

FUND UPDATE

THE RETIRE FUND – BALANCED POOL FOR THE YEAR ENDED 31 MARCH 2017

This fund update was first made publicly available on 30 June 2017.

WHAT IS THE PURPOSE OF THIS UPDATE?

This document tells you how The Retire Fund's Balanced Pool has performed and what fees were charged. The document will help you to compare the fund with other funds. The New Zealand Anglican Church Pension Board (the Board) 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 Pool has moderate exposures to both growth assets (such as equities and alternative assets) and income assets (such as fixed interest, mortgages and cash). It is designed to have a medium risk profile and to appeal to investors willing to accept medium risk to pursue long term growth.

Total value of the Balanced Pool	\$17,519,005
Number of investors in the Balanced Pool	283
The date the Balanced Pool started	11/06/1991

WHAT ARE THE RISKS OF INVESTING?

Risk indicator for the Balanced Pool:



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 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.

The Retire Fund is closed to new members and so a product disclosure statement is not required to be issued.

Investment Risks

No investment is free from risk. The return on an investment carries a corresponding potential level of risk that you may lose some or all of the investment, receive negative returns or not receive a particular rate of return. Investments in the fund are not guaranteed and the value of your investment in the Balanced Pool can go up or down.

Specific Risks

Some of the things that may cause a Balanced Pool's value to move up and down, which affect the risk indicator, are investment return risk, interest rate risk, manager risk, market risk and currency risk – see below for a summary of these risks.

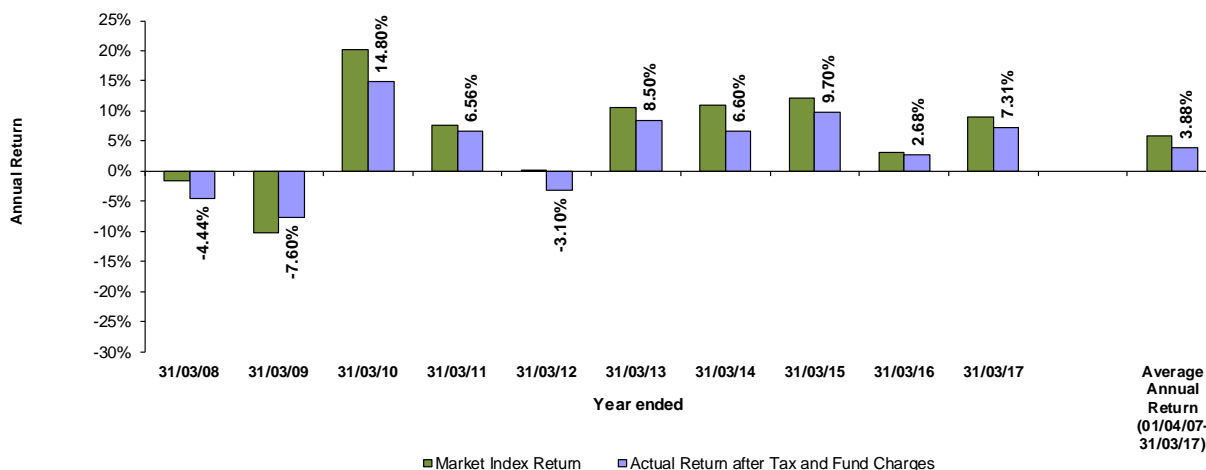
- Investment return risk: The risk that assets in which we invest will under-perform (or be unable to pay dividends or distributions) due to poor management, competitive activity or specific economic factors.
- Interest rate risk: The risk that changes in interest rates may directly or indirectly affect investment returns (in particular from cash and fixed interest).
- Manager risk: The risk associated with how we choose to allocate investments in each fund and asset class from time to time (and investment decisions made by the managers of any underlying funds in which we choose to invest).
- Market risk: The risk of being affected by economic or regulatory events (including market sentiment, inflation, interest rates and employment), political events, environmental and technological issues or natural disasters.
- Currency risk: The risk that fluctuations in currency exchange rates will affect returns from overseas investments. We may seek to reduce this risk by entering into 'hedging' contracts to offset the impact of currency movements on investments held overseas.

HOW HAS THE FUND PERFORMED?

	Average over past 5 years	Past Year
Annual Return (after deductions for charges and tax)	6.93%pa	7.31%
Annual Return (after deduction for charges but before tax)	8.02%pa	8.00%
Market index annual return (reflects no deduction for charges and tax)	9.12%pa	9.02%

The market index annual return is based on a composite index comprising a mix of benchmark indices. More information on the benchmark indices used for each asset class is contained in the Statement of Investment Policies and Objectives (SIPO), a copy of which is available from www.acpb.org.nz or on the scheme register at www.business.govt.nz/disclose under The Retire Fund.

Annual Return Graph



This shows the return after 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 31 March 2017.

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 Balanced Pool are charged fund charges. In the year to 31 March 2017 these were:

	% of net asset value
Total fund charges	1.27%
Which are made up of:	
Total management and administration charges	0.00%
Including:	
Manager's basic fee	0.00%
Other management and administration charges	0.00%
Total performance-based fees	0.00%
Other Charges	
Other fees and costs	1.27%

There are currently no transaction individual action fees (e.g. establishment, contribution, withdrawal, pool switching) or other fees charged to members.

The total annual fund charges¹ are calculated quarterly as a percentage of the expenses and costs associated with the management, administration and investment of the Balanced Pool.

