



Fund Update for the Britannia Retirement Scheme – Balanced Fund

For the quarter ended 30 June 2018.

This Fund Update was first made publicly available on 27 July 2018.

WHAT IS THE PURPOSE OF THIS UPDATE?

This document tells you how the Balanced Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Britannia Financial Services 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 Balanced Fund is invested with a slightly greater exposure to growth assets, such as Australasian and international equities, than its exposure to income assets, such as cash and fixed interest investments. The Balanced Fund is designed to derive both income and capital growth through a well-diversified portfolio.

International equity investments may be hedged against changes in the value of the New Zealand dollar with a permitted hedging range of 0-100%. The long term average hedging objective is 50% for international equities and 75% for Australian equities. The decision as to the level of hedging to apply will be made by Britannia Financial Services Limited on advice from the underlying investment managers, specialist investment advisers and with consideration to the investment outlook and the costs involved in hedging.

Total value of the Fund	6,412,020
Number of investors	54
Date the Fund started	1 December 2016



WHAT ARE THE RISKS OF INVESTING?

Risk indicator for the 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 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 returns data from 1 July 2013 to 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. See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

** The fund does not have a full 5-year return history as it started on 1 December 2016. To calculate the risk indicator, we used actual returns where available and market index returns for the remainder of the five years to 30 June 2018. The risk indicator may therefore provide a less reliable indicator of the potential future volatility of the fund.*

HOW HAS THE FUND PERFORMED?

	Past year
Annual return (after deductions for charges and tax)	9.06%
Annual return (after deductions for charges but before tax)	9.50%
Market index annual return (reflects no deductions for charges and tax)	12.82%



The market indices on which the market index annual return is based are the following:

- S&P/NZX 90 Day Bank Bill Index
- 50:50 weighted average of the S&P/NZX Government Bond Index Total Return and S&P/NZX A Grade Corporate Bond Index Total Return Indices
- Barclays Global Aggregate Bond Index (100% hedged to the NZ dollar)
- S&P/ASX300 Accumulation Index (in NZ dollars)
- S&P/NZX50 gross including imputation credits
- MSCI All Country World ex Australia Accumulation Index

Additional information about the market indices used in calculating the market index annual return for the fund is available on the offer register. The benchmark indices are defined in the Statement of Investment Policy and Objectives for the Britannia Retirement Scheme.

WHAT FEES ARE INVESTORS CHARGED?

Investors in the fund are charged fund charges. Based on the PDS dated 22 March 2018 these are expected to be: ¹

	% of net asset value
Total fund charges	1.5% (estimated) ²
Which are made up of –	
Total management & administration charges:	1.5% (estimated) ²
Including –	
Manager’s basic fee	0.97% (estimated) ²
Other management and administration charges	0.53% (estimated) ²
Total performance based fees	0.00%

Investors may also be charged individual action fees for specific actions or decisions (for example, contribution, transfer out, early withdrawal, benefit calculation or overseas exchange of information fees). See the PDS and Other Material Information document for more information about those fees. These documents can be found at www.companiesoffice.govt.nz/disclose.

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



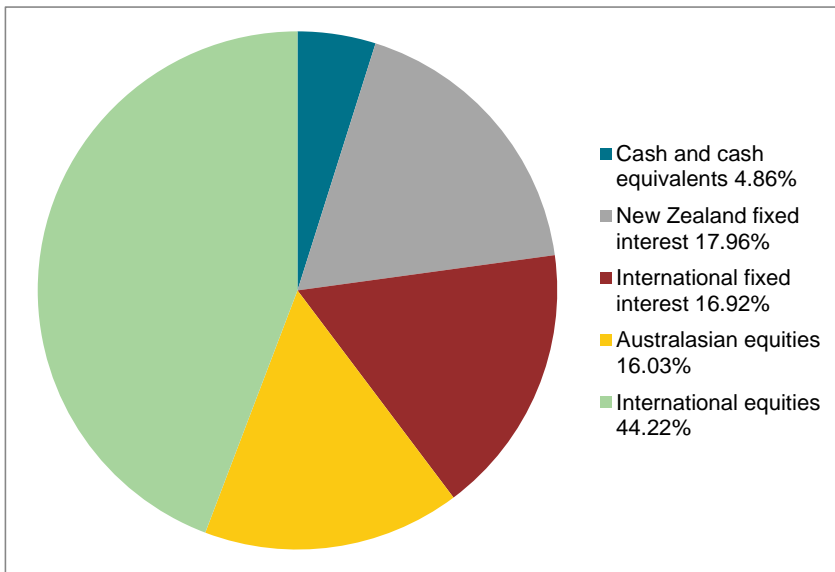
EXAMPLE OF HOW THIS APPLIES TO AN INVESTOR?

Liz had \$10,000 in the Balanced Fund at the start of the year and did not make any further contributions. At the end of the year, Liz received a return after fund charges and after taxes were deducted of \$906 (that is 9.06% of her initial \$10,000). Liz also paid \$0 in other charges. This gives Liz a total return after tax of \$906 for the year.

