

Westpac Premium Investment Funds

Alternative Strategies Fund

Fund Update for the quarter ended:

31 March 2017

This fund update was first made publicly available on 3 May 2017.

What is the purpose of this update?

This document tells you how the Alternative Strategies 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 Strategies Fund aims to provide capital growth over the long term by investing in vehicles such as hedge funds and absolute return funds.

Total value of the fund	\$ 47,822,698
The date the fund started	19 September 2016

What are the risks of investing?

Risk indicator for the Alternative Strategies Fund.^{1,2}



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 31 March 2017. 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?

	Past year
Annual return (after deductions for charges and tax)	Not Applicable
Annual return (after deductions for charges but before tax)	Not Applicable
Market index annual return (reflects no deductions for charges and tax)	7.43%

The market index return reflects the return for the HFRX Global Hedge Fund Index (100% hedged on a before tax basis to NZD).³

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 fees are investors charged?

Investors in the Alternative Strategies Fund are charged fund charges. The expected charges are as per the PDS and are outlined below:

	% of net asset value
Total fund charges⁴	2.07%
Which are made up of	
Total management and administration charges	2.07%
Including -	
Manager's basic fee	1.25%
Other management and administration charges	0.82%
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.

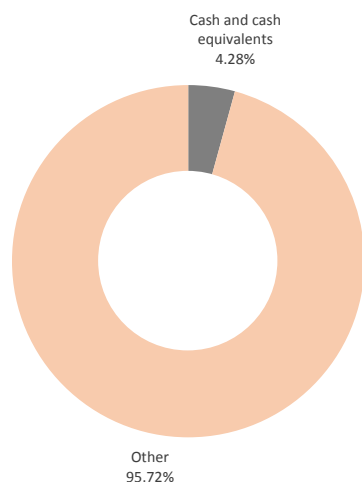
Example of how this applies to an investor

Jason had \$10,000 in the fund at the start of the period⁵ and did not make any further contributions. At the end of the period, Jason incurred a loss after fund charges were deducted of -\$77 (that is -0.77% of his initial \$10,000). Jason did not pay anything in other charges. This gives Jason a total loss after tax of -\$77 for the period.

What does this fund invest in?

This shows the types of assets that the fund invests in.^{6,7}

Actual investment mix



Target investment mix

Other ⁸	100.00%
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Top 10 investments

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	K2 Alternative Strategies NZ Portfolio	44.80%	Other ⁷	Cayman Islands	
2	Goldman Sachs Alternative Risk Premia Portfolio	26.85%	Other ⁷	Luxembourg	
3	BlackRock Style Advantage Fund	24.07%	Other ⁷	Luxembourg	
4	Westpac Bank Account	4.28%	Cash and cash equivalents	New Zealand	AA-

The top 10 investments make up 100.00% of the net asset value of the fund.

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	0 year 1 month	Head of Customer Proposition (current)	5 years 5 months
2	Matthew Goldsack	Head of Investment Solutions	8 years 3 months	Head of Research, AXA Global Investors	7 years 10 months
3	Francois Richeboeuf	Senior Portfolio Manager	6 years 5 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 7 months	Investment Consultant, Mercer	2 years 4 months
5	Anna Boyle	Senior Research Analyst	7 years 1 month	Investor Communications, Westpac New Zealand Limited	1 year 5 months

Nigel Jackson was not named in the previous fund update for the Alternative Strategies Fund.

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 companiesoffice.govt.nz/disclose

Notes

- 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 PDS (or any fund update) may not reflect the fund's future volatility.
- As the fund has not been in existence for five full years, its risk category has been calculated using market index returns as well as actual returns. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. Market index returns have been used for the period from April 2012 to September 2016.
- This index is currently under review in conjunction with the FMA.
- As the fund has not been in existence for the whole of the most recent scheme year, components of the total fund charges are estimated as disclosed in the PDS. Refer to the PDS for further information.
- The performance figure is for the period from 23 September 2016 to 31 March 2017.
- For further information on each of the asset classes refer to the PDS and the SIPO.
- "Other" represents investments in hedge funds.
- "Other" is comprised of Alternative Investments, and can include hedge funds, absolute return funds, venture capital and private equity.