



New Zealand Retirement Trust

Nikko AM Balanced Fund



Fund Update

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 Nikko AM Balanced Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. AMP Wealth Management New Zealand 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 aims to provide investors with carefully constructed balance of diversified assets in a manner that aims to both optimise investment returns and minimise the risks of investment loss, and to preserve the capital value of investing funds over the longer term in real terms.

Total value of the fund	\$175,175,388
Number of investors in the fund	4,286
The date the fund started	16 October 1997

What are the risks of investing?

Risk indicator for the Nikko AM 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 today.amp.co.nz/risk-profile-calculator.

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.

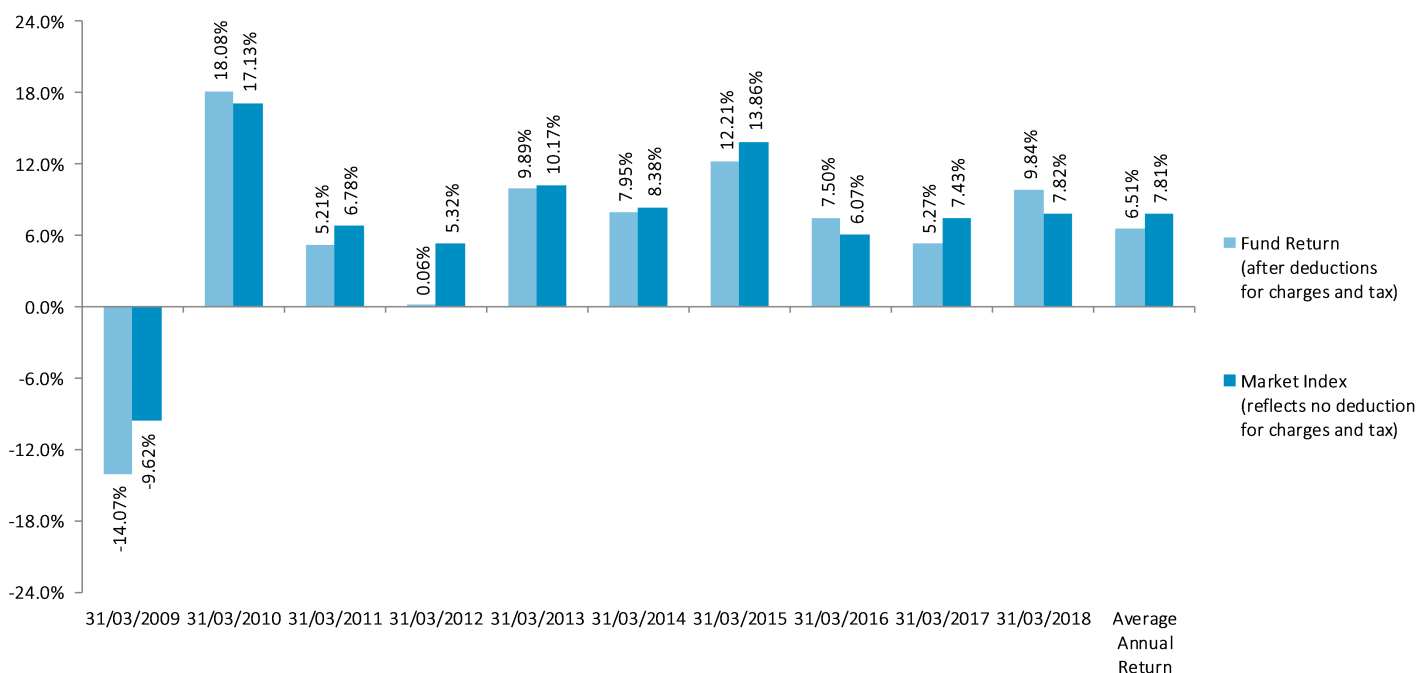
This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the past 5 years. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Average over past 5 years ^{1,2,3}	Past year ^{1,2,3}
Annual return (after deductions for charges and tax)	8.82%	10.22%
Annual return (after deductions for charges but before tax)	10.03%	10.82%
Composite of market index annual return (reflects no deduction for charges and tax) and peer group index annual return (after deductions for charges but before tax)	9.02%	8.76%

