

Westpac Premium Investment Funds

Corporate Bond Fund

Fund Update for the quarter ended:

30 June 2020

This fund update was first made publicly available on 28 July 2020.

What is the purpose of this update?

This document tells you how the Corporate Bond 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 Corporate Bond Fund aims to provide capital growth over the short to medium term by investing primarily in a range of New Zealand fixed interest assets issued by corporate entities.

Total value of the fund	\$ 152,369,954
The date the fund started	10 June 2008

What are the risks of investing?

Risk indicator for the Corporate Bond 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 June 2020. 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.

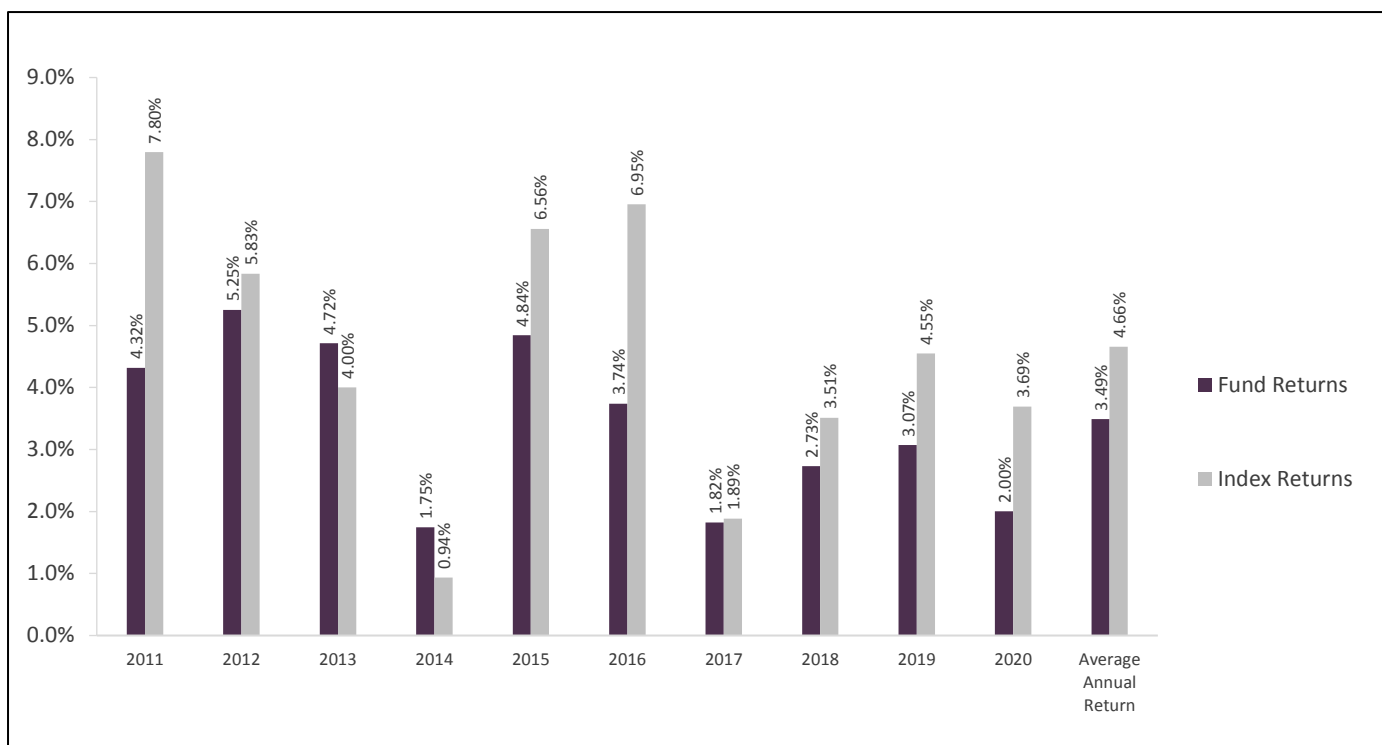
How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	2.90%	3.24%
Annual return (after deductions for charges but before tax)	4.05%	4.52%
Market index annual return (reflects no deductions for charges and tax)	4.41%	5.44%

The market index return reflects the return for the Bloomberg NZBond Credit 0+ Yr Index.

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

Annual return graph



This shows the return after fund charges and tax for each of the last 10 complete years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 30 June 2020².

