

Westpac Premium Investment Funds

Corporate Bond Fund

Fund Update for the quarter ended:

31 December 2021

This fund update was first made publicly available on 14 February 2022.

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 | \$ 33,747,228 |
| 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 31 December 2021. 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.

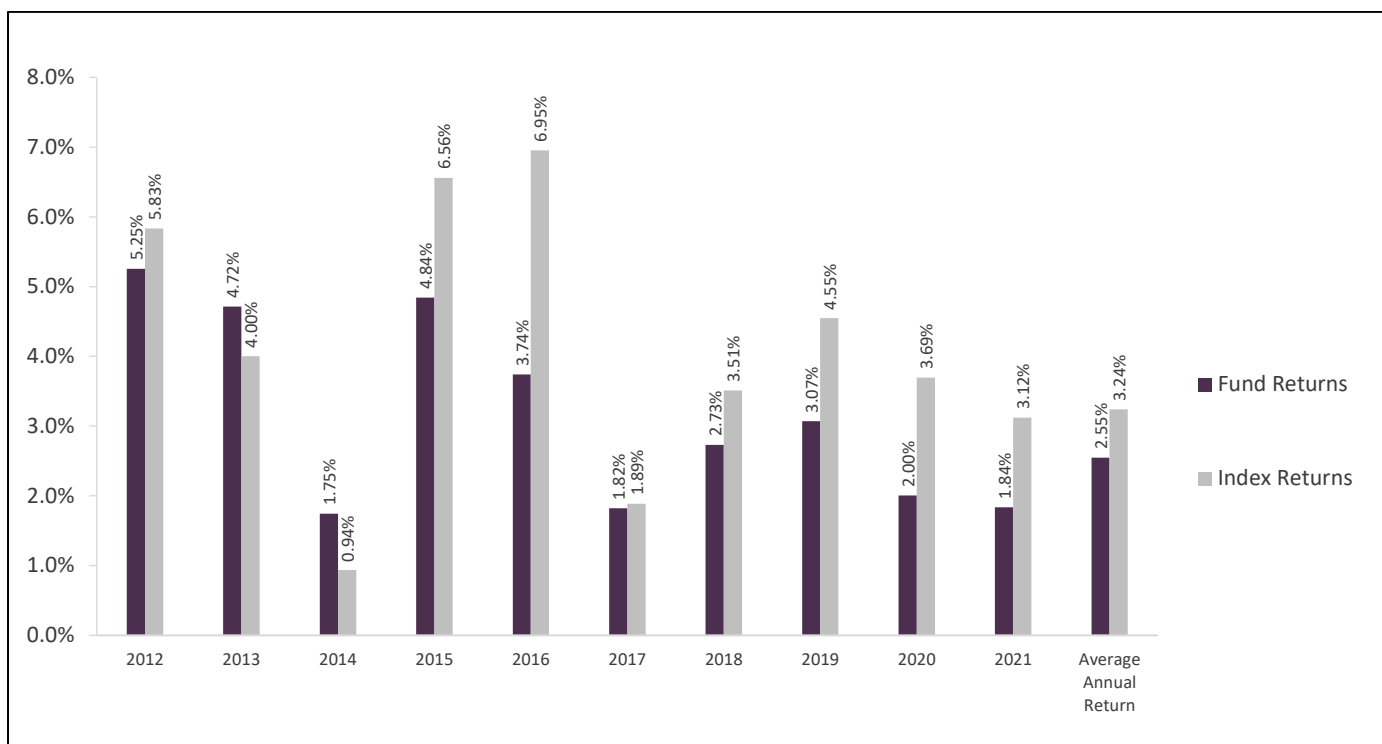
How has the fund performed?

| | Average over past 5 years | Past year |
|-------------------------------------------------------------------------|---------------------------|-----------|
| Annual return (after deductions for charges and tax) | 1.76% | -2.61% |
| Annual return (after deductions for charges but before tax) | 2.44% | -3.64% |
| Market index annual return (reflects no deductions for charges and tax) | 2.76% | -3.44% |

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 31 December 2021².

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 2021, these were:

| | % of net asset value |
|----------------------------------------------------|-------------------------------|
| Total fund charges³ | 0.60% |
| Which are made up of | |
| Total management and administration charges | 0.60% |
| Including - | |
| Manager's basic fee | 0.51% |
| Other management and administration charges | 0.09% |
| 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.