Annual return graph²



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 September 2018.³

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 Nikko AM Balanced Fund are charged fund charges.⁴ In the year to 30 June 2018 these were:

	% of net asset value
Total fund charges (estimated)⁵	1.63%*
Which are made up of -	
Total management and administration charges (estimated)	1.63%
Including -	
Manager's basic fee (estimated) ⁶	0.86%
Other management and administration charges (estimated) ^{6,7,8}	0.77%
Total performance-based fees	0.00%
Other charges	Dollar amount per investor or description of how charge is calculated
Member fee ⁹	\$107.52

* Based on a decrease in the other management and administration charges and the Manager's basic fee, the Manager estimates that the total fund charges for the next scheme year will reduce to 1.31% of the net asset value.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the 'fees and other charges' document on the entry relating to the offer of interests in the New Zealand Retirement Trust maintained on the offer register (disclose-register.companiesoffice.govt.nz) for more information about those fees.

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

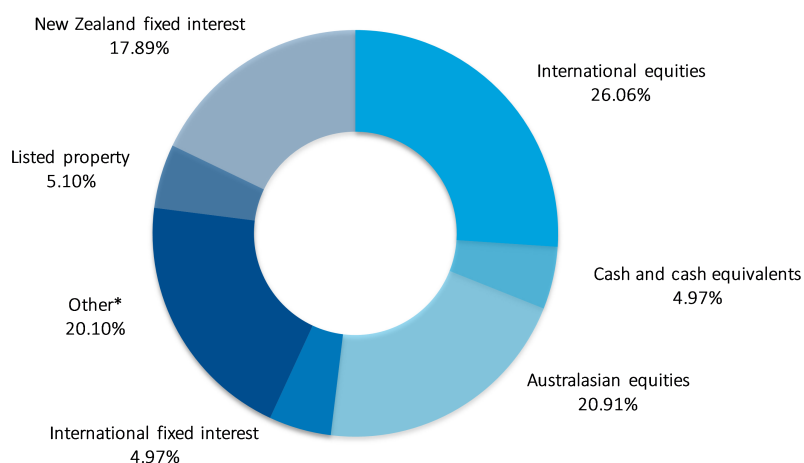
Example of how this applies to an investor

Craig 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, Craig received a return after fund charges were deducted of \$1,022.00 (that is 10.22% of his initial \$10,000). Craig also paid \$107.52 in other charges. This gives Craig a total return after tax of \$914.48 for the year.

What does the fund invest in?

Actual investment mix¹⁰

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



*Other consists of Alternative equity strategies (10.15%) and Fixed Interest Options (9.95%)

Target investment mix

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

Asset Type	Allocation
Cash and cash equivalents	5.00%
New Zealand fixed interest	18.00%
International fixed interest	5.00%
Australasian equities	21.00%
International equities	26.00%
Listed property	5.00%
Unlisted property	0.00%
Commodities	0.00%
Other**	20.00%

**Other consists of Alternative equity strategies (10.00%) and Fixed Interest Options (10.00%)

Top 10 investments¹⁰

Name	Percentage of fund net assets	Asset Type	Country	Credit rating (if applicable)
1 Nikko AM Wholesale Balanced Fund	100.00%	Interest in a diversified fund	New Zealand	N/A
2 -	-	-	-	-
3 -	-	-	-	-
4 -	-	-	-	-
5 -	-	-	-	-
6 -	-	-	-	-
7 -	-	-	-	-
8 -	-	-	-	-
9 -	-	-	-	-
10 -	-	-	-	-

The top 10 investments make up 100.00% of the fund.

Currency hedging

The Fund will (or will invest in underlying funds that will) fully hedge foreign currency exposure arising from International fixed interest and Alternative assets back to New Zealand dollars. For all other asset classes hedging is at the discretion of the underlying fund manager and may change from time to time.

Key personnel

Name	Current position	Time in current position	Other current position	Time in other current position
Simon John Hoole	Investment Committee Member	1 year and 8 months	Chief Financial Officer, AMP Financial Services	4 years and 9 months
Therese Mary Singleton	Investment Committee Member	3 years and 8 months	General Manager, Advice & Sales, AMP Financial Services	1 year and 9 months
Blair Robert Vernon	Investment Committee Member	7 years and 3 months	Managing Director, AMP Financial Services	1 year and 9 months

Further information

You can also obtain this information, the PDSs for the New Zealand Retirement Trust, and some additional information from the offer register at disclose-register.companiesoffice.govt.nz. The information in this fund update forms part of each PDS for the New Zealand Retirement Trust.

