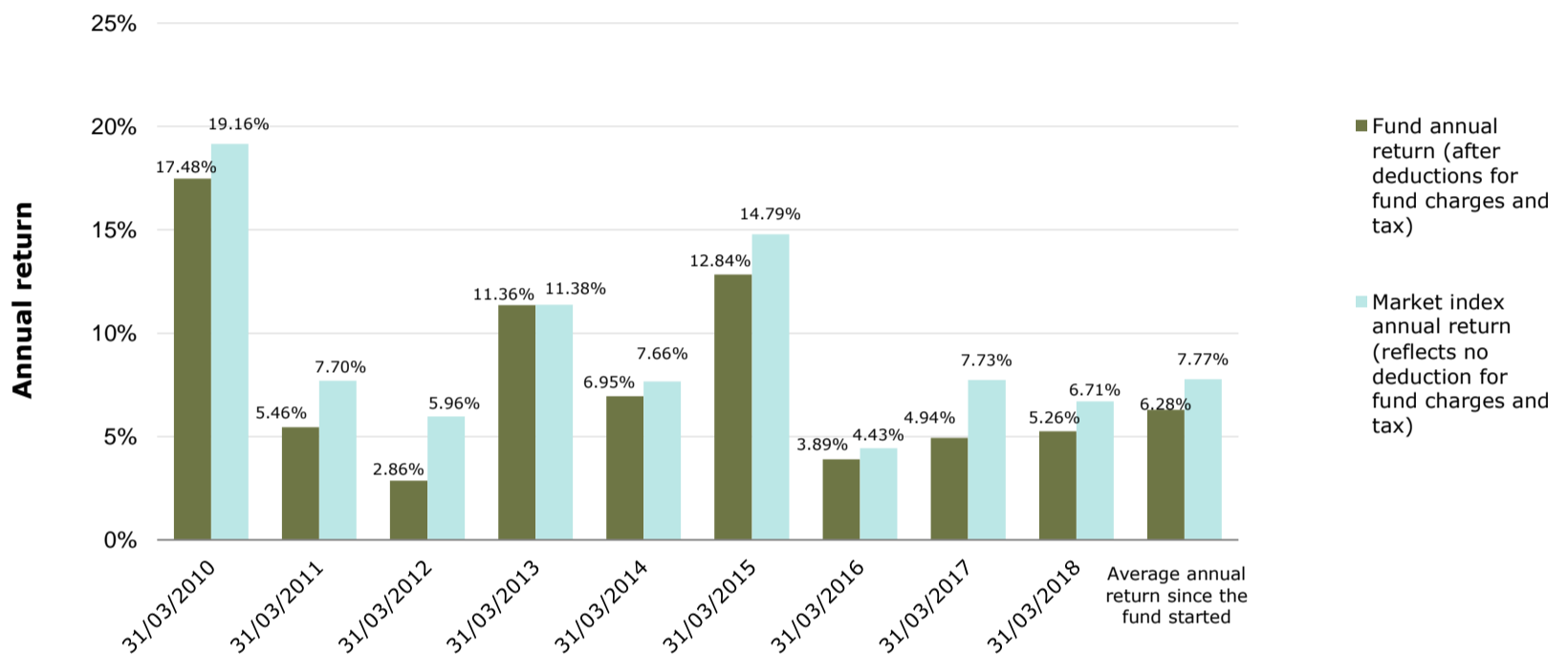
How has the fund performed?

| | Average over past five years | Past year |
|---|------------------------------|-----------|
| Annual return (after deductions for fund charges and tax) | 7.32% | 7.47% |
| Annual return (after deductions for fund charges but before tax) | 8.55% | 7.89% |
| Market index annual return (reflects no deduction for fund charges and tax) | 8.82% | 8.54% |

The market index annual return is calculated using the target investment mix and the indices of each asset class.

Additional information about the market index is available in the statement of investment policy and objectives on the scheme register at 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 30 June 2018.

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 SIL Employer Balanced Fund are charged fund charges. In the year to 30 June 2018 these were:

| | % of net asset value |
|--|-----------------------------|
| Total fund charges | 1.01% |
| <i>Which are made up of:</i> | |
| Total management and administration charges | 1.01% |
| <i>Including:</i> | |
| Manager's basic fee | 0.90% |
| Other management and administration charges | 0.11% |
| Total performance based fees | 0.00% |

| | Dollar amount per investor |
|----------------------|-----------------------------------|
| Other charges | |
| Membership fee | \$0 |

Investors are not currently 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

Sarah 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, Sarah received a return after fund charges were deducted of \$747 (that is 7.47% of her initial \$10,000). Sarah also paid \$0 in other charges. This gives Sarah a total return after tax of \$747 for the year.

