

Fund Update

Whai Rawa Conservative Fund
Whai Rawa Unit Trust

WhaiRawa^{NGĀI TAHU}

Quarter Ending 30 September 2019

This Fund Update was first made publicly available on 29 October 2019.

WHAT IS THE PURPOSE OF THIS UPDATE?

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

DESCRIPTION OF THE FUND

The Whai Rawa Conservative Fund invests mostly in cash and fixed interest, with only some investment in shares and real assets. This fund may be suitable for investors who want to achieve slightly higher returns than those expected from investing solely in cash. Investors need to be comfortable with the possibility of some fluctuations in returns.

| | |
|---------------------------------|----------------|
| Total value of the Fund | \$92,076,356 |
| Number of investors in the fund | 27,776 |
| The date the fund started | 1 October 2006 |

WHAT ARE THE RISKS OF INVESTING?

Risk indicator for the Whai Rawa Conservative Fund



The risk indicator for the Whai Rawa Conservative Fund is **3**. 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 (volatility). 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.

The risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 5 years to 30 September 2019. 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.

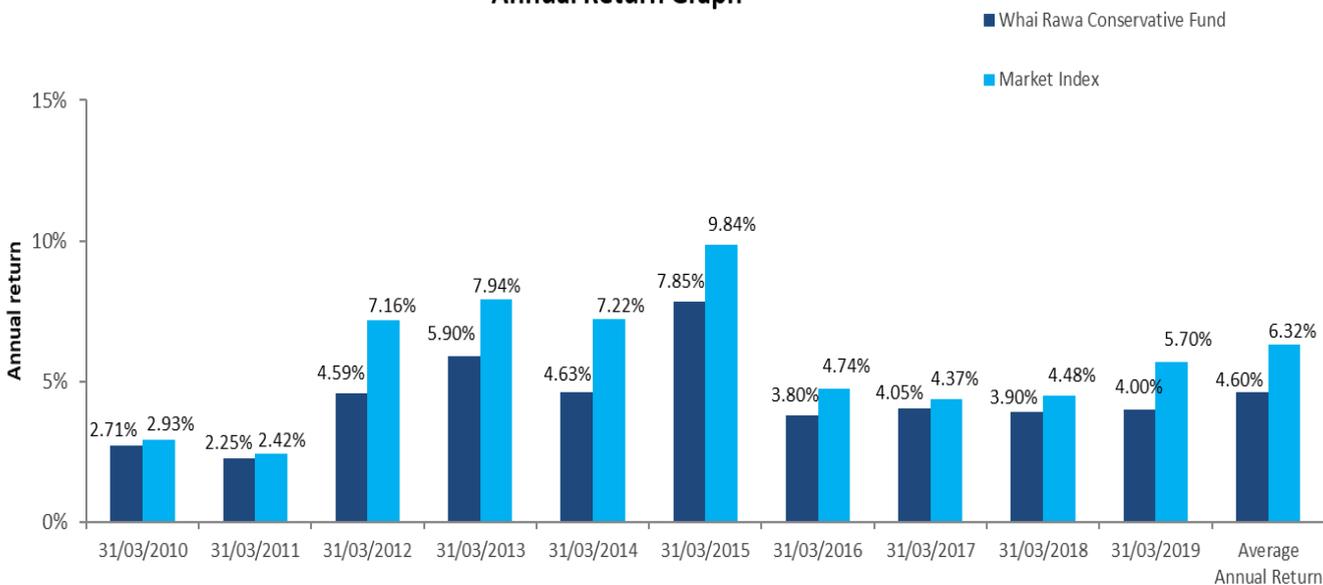
Please see the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund. Refer to www.whairawa.com/pds

HOW HAS THE FUND PERFORMED?

| | AVERAGE OVER PAST 5 YEARS | PAST YEAR |
|--|---------------------------|-----------|
| Annual Return <i>(after deductions for charges and tax)</i> | 4.75% | 5.13% |
| Annual Return <i>(after deductions for charges but before tax)</i> | 5.93% | 6.66% |
| Market index annual return <i>(reflects no deductions for charges and tax)</i> | 5.92% | 7.60% |

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 offer register.

Annual Return Graph



This shows the return after the 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 2019. Note that market indices reflect no deduction for charges and tax.