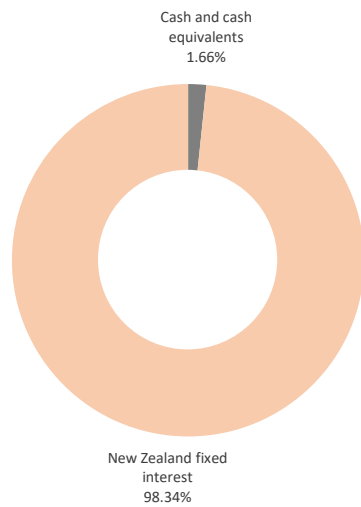
Example of how this applies to an investor

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 -\$261 (that is -2.61% of his initial \$10,000). Jason did not pay anything in other charges. This gives Jason a total loss after tax of -\$261 for the year.

What does the fund invest in?

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

Actual investment mix⁵



Target investment mix

| | |
|----------------------------|---------|
| New Zealand fixed interest | 100.00% |
|----------------------------|---------|

Top 10 investments

| | Name | % of fund net assets | Type | Country | Credit rating (if applicable) |
|----|------------------------------|----------------------|----------------------------|-------------|-------------------------------|
| 1 | Housing NZ 3.42% 18/10/2028 | 2.20% | New Zealand fixed interest | New Zealand | AAA |
| 2 | Westpac 2.22% 29/07/2024 | 2.09% | New Zealand fixed interest | New Zealand | AA- |
| 3 | ASB Bank 1.83% 19/08/2024 | 2.07% | New Zealand fixed interest | New Zealand | AA- |
| 4 | ANZ 3.7% 30/05/2023 | 2.02% | New Zealand fixed interest | New Zealand | AA- |
| 5 | ASB Bank 3.31% 07/09/2023 | 2.00% | New Zealand fixed interest | New Zealand | AA- |
| 6 | Westpac 3.72% 23/03/2023 | 1.97% | New Zealand fixed interest | New Zealand | AA- |
| 7 | BNZ 3.648% 16/11/2023 | 1.88% | New Zealand fixed interest | New Zealand | AA- |
| 8 | Housing NZ 1.534% 10/09/2035 | 1.84% | New Zealand fixed interest | New Zealand | AAA |
| 9 | Housing NZ 2.247% 05/10/2026 | 1.83% | New Zealand fixed interest | New Zealand | AAA |
| 10 | Westpac 2.083% 20/02/2025 | 1.81% | New Zealand fixed interest | New Zealand | AA- |

The top 10 investments make up 19.71% of the net asset value of the fund.⁶

Key personnel

| | Name | Current position | Time in current position | Previous or other current position | Time in previous or other current position |
|---|-----------------------|------------------------------|--------------------------|--------------------------------------------------------|--------------------------------------------|
| 1 | Nigel Jackson | Head of Investments | 0 year 11 months | Acting Head of Investments & Insurance | 3 years 10 months |
| 2 | Philip Houghton-Brown | Head of Investment Solutions | 1 year 3 months | Chief Investment Officer / Head of Investments, Mercer | 8 years 2 months |
| 3 | Francois Richeboeuf | Senior Portfolio Manager | 11 years 2 months | Acting Head of Investment Solutions | 0 year 8 months |
| 4 | Stephen Hong | Senior Portfolio Manager | 9 years 3 months | Portfolio Manager, AXA Global Investors | 5 years 9 months |
| 5 | Angus Allison | Senior Credit Analyst | 2 years 7 months | 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 returns over the past five years, which may not be a full investment cycle. In some cases the risk indicator might differ 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 has had unusually low or high volatility the risk indicator presented in this fund update (or the PDS) may provide a less reliable indication of a fund's potential future volatility.
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. For the reporting of the Actual investment mix, cash and cash equivalents held for operational purposes at the fund level are shown as an investment in the cash and cash equivalents asset class at the fund level. However, cash and cash equivalents held for operational and hedging purposes at an asset class level (in the underlying funds) are assigned to the asset class to which they relate.
6. The top 10 investments have been calculated excluding cash and cash equivalents held for operational and hedging purposes.