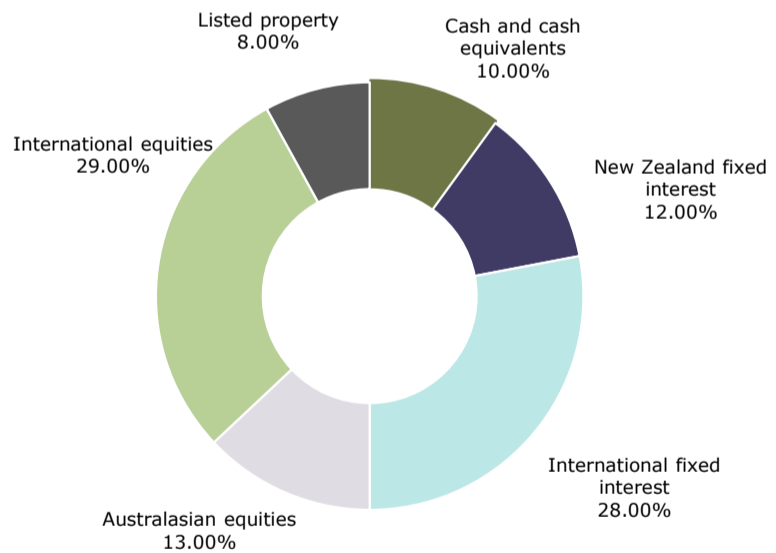
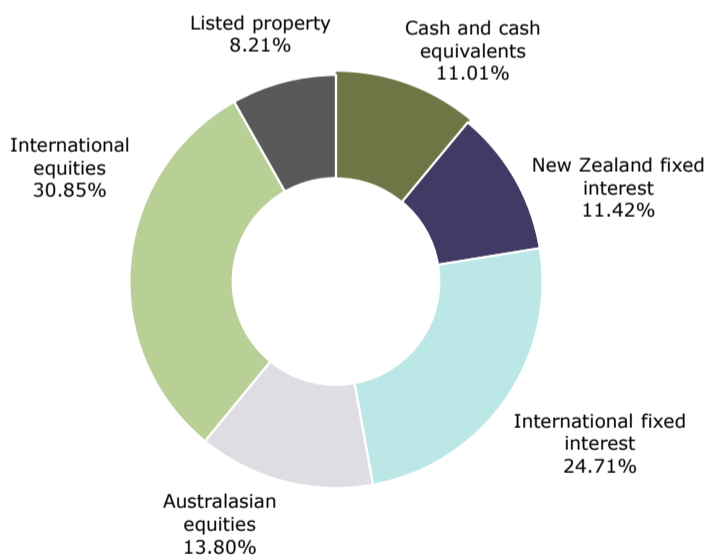
What does the fund invest in?

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.



Top 10 investments

| Name | Percentage of fund net assets | Type | Country | Credit rating (if applicable) |
|--|-------------------------------|----------------------------|---------------|-------------------------------|
| 1 NZ Govt Stock 6.0% 2021 | 1.12% | New Zealand fixed interest | New Zealand | AA+ |
| 2 Cash Deposit (J.P. Morgan AUD) | 1.08% | Cash and cash equivalents | Australia | A1 |
| 3 NZ Govt Stock 5.0% 2019 | 1.07% | New Zealand fixed interest | New Zealand | AA+ |
| 4 NZ Govt Stock 5.5% 2023 | 0.86% | New Zealand fixed interest | New Zealand | AA+ |
| 5 BNZ Negotiable Certificate of Deposit 20/08/18 | 0.85% | Cash and cash equivalents | New Zealand | A1+ |
| 6 Rabobank Registered Certificate of Deposit 20/8/18 | 0.72% | Cash and cash equivalents | New Zealand | A1 |
| 7 NZ Govt Stock 3.0% 2020 | 0.70% | New Zealand fixed interest | New Zealand | AA+ |
| 8 Visa Inc | 0.69% | International equities | United States | |
| 9 Precinct Property NZ Ltd | 0.64% | Listed property | New Zealand | |
| 10 Cash Deposit (J.P. Morgan USD) | 0.62% | Cash and cash equivalents | United States | A1 |

The top 10 investments make up 8.35% of the net asset value of the fund.

Currency hedging

| Asset class | Benchmark hedging rate | Current hedging level |
|-------------------------------|--|-----------------------|
| Cash and cash equivalents | No foreign exchange exposure | - |
| New Zealand fixed interest | No foreign exchange exposure | - |
| International fixed interest | Benchmark 100% hedged | 100% |
| Australasian listed property | Benchmark 100% hedged | 100% |
| International listed property | Benchmark 100% hedged | 100% |
| Australasian equities | Benchmark 50% AUD hedged (range of 0% -100%) | 50% |
| International equities | Benchmark 65% hedged (range of 0% -100%) | 65% |

Key personnel

This shows the directors and employees who have the most influence on investment decisions in relation to the fund.

| Name | Current position | Time in current position | Previous or other position | Time in previous or other position |
|---------------------------|---|--------------------------|---|------------------------------------|
| Paul Huxford ¹ | Acting Chief Investment Officer, New Zealand | 3 months | | |
| Stuart Millar | Head of Diversified Portfolio Management, ANZ New Zealand Investments Limited | 2 years and 11 months | Senior Capital Markets Manager, ANZ New Zealand Investments Limited | 3 years and 4 months |
| Alan Clarke | Senior Mandate Research Manager, ANZ New Zealand Investments Limited | 2 years and 11 months | Investment Analyst, ANZ Bank New Zealand Limited | 8 years and 8 months |
| Maaïke van Tol | Asset Allocation Strategist, ANZ New Zealand Investments Limited | 2 years and 10 months | Strategic Asset Allocation Specialist, NN Investment Partners | 4 years and 9 months |

Further information

You can also obtain this information and some additional information from the offer register at www.business.govt.nz/disclose.

Notes

1. Paul Huxford was appointed Chief Investment Officer effective from 11 July 2018.



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