Important: This does not tell you how the fund will perform in the future.

The 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 Whai Rawa Conservative Fund are charged fund charges. In the year to 31 March 2019 these were:

| | |
|--|-------|
| Total Fund Charges | 0.50% |
| Which are made of: | |
| Total management and administration charges | 0.50% |
| Including: | |
| Manager's basic fee | 0.46% |
| *Other management and administration charges | 0.04% |
| Total performance-based fees | 0.00% |

Small differences in fees and charges can have a big impact on your investment over the long term. Investors are not currently charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for more information about Scheme Fees.

*Note: Included within 'other management and administration charges' are performance-based fees charged by external managers of underlying funds that the fund invested into of 0.01%. Over the past five years, performance-based fees have averaged 0.03% using data from similar funds Mercer manages. Performance-based fees are subject to market movements and external manager performance and the amount of these fees may differ from those disclosed for the year 31 March 2019.

These are not included in the line 'total performance-based fees' as this line relates to direct charges from the manager.

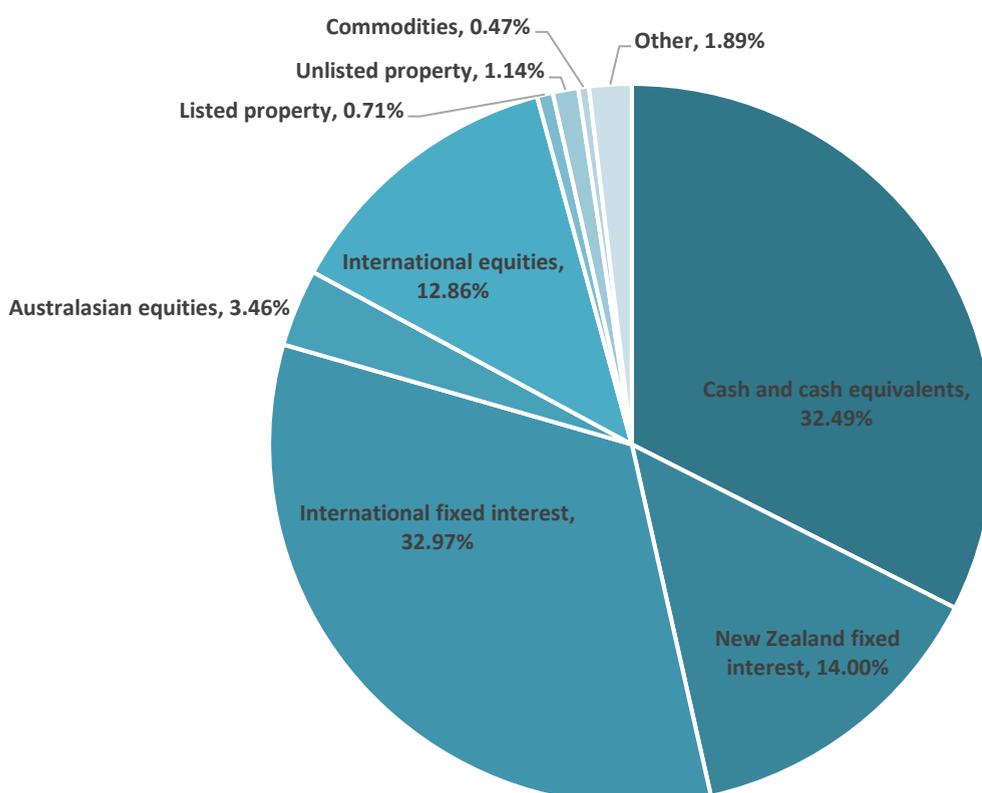
EXAMPLE OF HOW THIS APPLIES TO AN INVESTOR

Aroha had \$10,000 in the fund at the start of the year and didn't make any further contributions. At the end of the year, Aroha received a return after fund charges were deducted but before tax of \$666.00 (that is 6.66% of her initial \$10,000). Aroha did not have to pay other charges. This gives Aroha a total return after tax of \$513.00 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

| | |
|------------------------------|--------|
| Cash and cash equivalents | 30.00% |
| New Zealand fixed interest | 15.00% |
| International fixed interest | 35.00% |
| Australasian equities | 5.00% |
| International equities | 11.00% |
| Listed property | 0.88% |
| Unlisted property | 0.88% |
| Commodities | 0.50% |
| Other* | 1.75% |

