

Fund Update

for the quarter ended 30 September 2016

GMI Superannuation Scheme - Balanced Fund

This fund update was first made publicly available on 31 October 2016

What is the purpose of this update?

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

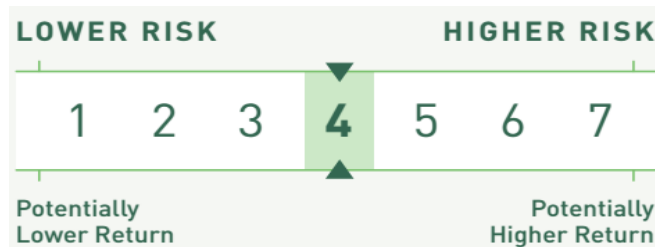
Description of this fund

The Balanced Fund is invested up to 70% in shares and other growth assets, with the remainder in cash and fixed interest assets. Its objective is to exceed the returns you would receive from investing 45% of your funds in New Zealand fixed interest assets and cash, and 55% in global shares through active allocation and active selection of shares and other growth assets, fixed interest and cash assets.

Total value of the fund	\$23,973,957.25
Number of members in the fund	292
The date the fund started	1/06/2009

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 <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.

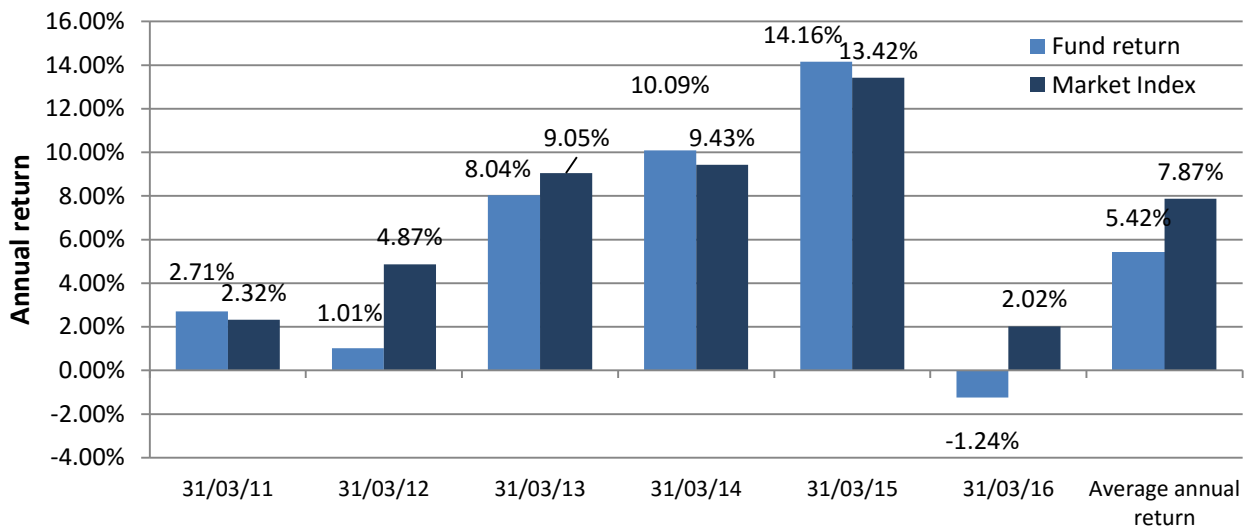
See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Average over past 5 years	Past year
Annual return <i>(after deductions for charges and tax)</i>	8.01%	-0.15%
Annual return <i>(after deductions for charges but before tax)</i>	9.11%	1.50%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	9.65%	6.44%

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. Additional information about the market index is available on the Disclose offer register at <http://www.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 September 2016.

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.

Note that market indices reflect no deduction for charges and tax.

What fees are investors charged?

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

	% of net asset value
Total fund charges	1.23%
<i>Which are made up of -</i>	
Total management and administration charges	1.23%
Including -	
Manager's basic fee	1.16%
Other management and administration charges ¹	0.07%
Total performance-based fees	0.00%
	Dollar amount per investor
Other charges	\$0.00

An estimate has been used to calculate the underlying fund fees which are included in 'Other management and administration charges'. The annual manager's basic fee will vary based on a members account balance and investment direction. Further information on fees can be found in the GMI Superannuation Scheme PDS.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the GMI Superannuation Scheme PDS for more information about those fees. We do not charge any individual action fees.

