

Smartshares Exchange Traded Funds

Australian Dividend 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 Australian Dividend 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 Australian Dividend Fund invests in financial products listed on the Australian Securities Exchange and is designed to track the return on the S&P/ASX Dividend Opportunities Index.

Total value of the fund: \$69,781,165

The date the fund started: 16 December 2014

What are the risks of investing?

Risk indicator for the Australian Dividend 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.

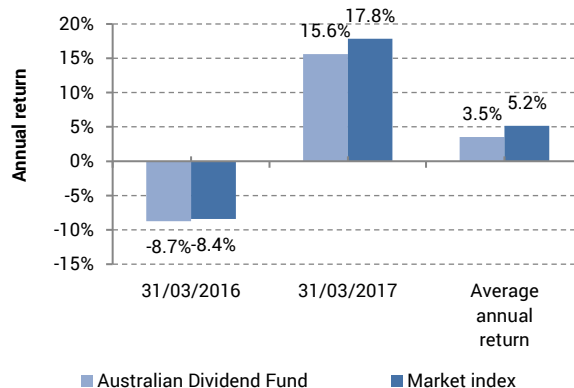
See the Product Disclosure Statement for the Smartshares Exchange Traded Funds for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	9.83%
Annual return (after deductions for charges but before tax)	11.34%
Market index annual return (reflects no deduction for charges and tax)	11.94%

The market index annual return is based on the annual return of the S&P/ASX Dividend Opportunities Index (NZD). 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 Australian Dividend 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	0.54%
Which are made up of:	
Total management and administration charges	0.54%
Including:	
Manager's basic fee	0.54%
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

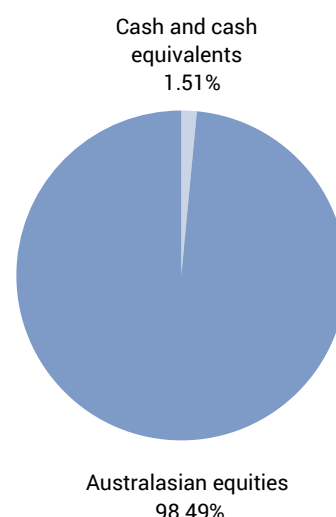
Tara had \$10,000 in the fund and did not make any further contributions. At the end of the year, Tara received a return after fund charges were deducted of \$983 (that is 9.83% of her initial \$10,000).

Tara paid no other charges. This gives Tara a total return after tax of \$983 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	-
New Zealand fixed interest	-
International fixed interest	-
Australasian equities	100.00%
International equities	-
Listed property	-
Unlisted property	-
Commodities	-
Other	-



Top 10 investments

Name	% of fund's net asset value	Type	Country	Credit rating (if applicable)
Rio Tinto Ltd	10.31%	Australasian equities	Australia	
Wesfarmers Ltd	10.19%	Australasian equities	Australia	
Commonwealth Bank of Australia	7.98%	Australasian equities	Australia	
Westpac Banking Corp	7.58%	Australasian equities	Australia	
National Australia Bank Ltd	6.68%	Australasian equities	Australia	
Fortescue Metals Group Ltd	6.10%	Australasian equities	Australia	
Aurizon Holdings Ltd	5.26%	Australasian equities	Australia	
APA Group	3.77%	Australasian equities	Australia	
Boral Ltd	2.96%	Australasian equities	Australia	
Spark New Zealand Ltd	2.78%	Australasian equities	New Zealand	

The top 10 investments make up 63.61% of the fund's net asset value.

Currency hedging

The fund does not hedge its foreign currency exposure.

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
Paul James Baldwin	Director	9 months	Head of NZX Wealth Technologies - NZX	1 year and 2 months
Guy Roulston Elliffe	Director	1 year and 10 months	Corporate Governance Manager - ACC	2 years and 5 months
Aaron Leslie Jenkins	Head of NZX Funds Management - NZX	2 years and 3 months	Head of Markets - NZX	1 year and 6 months
Bevan Keith Miller	Director	4 years and 1 month	Chief Financial Officer - NZX	4 years and 9 months
Alister John Williams	Director	1 year and 10 months	Investment Manager - Trust Management	2 years and 8 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

- 1 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 2 years and 3 months of market index returns.