

Westpac Premium Investment Funds

Alternative Investments Fund

Fund Update for the quarter ended:

30 September 2016

This fund update was first made publicly available on 28 October 2016.

What is the purpose of this update?

This document tells you how the Alternative Investments Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. BT Funds Management (NZ) 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 Alternative Investments Fund was established with the aim of providing capital growth over the long term by investing in vehicles such as hedge funds, absolute return funds, venture capital funds and private equity funds. The fund is in the process of termination and is closed to all further investment.

Total value of the fund	\$ 35,840,128
The date the fund started	29 July 2011

How has the fund performed?

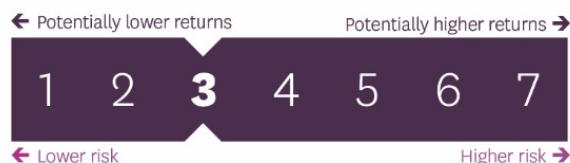
	Past year
Annual return (after deductions for charges and tax)	-3.30%
Annual return (after deductions for charges but before tax)	-1.40%
Market index annual return (reflects no deductions for charges and tax)	5.55%

The market index return reflects the benchmark index returns for the relevant period. Effective from 1 April 2016 the benchmark index for this fund was changed to the HFRX Global Hedge Fund Index (100% hedged on a before tax basis to NZD) which is considered to better reflect the nature of the fund's assets². Prior to this date the S&P/NZX Bank Bills 90-Day Index was used.

Additional information about the market index is available in the Statement of Investment Policy and Objectives (SIPO) on the register at companiesoffice.govt.nz/disclose

What are the risks of investing?

Risk indicator for the Alternative Investments Fund.¹



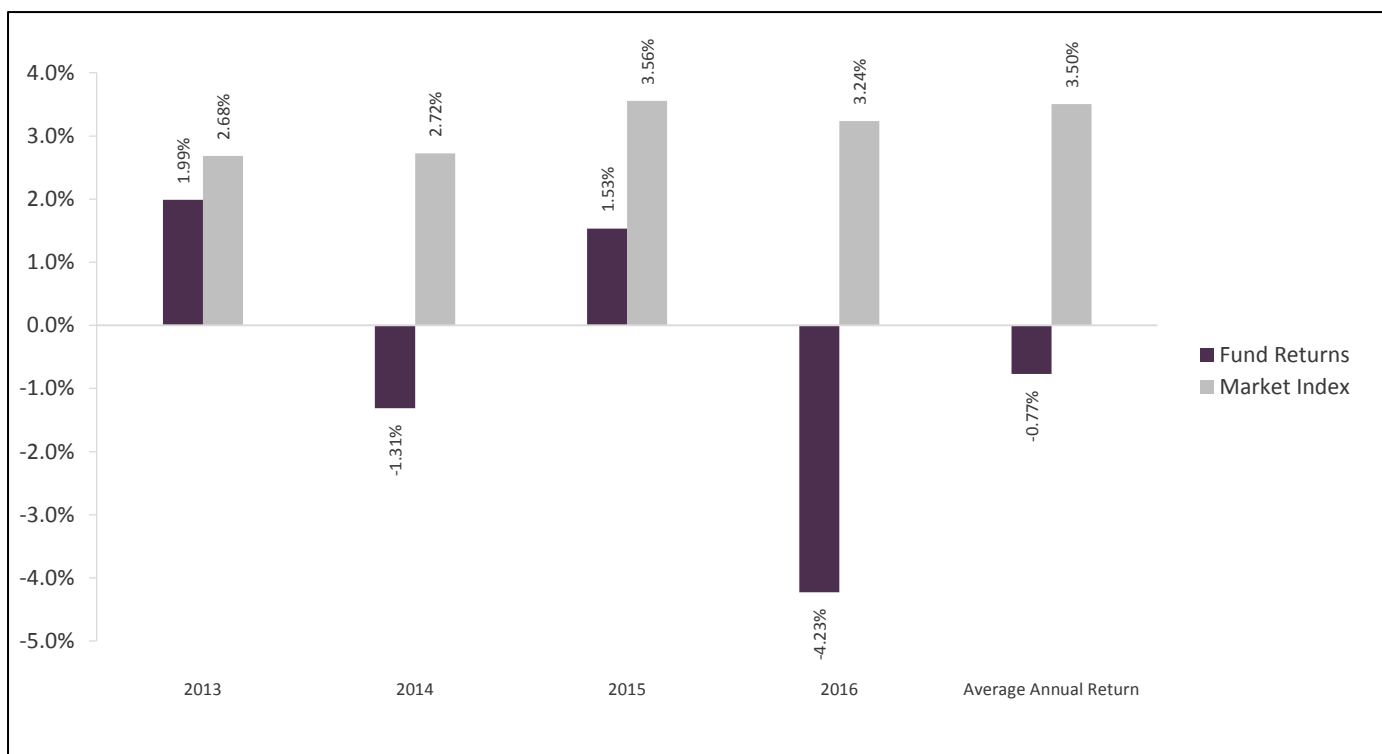
The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at 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 five years to 30 September 2016. 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.