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

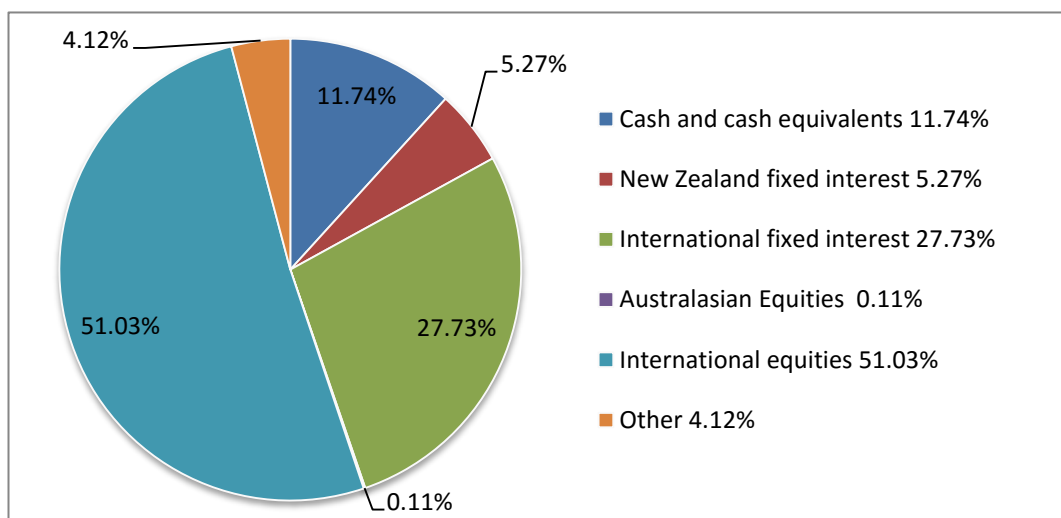
Example of how this applies to an investor

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 \$15 (that is -0.15% of her initial \$10,000). Alice also paid \$0.00 in other charges. This gives Alice a total loss after tax of \$15 for the year.

What does the fund invest in?

This shows the types of assets that the fund invests in.²

Actual investment mix



Target investment mix

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

Cash and cash equivalents	22.50%
New Zealand fixed interest	22.50%
International fixed interest	0.00%
Australasian equities	0.00%
International equities	55.00%
Listed property	0.00%
Unlisted property	0.00%
Other	0.00%

Top 10 investments

	Name	Country	Type	Credit rating (if applicable)	Percentage of fund net assets
1	Vanguard Total International Stock ETF	United States	International equities		6.96%
2	Vanguard Total Stock Market ETF	United States	International equities		6.93%
3	Westpac NZ Account	New Zealand	Cash and cash equivalents	AA-	2.04%
4	GMO Systematic Global Macro Trust	Australia	Other		1.67%
5	KBN Norway	Norway	International fixed interest	AAA	1.60%
6	KfW Bankengruppe	Germany	International fixed interest	AAA	1.47%
7	Westpac NZ Account	New Zealand	Cash and cash equivalents	AA-	1.44%
8	World Bank (IBRD) 4.625% 10/06/2021	United States	International fixed interest	AAA	1.16%
9	Sky Network TV Ltd Annual Reset Securities	New Zealand	Cash and cash equivalents		1.13%
10	ISAM Systematic Trend Q	United States	Other		1.12%

The top 10 investments make up 25.52% of the fund.

Currency hedging

Currency hedging can apply to some of the asset classes this fund invests in. The level of currency hedging for foreign assets is managed between 0% and 100% with a target of 80% and may change over time depending on the Manager's view of the relative strength (or weakness) of the New Zealand dollar. Additional information about the hedging policy can be found in the Statement of Investment Policy and Objectives which is available on the Disclose offer register at www.business.govt.nz/disclose/.

Key personnel

This shows the directors and 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	3 years and 11 months	Head of Investment Strategy - Suncorp Investment Management	5 years
Susan Easton	Head of Investment Strategy - Gareth Morgan Investments Limited Partnership	6 years and 9 months	Investment Strategist - Gareth Morgan Investments Limited Partnership	3 years and 6 months
Diana Gordon	Portfolio Manager, Fixed Interest - Gareth Morgan Investments Limited Partnership	4 years and 1 month	Senior High Yield Portfolio Manager, - Goldman Sachs Asset Management, New York	10 years and 10 months
Nathan Field	Portfolio Manager, Equities - Gareth Morgan Investments Limited Partnership	6 years and 4 months	Senior Equity Analyst – ABN Amro, Sydney	4 years and 6 months
John Carran	Senior Economist - Gareth Morgan Investments Limited Partnership	5 years and 1 month	Senior Economist - Infometrics Ltd	2 years and 9 months

Further information

You can also obtain this information, the PDS for the GMI Superannuation Scheme and some additional information from the offer register at <http://www.business.govt.nz/disclose>.

Notes

1. An estimate has been used to calculate the underlying fund fees which are included in 'Other management and administration charges'. Underlying fund fees have been estimated using end of month holdings and the total expense ratio (TER) stated in the underlying funds' fund updates.
2. Other is comprised of alternative investments: investments that fall outside the main asset classes and can include absolute return funds and commodity investments.

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The Product Disclosure Statement for the GMI Superannuation Scheme is available on our website at www.kiwiwealth.co.nz or by calling 0800 427 384
