

Westpac Premium Investment Funds

International Diversified Bond Fund

Fund Update for the quarter ended:

30 September 2020

This fund update was first made publicly available on 29 October 2020.

What is the purpose of this update?

This document tells you how the International Diversified 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 International Diversified Bond Fund aims to provide capital growth over the short to medium term by investing primarily in a range of international fixed interest assets. The primary areas of investment are North America, United Kingdom, Europe and the Asia-Pacific region.

| | |
|---------------------------|----------------|
| Total value of the fund | \$ 88,898,188 |
| The date the fund started | 1 October 2001 |

What are the risks of investing?

Risk indicator for the International Diversified 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 September 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.

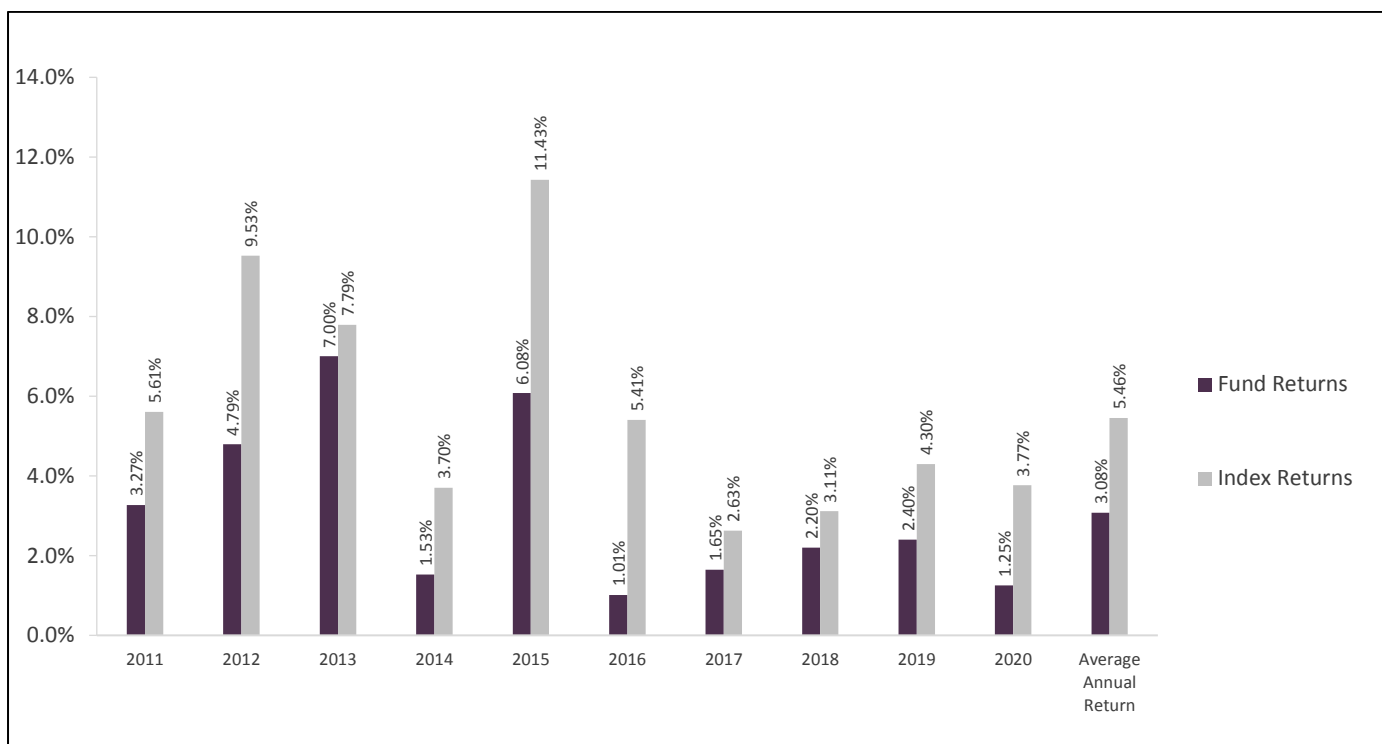
How has the fund performed?

| | Average over past 5 years | Past year |
|---|---------------------------|-----------|
| Annual return (after deductions for charges and tax) | 2.52% | 1.93% |
| Annual return (after deductions for charges but before tax) | 3.50% | 2.65% |
| Market index annual return (reflects no deductions for charges and tax) | 4.46% | 3.39% |

The market index return reflects the returns for the Bloomberg Barclays Global Corporate 1-10 year Index (100% hedged to NZD) and the Bloomberg Barclays Global Treasury 1-20 year Index (100% hedged to NZD).

