

Smartshares Exchange Traded Funds

Smartshares Global Bond ETF

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 Smartshares Global Bond ETF 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

Invests in international bonds, with the objective of outperforming the Bloomberg Barclays Global Aggregate Bond Index by 1% per annum over rolling 3-year periods, hedged to the New Zealand dollar. The investment manager is PIMCO Australia Pty Ltd.

Total value of the fund: \$222,616,824

The date the fund started: 12 November 2015

What are the risks of investing?

Risk indicator for the Smartshares Global Bond ETF¹



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 5 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.

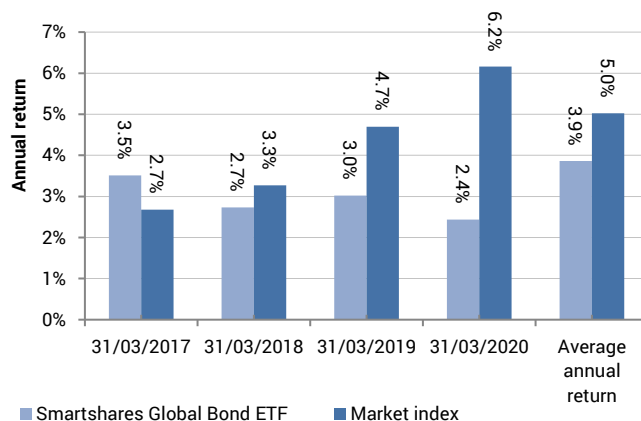
See the Product Disclosure Statement for the Smartshares Exchange Traded Funds for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	3.35%
Annual return (after deductions for charges but before tax)	4.62%
Market index annual return (reflects no deduction for charges and tax)	3.99%

The market index annual return is based on the annual return of the Barclays Global Aggregate Index (100% hedged to the New Zealand dollar). Additional information about the market index is available in the 'Other Material Information' document on the offer register at disclose-register.companiesoffice.govt.nz.

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 2020.

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 Smartshares Global Bond ETF are charged fund charges. In the year to 31 March 2020 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	0.53%
Other management and administration charges	0.01%

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.

The fees set out above include GST where applicable.

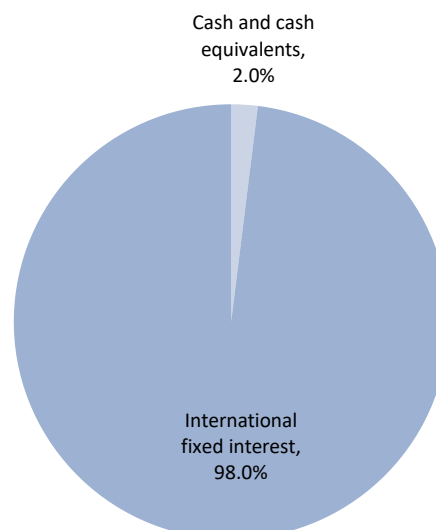
Example of how this applies to an investor

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 \$335 (that is 3.35% of her initial \$10,000). This gives Tara a total return after tax of \$335 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	100.00%
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)
United States Treasury 03/12/20 0.00% GB	3.74%	International fixed interest	United States	
QNB Finance Ltd 12/02/22 FRN	1.84%	International fixed interest	Cayman Islands	
USD BNP PARIBAS A/C	1.68%	Cash and cash equivalents	United States	
China Development Bank 10/04/27 4.04% GB	1.65%	International fixed interest	China	
Spain Government 31/10/30 1.25% GB	1.50%	International fixed interest	Spain	A
Japan Government 20/09/35 1.20% GB	1.49%	International fixed interest	Japan	A+
China Development Bank 24/08/27 4.24% GB	1.18%	International fixed interest	China	
United States Treasury 15/01/28 0.5% ILB	1.12%	International fixed interest	United States	
United States Treasury 30/04/25 2.875% GB	1.08%	International fixed interest	United States	
Japan Government 20/12/48 0.70% GB	0.93%	International fixed interest	Japan	A+

The top 10 investments make up 16.21% of the fund's net asset value.

Currency hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ from this because of cash flow and market movements).

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
Sachin Gupta	Portfolio Manager - PIMCO Australia	16 years and 11 months		
Andrew Balls	Portfolio Manager - PIMCO Australia	13 years and 11 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 disclose-register.companiesoffice.govt.nz.

Material changes

There have been no material changes to the nature of the scheme, the investment objectives and strategy of the fund, or the management of the scheme over the quarter ended 30 September 2020.

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 months of market index returns.