

Smartshares Exchange Traded Funds

NZ Cash Fund

Fund update for the quarter ended 30 September 2017

This fund update was first made publicly available on 19 October 2017.

What is the purpose of this update?

This document tells you how the NZ Cash Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Smartshares 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

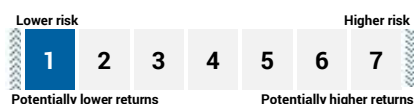
The NZ Cash Fund invests in cash and cash equivalents, with the objective of outperforming the S&P/NZX Bank Bills 90-Day Index over rolling 1-year periods. The investment manager is Nikko Asset Management New Zealand Limited.

Total value of the fund: \$125,828,548

The date the fund started: 12 November 2015

What are the risks of investing?

Risk indicator for the NZ Cash Fund¹



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 5 years to 30 September 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.

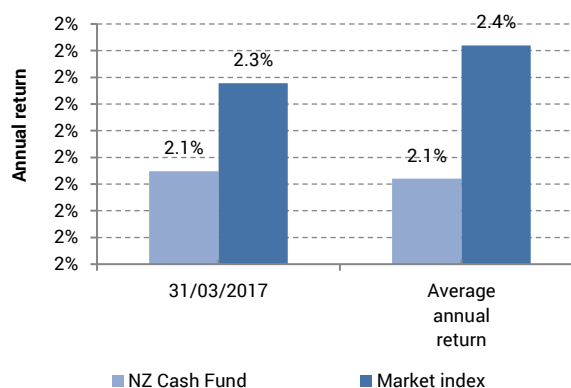
See the Product Disclosure Statement for the Smartshares Exchange Traded Funds for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	2.05%
Annual return (after deductions for charges but before tax)	2.63%
Market index annual return (reflects no deduction for charges and tax)	2.09%

The market index annual return is based on the annual return of the S&P/NZX Bank Bills 90-Day Index. Additional information about the market index is available on the offer register at www.business.govt.nz/disclose.

Annual return graph





This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2017.

Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at 28%.

What fees are investors charged?

Investors in the NZ Cash Fund are charged fund charges. In the year to 31 March 2017 these were:

	% per annum of fund's net asset value
Total fund charges	0.33%
Which are made up of:	
Total management and administration charges	0.33%
Including:	
Manager's basic fee	0.33%
Other management and administration charges	0.00%
Total performance-based fees	0.00%
Other charges	Dollar amount per investor
Not applicable	\$0.00

Investors may also be charged individual action fees for specific actions or decisions (for example, for initial contributions to the fund). See the Product Disclosure Statement for the Smartshares Exchange Traded Funds for more information about those fees.

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

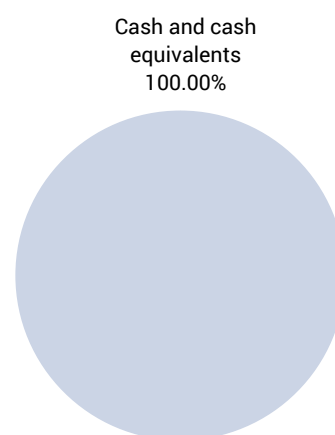
Tara had \$10,000 in the fund and did not make any further contributions. At the end of the year, Tara received a return after fund charges were deducted of \$205 (that is 2.05% of her initial \$10,000).

Tara paid no other charges. This gives Tara a total return after tax of \$205 for the year.

What does the fund invest in?

Actual investment mix

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



Target investment mix

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

Asset Category	Target asset mix
Cash and cash equivalents	100.00%
New Zealand fixed interest	-
International fixed interest	-
Australasian equities	-
International equities	-
Listed property	-
Unlisted property	-
Commodities	-
Other	-



Top 10 investments

Name	% of fund's net asset value	Type	Country	Credit rating (if applicable)
SBS Bank 02/08/18 3.80% TD	7.66%	Cash and cash equivalents	New Zealand	BBB
ASB Bank Ltd 08/03/19 FRN	7.21%	Cash and cash equivalents	New Zealand	AA-
Kiwibank Ltd 13/05/19 FRN	6.41%	Cash and cash equivalents	New Zealand	A
Inland Revenue Deposit 28/11/17 RCD	4.74%	Cash and cash equivalents	New Zealand	AA+
ANZ Bank New Zealand Ltd 22/03/19 FRN	4.44%	Cash and cash equivalents	New Zealand	AA-
Fonterra Co-operative Group Ltd 24/10/17 FRN	3.55%	Cash and cash equivalents	New Zealand	A-
Kiwibank Ltd 13/10/17 3.12% TD	3.27%	Cash and cash equivalents	New Zealand	A
China Construction Bank 23/02/18 3.40% TD	3.24%	Cash and cash equivalents	New Zealand	A
Westpac Banking Corp 20/06/18 3.13% TD	3.21%	Cash and cash equivalents	New Zealand	AA-
Kiwibank Ltd 16/02/18 3.12% TD	2.96%	Cash and cash equivalents	New Zealand	A

The top 10 investments make up 46.69% of the fund's net asset value.

Currency hedging

Not applicable.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund:

Name	Current position	Time in current position	Previous or other positions	Time in previous / other position
Fergus McDonald	Head of Bonds and Currency - Nikko Asset Management	17 years and 3 months	NZ Fixed Interest Portfolio Manager - Nikko Asset Management New Zealand Limited	10 years and 5 months
Ian Bellow	Fixed Income Manager - Nikko Asset Management	5 years and 9 months	Cash Portfolio Manager - Nikko Asset Management New Zealand Limited	4 years and 10 months
Tim O'Loan	Fixed Income Analyst - Nikko Asset Management	5 years and 8 months	Operations Analyst - NZ Super Fund	3 years
George Carter	Managing Director - Nikko Asset Management	1 year and 11 months	Director Head of Distribution - AMP Capital Investors NZ Limited	6 years and 4 months

Further information

You can also obtain this information, the Product Disclosure Statement for the Smartshares Exchange Traded Funds, and some additional information from the offer register at www.business.govt.nz/disclose.

Notes

- Market index returns (as well as actual returns) have been used to complete the risk indicator, as the fund has not been in existence for 5 years. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. The risk indicator for the fund uses 3 years and 2 months of market index returns.