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

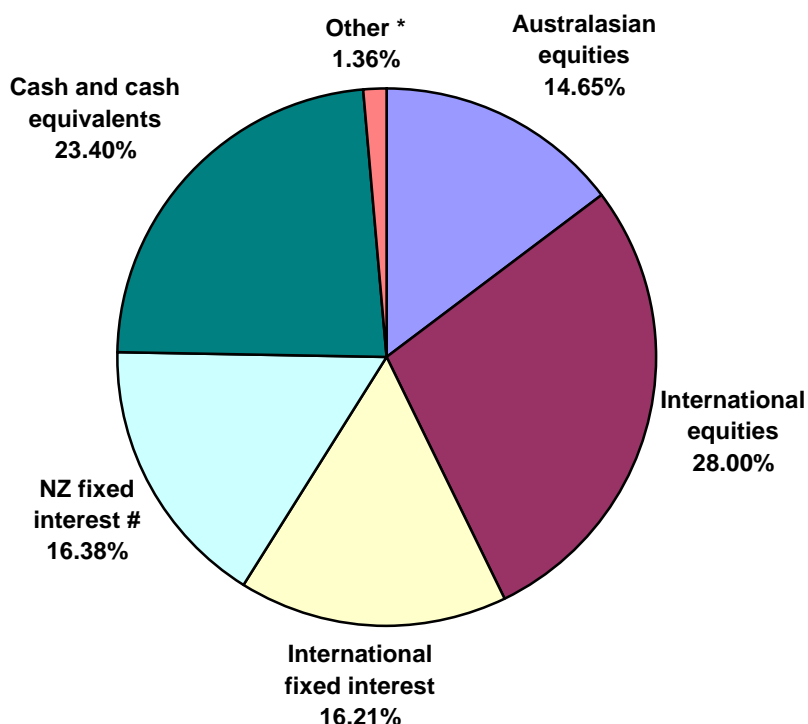
EXAMPLE OF HOW THIS APPLIES TO AN INVESTOR

Mary had \$10,000 in the Balanced Pool at the start of the year and did not make any further contributions. At the end of the year, Mary received a return after fund charges and tax were deducted of \$731.04 (that's 7.31% of her initial \$10,000). Mary did not pay any other charges. This gives Mary a total return after tax of \$731.04 for the year.

WHAT DOES THE FUND INVEST IN?

Actual investment mix

This shows the types of assets that the Balanced Pool invests in.



* "Other" consists of Alternative Growth Assets (Forestry and Private Equity).

NZ fixed interest includes NZ mortgages (5.95%).

Target investment mix

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

Cash and cash equivalents	10.00%
NZ fixed interest	20.00%
International fixed interest	20.00%
Australasian equities	15.00%
International equities	30.00%
Other – Alternative growth assets	5.00%

Top 10 investments

Name	% of Fund net assets	Type	Country	Credit Rating (if applicable)
PIMCO GIS Global Bond Fund	12.99%	International fixed interest	Ireland	
Legg Mason Brandywine GOFI Fund	3.22%	International fixed interest	Ireland	
ASB term deposit 23/4/17	1.72%	Cash and cash equivalents	New Zealand	AA-
NZ Government Stock 15/5/21	1.67%	NZ fixed interest	New Zealand	AA+
ASB term deposit 28/5/17	1.14%	Cash and cash equivalents	New Zealand	AA-
BNZ term deposit 24/8/17	1.14%	Cash and cash equivalents	New Zealand	AA-
NZ LGFA bonds 15/12/17	1.11%	NZ fixed interest	New Zealand	AA+
NZ Govt Inflation Index Bond 20/9/25	1.01%	NZ fixed interest	New Zealand	AA+
NZ Government Stock 15/12/17	0.98%	NZ fixed interest	New Zealand	AA+
BNZ term deposit 13/6/17	0.86%	Cash and cash equivalents	New Zealand	AA-

The top ten investments make up 25.84% of the Balanced Pool.

Currency Hedging

Currency exposures are monitored, and adjusted as appropriate, on a weekly basis. Accordingly, the fund will not maintain the same level of currency hedging at all times. The currency risk benchmarks and ranges for the extent to which various asset classes are hedged to the New Zealand dollar are as follows:

- Cash and cash equivalents in any sector: 100% hedged to the New Zealand dollar;
- International fixed interest sector: 100% hedged to the New Zealand dollar;
- International equities sector: 50% hedged to the New Zealand dollar with a range of 25% to 75%; and
- Alternative assets (overseas) sector: 50% hedged to the New Zealand dollar with a range of 25% to 75%.

KEY PERSONNEL

Name	Current position	Term	Previous position	Term
Ian Millard QC	Chair of Investment Committee	30 years 3 months		
Simon Brodie	Chief Investment Officer / Investment Consultant	5 years, 11 months	Portfolio Management / Strategy, Tower Asset Management	23 years
Manher Sukha	Investment Manager	2 years, 10 months		
Garry Gould	Investment Manager	5 years, 11 months	Investment Consultant to The New Zealand Anglican Church Pension Board	21 years
Mark Wilcox	Chief Executive	3 years, 5 months	Chief Financial Officer, The Co-operative Bank	4 years

FURTHER INFORMATION

You can also obtain this information and some additional information about The Retire Fund from the offer register at www.business.govt.nz/disclose.

NOTES

1. Fund charges are the recovery of our actual expenses and costs for trusteeship, administration and investment management from fund assets. These expenses and costs also include a proportion of the Board's operating expenses and costs, Trustee meeting costs, fees payable for services by The Retire Fund's legal advisers and auditors, expenses such as printing and postage costs and a portion of the annual levy payable by the Board to the Financial Markets Authority under the Financial Markets Authority (Levies) Regulations 2012. The actual expenses and costs charged to you will vary and will depend on the actual costs incurred in the operation of the Balanced Pool.