

Smartshares Exchange Traded Funds

Smartshares NZ Top 10 ETF

Fund update for the quarter ended 30 September 2022

This fund update was first made publicly available on 31 October 2022.

What is the purpose of this update?

This document tells you how the Smartshares NZ Top 10 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 New Zealand shares and is designed to track the return (before tax, fees and other expenses) of the S&P/NZX 10 Index.

Total value of the fund: \$130,635,418

The date the fund started: 7 November 2016

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 2022. 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 – Specialist Series for more information about the risks associated with investing in this fund.

What are the risks of investing?

Risk indicator for the Smartshares NZ Top 10 ETF



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.

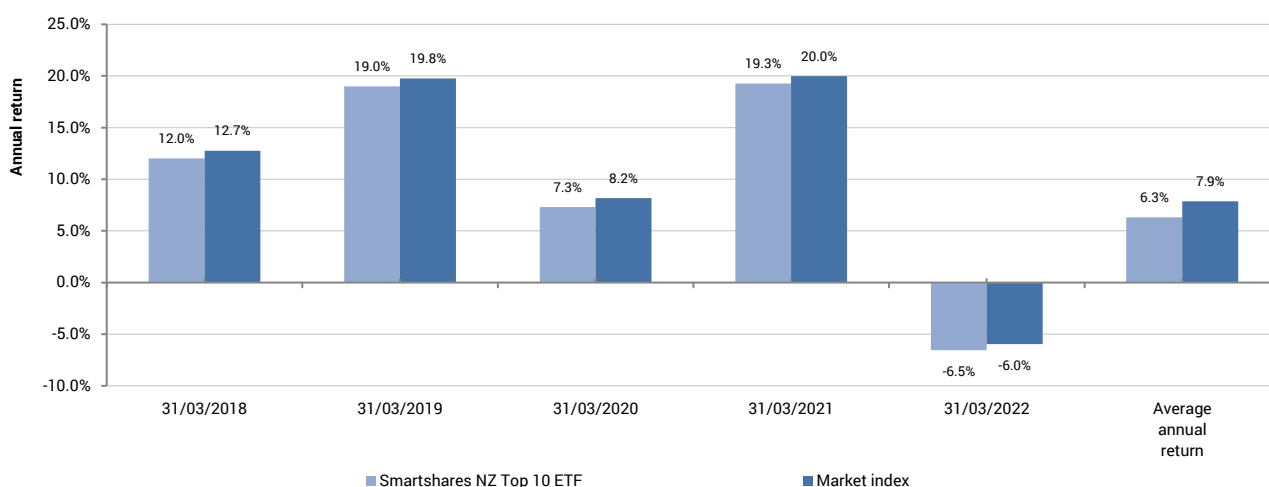
How has the fund performed?

| | Average over past 5 years | Past year |
|--|---------------------------|-----------|
| Annual return (after deductions for charges and tax) | 6.49% | -18.10% |
| Annual return (after deductions for charges but before tax) | 7.23% | -17.40% |
| Market index annual return (reflects no deduction for charges and tax) | 7.18% | -17.68% |

The market index annual return is based on the annual return of the S&P/NZX 10 Index. 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 2022.

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 Smartshares NZ Top 10 ETF are charged fund charges. In the year to 31 March 2022 these were:

| | % per annum of fund's net asset value |
|--|---------------------------------------|
| Total fund charges | 0.60% |
| Which are made up of: | |
| Total management and administration charges | 0.60% |
| Including: | |
| Manager's basic fee | 0.58% |
| Other management and administration charges | 0.02% ¹ |

Investors may also be charged individual action fees for specific actions or decisions (for example, withdrawing from or switching funds). See the Product Disclosure Statement for Smartshares Exchange Traded Funds – Specialist Series for more information about those fees.

The fees set out above include GST where applicable.

Small differences in fees and charges can have a big impact on your investment over the long term.

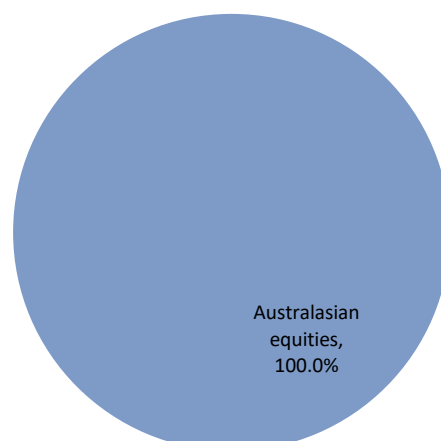
Example of how this applies to an investor

Tara had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Tara incurred a loss after fund charges were deducted of -\$1,810 (that is -18.10% of her initial \$10,000). This gives Tara a total loss after tax of -\$1,810 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) |
|-------------------------------------|-----------------------------|-----------------------|-------------|-------------------------------|
| Fisher & Paykel Healthcare Corp Ltd | 16.15% | Australasian equities | New Zealand | |
| Spark New Zealand Ltd | 14.15% | Australasian equities | New Zealand | |
| Auckland International Airport Ltd | 13.15% | Australasian equities | New Zealand | |
| Infratil Ltd | 9.47% | Australasian equities | New Zealand | |
| EBOS Group Ltd | 9.05% | Australasian equities | New Zealand | |
| Contact Energy Ltd | 8.83% | Australasian equities | New Zealand | |
| Meridian Energy Ltd | 8.79% | Australasian equities | New Zealand | |
| Mainfreight Ltd | 8.72% | Australasian equities | New Zealand | |
| Fletcher Building Ltd | 5.73% | Australasian equities | New Zealand | |
| Ryman Healthcare Ltd | 5.43% | Australasian equities | New Zealand | |

The top 10 investments make up 99.47% of the fund's net asset value.

Currency hedging

The fund does not have 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 current position | Time in previous or other current position |
|--------------------------------|--|--------------------------|--|--|
| Guy Roulston Elliffe | Director | 6 years and 10 months | Corporate Governance Manager - ACC (current position) | 7 years and 5 months |
| Stuart Kenneth Reginald Millar | Chief Investment Officer - Smartshares | 3 years and 4 months | Head of Portfolio Management - ANZ Investments | 6 years and 4 months |
| Hugh Duncan Stevens | Chief Executive Officer - Smartshares | 4 years and 7 months | Chief Operating Officer - Implemented Investment Solutions Ltd | 2 years and 6 months |
| Alister John Williams | Director | 6 years and 10 months | Investment Manager - Trust Management | 5 years and 4 months |

Further information

You can also obtain this information, the Product Disclosure Statement for the Smartshares Exchange Traded Funds – Specialist Series, and some additional information from the offer register at disclose-register.companiesoffice.govt.nz.

Notes

- 1 We charge fixed fund charges that cover normal fund operating costs. For disclosure purposes, supervisor, audit and legal costs are not included in the manager's basic fee, but are included in the other management and administration charges. This may be shown as 0.00% due to rounding.