Annual return graph



This shows the return after fund charges and tax for each complete year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2016.³

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 Alternative Investments Fund are charged fund charges. In the year to 31 March 2016, these were:

	% of net asset value
Total fund charges	2.78%
Which are made up of	
Total management and administration charges	2.78%
Including -	
Manager's basic fee	1.32%
Other management and administration charges	1.46%
Total performance-based fees	0.00%
Other charges	\$ amount per investor
Other Charges	\$0.00

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

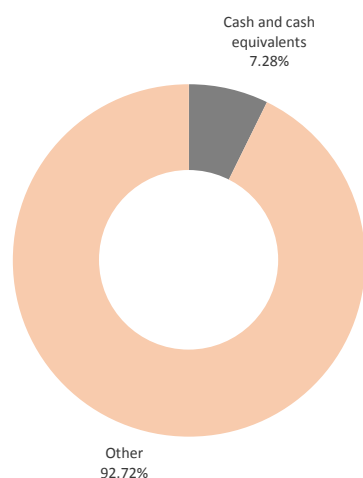
Example of how this applies to an investor

Jason 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, Jason incurred a loss after fund charges were deducted of -\$330 (that is -3.30% of his initial \$10,000). Jason did not pay anything in other charges. This gives Jason a total loss after tax of -\$330 for the year.

What does this fund invest in?

This shows the types of assets that the fund invests in.^{4 5}

Actual investment mix



Target investment mix

Other ⁶	100.00%
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Top 10 investments

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	FDRCO Ltd - AB Custom Alternative Solutions	82.12%	Other ⁵	Cayman Islands	
2	Westpac 32 day Notice Deposit	0.26%	Cash and cash equivalents	New Zealand	AA-
3	ANZ Call Account	0.19%	Cash and cash equivalents	New Zealand	AA-
4	ASB Bank FRN 05/12/2016	0.10%	Cash and cash equivalents	New Zealand	AA-
5	ASB Bank 11/01/2017	0.08%	Cash and cash equivalents	New Zealand	AA-
6	ASB Bank FRN 08/03/2019	0.08%	Cash and cash equivalents	New Zealand	AA-
7	BNZ FRN 28/3/2018	0.06%	Cash and cash equivalents	New Zealand	AA-
8	ANZ FRN 01/12/2017	0.06%	Cash and cash equivalents	New Zealand	AA-
9	Rabobank 5.38% 03/05/2017	0.06%	Cash and cash equivalents	New Zealand	A+
10	Fonterra Cooperative Group 24/10/2017	0.06%	Cash and cash equivalents	New Zealand	A-

The top 10 investments make up 83.07% of the net asset value of the fund.⁷

Key personnel

	Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
1	Suzanne Wolton	Head of Investments & Insurance	0 year 2 months	General Manager, AA Life	1 year 10 months
2	Matthew Goldsack	Head of Investment Solutions	7 years 9 months	Head of Research, AXA Global Investors	7 years 10 months
3	Francois Richeboeuf	Senior Portfolio Manager	5 years 11 months	Head of Fixed Income and Portfolio Manager, Rand Merchant Bank Asset Management	3 years 1 month
4	Angelika Sansom	Investment Analytics Manager	15 years 1 month	Investment Consultant, Mercer	2 years 4 months
5	Anna Boyle	Senior Research Analyst	6 years 7 months	Investor Communications, Westpac New Zealand Limited	1 year 5 months

Further information

You can also obtain this information, the product disclosure statement for the Westpac Premium Investment Funds, and some additional information from the offer register at companiesoffice.govt.nz/disclose

Notes

1. The risk category for each fund is calculated based on the volatility of past returns over five years and this does not represent a full investment cycle. The output may be different if calculated using a longer timeframe. We believe an average investment cycle is generally considered to be a period of between 7 to 10 years. If the period of returns data that a risk indicator is based on was one of unusually low or unusually high volatility the risk category presented in a fund update may not reflect the fund's future volatility.
2. This index is currently under review in conjunction with the FMA.
3. The market index return reflects the benchmark index for the relevant period. For the periods prior to 1 April 2016 the benchmark index was the S&P/NZX Bank Bills 90-Day Index and for subsequent periods the index was the HFRX Global Hedge Fund Index (100% hedged on a before tax basis to NZD).
4. For further information on each of the asset classes refer to the SIPO.
5. "Other" represents investments in a fund that invests primarily in hedge funds.
6. "Other" is comprised of Alternative Investments, and can include hedge funds, absolute return funds, venture capital and private equity.
7. The top 10 investments have been calculated excluding cash and cash equivalents held for operational and hedging purposes.