

16 September 2016

Smartshares Group Investment Funds transition to FMCA

As part of the transition to the Financial Markets Conduct Act 2013 (FMCA), Smartshares is proposing to change the legal structure of the following five Exchange Traded Funds (ETFs):

- NZX 10 Fund (TNZ)
- NZX 50 Portfolio Index Fund (FNZ)
- NZX Mid Cap Index Fund (MDZ)
- NZX Australian 20 Leaders Index Fund (OZY)
- NZX Australian Mid Cap Index Fund (MZY)

The proposed change will see the ETFs constituted as unit trusts under the FMCA, rather than their current structure as group investment funds under the Trustee Companies Act 1967 (a structure that is no longer suitable under the FMCA).

The change in legal structure will not affect the investment mandate of the ETFs or the manner in which they operate, and there will be no change to the service unitholders receive.

This change will mean that all Smartshares' ETFs form part of the Smartshares Exchange Traded Funds managed investment scheme and will enable the management of all ETFs to be streamlined with oversight from Public Trust as supervisor.

Smartshares will be asking unitholders in the above ETFs to vote at a special meeting on the proposed change to move the ETFs into a new managed investment scheme. Further information about the proposed restructure, including notice of meeting materials, will be provided to unitholders in the coming weeks.

For more information please contact:

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About Smartshares

Smartshares is the pioneer of ETFs in New Zealand, launching the first ETF (TNZ - the NZSX 10 Fund) in 1996. Smartshares is New Zealand's only issuer of ETFs listed on the NZX Main Board, with more than 10,000 direct unit holders and more than NZD\$1.6 billion of funds under management. Smartshares funds are listed on NZX so you can buy or sell them just like individual shares. The listed funds are designed to "track" (or, in some cases, outperform) an index. Each Smartshares ETF is designed to provide investors with similar returns to a direct investment in all the securities that make up the ETF. To learn more and read a copy of the prospectus or product disclosure statement, please visit: www.smartshares.co.nz