Notes

- 1 We have used a composite index to prepare the table and bar graph, as there was no market index available for some of the relevant assets. The composite index is calculated using the target investment mix weightings of the underlying market and peer group indices for the asset classes that the fund invests into. A composite index may be a less reliable indicator of performance than an appropriate market index. The annual return on the composite index used in this fund update is not directly relevant for all of the relevant assets of this fund. The return for the peer group index reflected in the table and the bar graph is net of fund charges and trading expenses, and gross of tax. Additional information about the market and peer group indices is available in the Statement of Investment Policy and Objectives for your product which is available on the offer register at disclose-register.companiesoffice.govt.nz. Index disclaimers can be found on the AMP website at amp.co.nz/indexdisclaimers.
- 2 Some components of the composite index for this fund have changed in the past quarter to more closely align with our underlying investments. For details of the indices used to calculate the composite index, please see the Statement of Investment Policy and Objectives for your product which is available on the offer register at disclose-register.companiesoffice.govt.nz.
- 3 The returns include an estimated administration and service fee, which has been determined by using the average fee charged for the entire NZRT. Individual returns will depend on the administration and service fee applicable to the individual member. For more information relating to the administration and service fee applicable to you, please see the applicable PDS or the Member Booklet for your employer plan.
- 4 The management and administration charges are made up of the Manager's basic fee (comprising the investment management fee and administration fee) and the other management and administration charges (service fee and costs and expenses). The amounts stated in this fund update are the actual amounts charged to the fund (or estimated to be charged to the fund – see estimate notes below). However, the fees payable by any member will depend on the section of the Scheme they are a member of (including whether they are a member of the Scheme through an employer plan), and whether any reduction of the fee amounts has been agreed. Please see the 'fees and other charges' document on the entry relating to the offer of interests in the New Zealand Retirement Trust maintained on the offer register (disclose-register.companiesoffice.govt.nz), with your Member Booklet (if you are a member of an employer plan), to work out your fees.
- 5 The Total Fund Charges are inclusive of any applicable GST.
- 6 The total fund charges include administration fees and service fees that while calculated by reference to investment balances are not allocated to specific funds. As the actual amount of the fees charged to the fund cannot be reported, estimates have been used. The estimate for the administration fee is 0.31% and the estimate for the service fee is 0.04%. The estimates represent the percentage of the fees deducted from the Scheme for the year over the average funds under management for the Scheme for the year.
- 7 The other management and administration charges include estimates of underlying fund charges provided by underlying fund managers. The balance dates of the underlying fund(s) do not align with the balance date of the fund. To estimate the charges, AMP includes the underlying fund charges as at the relevant underlying fund(s) balance date, adjusted (where required) to reflect any material changes advised to AMP by the relevant underlying manager as having occurred during the intervening period.
- 8 Other management and administration charges include charges by underlying fund managers who are not subject to New Zealand law and are unable to provide us with actual figures. In these circumstances, AMP Wealth Management New Zealand Limited (AMP) is not able to verify that these charges have been calculated in accordance with the requirements of New Zealand law. Therefore, the charges include actual underlying fund costs where available and a component based on estimated costs and expenses provided by an underlying fund manager, after AMP has made reasonable endeavours to obtain all relevant information for the purposes of preparing the fund update.
- 9 You may receive the benefit of reduced member fees. For details of any discounts, please speak with your adviser or see your Member Booklet (if you are a member through an employer plan). Members of the NZRT Personal Superannuation Section are not currently charged member fees. Therefore the impact of these fees on you could be less than that set out in the example.
- 10 The actual investment mix and top ten investments have been calculated excluding cash and cash equivalents held for operational purposes.

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Want to know more?

For more information about the Scheme, please visit amp.co.nz/NZRT, contact us on 0800 800 267 or talk to your Adviser today. Your Adviser's disclosure statement is available from your Adviser on request and free of charge.