*Includes listed and unlisted infrastructure assets and alternatives

Top 10 Investments

| Asset name | % of Fund Net Assets | Type | Country | Credit Rating |
|---|----------------------|------------------------------|-------------|---------------|
| AMP Capital Investors NZ Cash Fund | 31.28% | Cash and Cash Equivalents | New Zealand | N/A |
| Robeco Global Credit Fund | 3.57% | International Fixed Interest | Australia | N/A |
| NEW ZEALAND GOVERNMENT BOND 5.5% 15/04/2023 | 2.23% | New Zealand Fixed Interest | New Zealand | AA+ |
| NEW ZEALAND GOVERNMENT BOND 6% 15/05/2021 | 2.18% | New Zealand Fixed Interest | New Zealand | AA+ |
| T Rowe Price Global Unconstrained Bond Fund | 1.31% | International Fixed Interest | Australia | NA |
| NEW ZEALAND GOVERNMENT INDEXED BOND 2% 20/09/2025 | 1.26% | New Zealand Fixed Interest | New Zealand | AA+ |
| Housing New Zealand Ltd Bond 3.42% 18/10/2028 | 1.244% | New Zealand Fixed Interest | New Zealand | AA+ |
| NEW ZEALAND GOVERNMENT 3.5% 14/04/2033 | 1.11% | New Zealand Fixed Interest | New Zealand | AA+ |
| NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY 3.5% 14/04/2033 | 0.87% | New Zealand Fixed Interest | New Zealand | NA |
| Aviva Investors Multi-Strategy Fixed Income Fund | 0.87% | International Fixed Interest | Australia | NA |
| Total Value of Top 10 Assets | 45.93% | | | |

Currency Hedging

Currency hedging can apply to some of the asset classes this fund invests in. The level of currency hedging for global shares is managed between 0% and 100% and may change over time depending on Mercer's view of the relative strength (or weakness) of the New Zealand dollar. Other global assets classes (Global Fixed Interest and Real Assets), target a 100% net of tax hedge to the New Zealand dollar. Refer to the Statement of Investment Policy and Objectives for more information which is available from www.companies.govt.nz/disclose.

KEY PERSONNEL

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

| Name | Current Position | Time in Position | Previous/Other Position | Time in Previous/Other Position |
|---------------|------------------|-------------------|--|---------------------------------|
| Fiona Pimm | Chair | 1 year 11 months | Whai Rawa Fund Limited Board member | 3 years 6 months |
| Paul Mersi | Board Member | 4 years 7 months | Financial Services and Tax Partner at PricewaterhouseCoopers | 16 years |
| David Woods | Board Member | 2 years 10 months | Managing Director Oikocredit International, Netherlands | 3 years 10 months |
| Clare Murray | Board Member | 1 year 7 months | Owner/Consultant, Murray & Co (financial services) | 13 years 6 months |
| Anthony Bow | Board Member | 1 year 7 months | Principal, Waimana Capital Limited | 3 years |
| Liam Stoneley | Board Member | 1 year 5 months | Solicitor, ChapmanTripp | 2 years 3 months |

MATERIAL CHANGES TO THE VALUATION AND PRICING METHODOLOGY

Previously the value of members' accounts was only updated with credited earnings on a quarterly basis. From 1 October 2019 the Whai Rawa Conservative Fund was unitised. Each investment members make into the Whai Rawa Conservative Fund will be divided into a number of units that represent their proportionate share of the Whai Rawa Conservative Fund. Tracking the unit price will tell members whether their investments have gone up or down in value and how well the Whai Rawa Conservative Fund is performing. Detailed information on the change to the valuation and pricing methodology can be found in the Unit Pricing Policy found on the Disclose website www.business.govt.nz/disclose/ by searching offer: OFR10857.

The effect of this change from account-based to unitisation does not have a material effect on the Whai Rawa Conservative Fund's net asset value or the value of members' accounts. The value of a member's Whai Rawa savings will be calculated daily and shown in units.

FURTHER INFORMATION

You can also obtain this information, the Product Disclosure Statement for the Whai Rawa Unit Trust and some additional information from the offer register at www.business.govt.nz/disclose/