WHAT DOES THE FUND INVEST IN?

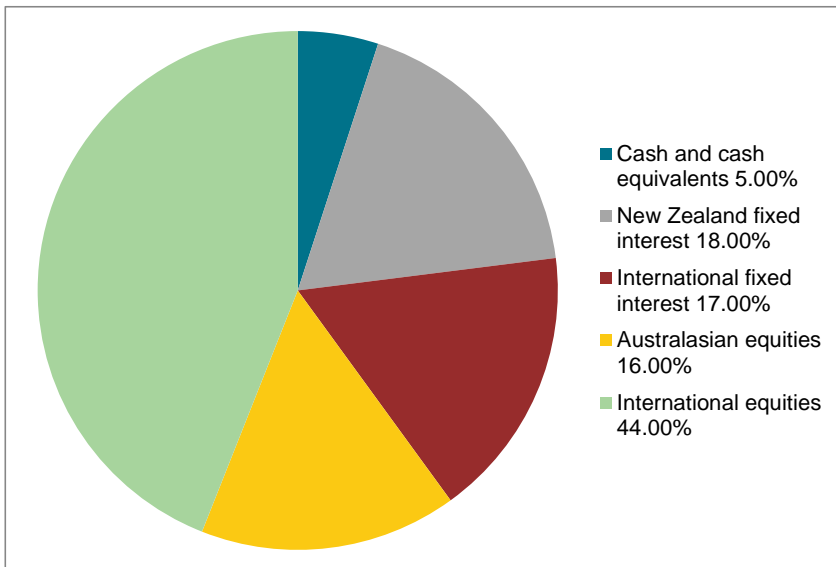
Actual investment mix

This shows the types of assets 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	% of fund net assets	Type	Country
IOOF International Shares	44.22%	International equities	AU
Harbour Asset Management NZ Core Fixed Interest Fund	17.96%	New Zealand fixed interest	NZ
Dimensional Five-Year Diversified Fixed Interest Trust	16.92%	International fixed interest	AU
Harbour Asset Management NZ Equity Advanced Beta Fund	11.96%	Australasian equities	NZ
Harbour Asset Management Short Duration Fund	4.58%	Cash and cash equivalents	AU
IOOF Australian Shares	4.07%	Australasian equities	NZ
NZDNZD : NZD Cash or Cash Equivalents	0.26%	Cash and cash equivalents	NZ
NZDAUD : AUD Cash or Cash Equivalents	0.02%	Cash and cash equivalents	AU



KEY PERSONNEL

This table shows the 5 people who are directors or employees of the manager, of the investment manager, or of a related body corporate of either of them who have the most impact on investment decisions in relation to the Balanced Fund as at the relevant date.

Name	Current position	Time in current position	Previous other/position	Time in previous/other position
Mark Brown	Head of Fixed Income Portfolio Management at Harbour Asset Management	7 years 6 months	Head of Fixed Interest at National Mutual, AXA, Alliance Bernstein	15 years 8 months
Gregg Dell	General Manager of Wealth Products and General Counsel at Britannia Financial Services Ltd	2 years 4 months	Managing Director at Dell Consulting Ltd	4 years 5 months
Gavin Dixon	Chief Executive Officer and Director at Britannia Financial Services Ltd	2 years 6 months	Chief Executive Officer at Stream Holdings Group	6 months
Dan Farmer	Chief Investment Officer – IOOF Australia	0 years 11 months	Portfolio Equities Australian Equities IOOF	7 years 0 months
Alun Rees-Williams	General Manager Distribution and Director at Britannia Financial Services Ltd	17 years 8 months	Administration Manager at David Milner and Associates	9 years

FURTHER INFORMATION

You can also obtain this information, the Product Disclosure Statement for the Britannia Retirement Scheme and some additional information from the offer register at www.companiesoffice.govt.nz/disclose.



NOTES

¹ As the fund commenced on 1 December 2016 fee data described in the PDS was used for the fund charges table.

² Total fund charges are an estimated percentage of the value of your unitholding balance in the fund. This estimate is, in part, based on actual annual fees expected to be paid to underlying fund managers and is also based on anticipated investment levels in the fund. Actual charges may vary from the estimates provided.

Estimated total fund charges are exclusive of GST and are made up of the management fee, the underlying fund managers' fees and other administration fees, which are accrued on a daily basis and reflected in the unit price of the fund. Total fund charges comprise:

- management fees, which are paid to Britannia for the management of the fund's assets;
- underlying managers' fees and expenses (including any performance fees of their underlying funds), which are estimated and paid to the underlying fund managers for their management services; and
- other administration fees, which include the Supervisor's fee, the Custodian's fee, the Administration Manager's fees (for registry, valuation and unit pricing services), and the estimated accounting expenses of the fund.

The Manager may also charge reasonable auditing and other professional services charges to the fund in the future. Currently the Manager does not charge these fees to the fund, so the estimated fee for these professional services is nil.