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 September 2020.

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

| | % of net asset value |
|--|-------------------------------|
| Total fund charges² | 0.70% |
| Which are made up of | |
| Total management and administration charges | 0.70% |
| Including - | |
| Manager's basic fee | 0.56% |
| Other management and administration charges | 0.14% |
| 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.

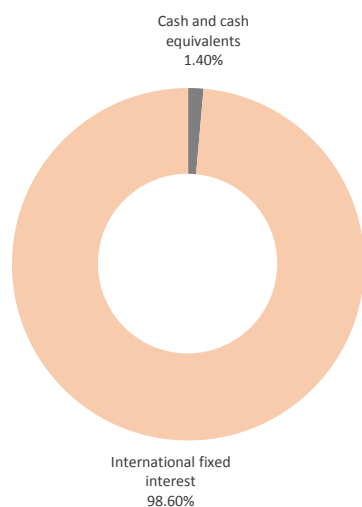
Example of how this applies to an investor

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 \$193 (that is 1.93% of his initial \$10,000). Jason did not pay anything in other charges. This gives Jason a total return after tax of \$193 for the year.

What does the fund invest in?

This shows the types of assets that the fund invests in.³

Actual investment mix



Target investment mix

| | |
|------------------------------|---------|
| International fixed interest | 100.00% |
|------------------------------|---------|

Top 10 investments

| | Name | % of fund net assets | Type | Country | Credit rating (if applicable) |
|----|---|----------------------|------------------------------|--------------------------|-------------------------------|
| 1 | US 2YR Note (CBT) | 5.37% | International fixed interest | United States of America | Unrated |
| 2 | US 5YR Note (CBT) | 4.65% | International fixed interest | United States of America | Unrated |
| 3 | Euro Schatz Future | 1.90% | International fixed interest | Germany | Unrated |
| 4 | Government Of The United States Of America 0.5% 31-Mar-2025 | 1.64% | International fixed interest | United States of America | AA+ |
| 5 | Government Of Japan 0.9% 20-Jun-2022 | 1.62% | International fixed interest | Japan | A+ |
| 6 | Long Gilt Future | 1.29% | International fixed interest | United Kingdom | Unrated |
| 7 | Government Of Japan 1.7% 20-Jun-2033 | 1.11% | International fixed interest | Japan | A+ |
| 8 | Government Of The United States Of America 2.0% 31-May-2024 | 1.06% | International fixed interest | United States of America | AA+ |
| 9 | Government Of Japan 0.3% 20-Dec-2024 | 0.97% | International fixed interest | Japan | A+ |
| 10 | Government Of Mexico 7.5% 03-Jun-2027 | 0.95% | International fixed interest | Mexico | BBB+ |

The top 10 investments make up 20.56% of the net asset value of the fund.⁴

Currency Hedging

The fund has exposure to foreign currencies. As at 30 September 2020, the actual currency hedging for the fund's foreign currency exposure was 98% hedged (benchmark 100%).

Additional information about the currency hedging policy can be found in the SIPO which is available on the offer register at disclose-register.companiesoffice.govt.nz.

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 7 months | Head of Customer Proposition | 7 years 7 months |
| 2 | Philip Houghton-Brown | Head of Investment Solutions | 0 year 1 month | Chief Investment Officer / Head of Investments, Mercer | 8 years 2 months |
| 3 | Francois Richeboeuf | Senior Portfolio Manager | 9 years 10 months | Acting Head of Investment Solutions | 0 year 8 months |
| 4 | Angelika Sansom | Investment Analytics Manager | 19 years 1 month | Investment Consultant, Mercer | 2 years 4 months |
| 5 | Anna Boyle | Portfolio Manager | 10 years 7 months | Investor Communications, Westpac New Zealand Limited | 1 year 5 months |

Philip Houghton-Brown was not named in the previous fund update for the International Diversified Bond 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 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. The amounts specified include GST, where applicable.
3. For further information on each of the asset classes refer to the PDS and the SIPO.
4. The top 10 investments have been calculated excluding cash and cash equivalents held for operational and hedging purposes.