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 Corporate Bond Fund are charged fund charges. In the year to 31 March 2020, these were:

	% of net asset value
Total fund charges³	0.61%
Which are made up of	
Total management and administration charges	0.61%
Including -	
Manager's basic fee	0.51%
Other management and administration charges	0.10%
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.

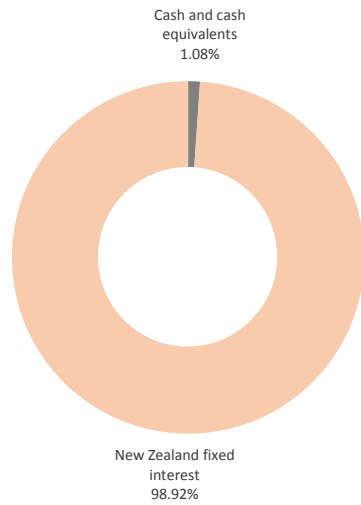
Example of how this applies to an investor

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 received a return after fund charges were deducted of \$324 (that is 3.24% of his initial \$10,000). Jason did not pay anything in other charges. This gives Jason a total return after tax of \$324 for the year.

What does the fund invest in?

This shows the types of assets that the fund invests in.⁴

Actual investment mix



Target investment mix

New Zealand fixed interest	100.00%
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Top 10 investments

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	Housing NZ 2.247% 05/10/2026	2.33%	New Zealand fixed interest	New Zealand	AA+
2	Westpac 3.795% 28/04/2021	2.18%	New Zealand fixed interest	New Zealand	AA-
3	Westpac 2.22% 29/07/2024	2.16%	New Zealand fixed interest	New Zealand	AA-
4	ASB Bank 1.83% 19/08/2024	2.13%	New Zealand fixed interest	New Zealand	AA-
5	Housing NZ 3.36% 12/06/2025	2.11%	New Zealand fixed interest	New Zealand	AA+
6	ANZ 3.7% 30/05/2023	2.08%	New Zealand fixed interest	New Zealand	AA-
7	ASB Bank 3.31% 07/09/2023	2.06%	New Zealand fixed interest	New Zealand	AA-
8	Westpac 3.72% 23/03/2023	2.03%	New Zealand fixed interest	New Zealand	AA-
9	BNZ 3.648% 16/11/2023	1.95%	New Zealand fixed interest	New Zealand	AA-
10	ASB Bank 4.245% 05/26/2021	1.95%	New Zealand fixed interest	New Zealand	AA-

The top 10 investments make up 20.98% of the net asset value of the fund.⁵

Key personnel

	Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
1	Nigel Jackson	Acting Head of Investments & Insurance	3 years 4 months	Head of Customer Proposition	7 years 7 months
2	Francois Richeboeuf	Acting Head of Investment Solutions	0 year 5 months	Senior Portfolio Manager	9 years 2 months
3	Stephen Hong	Senior Portfolio Manager	7 years 9 months	Portfolio Manager, AXA Global Investors	5 years 9 months
4	Angus Allison	Senior Credit Analyst	1 year 1 month	Director, Barclays	2 years 5 months

Further information

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

Notes

1. The risk indicator for the fund is calculated based on the volatility of past returns over five years, which is not a full investment cycle. In some cases 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 indicator presented in a PDS (or any fund update) may provide a less reliable indication of the potential future volatility of a fund.
2. On 14 August 2012 BT Funds Management (NZ) Limited (BTNZ), in its own capacity, purchased certain notes from the Corporate Bond Fund at their book value. The purchase followed a decline in the notes' asset backing which contributed to uncertainty as to the notes' value. BTNZ concluded that the notes were no longer a suitable investment for the fund and that they should be sold. On 27 February 2013, the notes were given a zero value in BTNZ's financial statements to 30 September 2012. This determination indicates that the transaction may have had a positive effect on the fund's performance in periods which include August 2012. If the notes had been retained and a zero value was attributed to them on 14 August 2012, the funds returns (after deductions for charges but before tax) in August 2012 would have been 7.1% lower (returns after deductions for charges and tax at the highest prescribed investor rate would have been 5.1% lower). The fund's stated returns for periods which include August 2012 would also be affected.
3. The amounts specified include GST, where applicable.
4. For further information on each of the asset classes refer to the PDS and the SIPO.
5. The top 10 investments have been calculated excluding cash and cash equivalents held for operational and hedging purposes.