

FUND UPDATE FOR YEAR ENDED 31 MARCH 2017

This fund update was first made publicly available on 30 June 2017

WHAT IS THE PURPOSE OF THIS UPDATE?

This document tells you how the Koinonia KiwiSaver Scheme Balanced Fund (the “Fund”) has performed and what fees were charged. The document will help you to compare the Fund with other funds. The New Zealand Anglican Church Pension Board 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 Fund has moderate exposures to both growth assets (such as equities and alternative assets) and income assets (such as fixed interest, mortgages and cash). It is designed to have a medium risk profile and to appeal to investors willing to accept medium risk to pursue long term growth.

Total value of the Fund	\$24,142,531
Number of investors in the Fund	1,320
The date the Fund started	20/07/2007

WHAT ARE THE RISKS OF INVESTING?

Risk indicator for the Fund:



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 the past 5 years. 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.

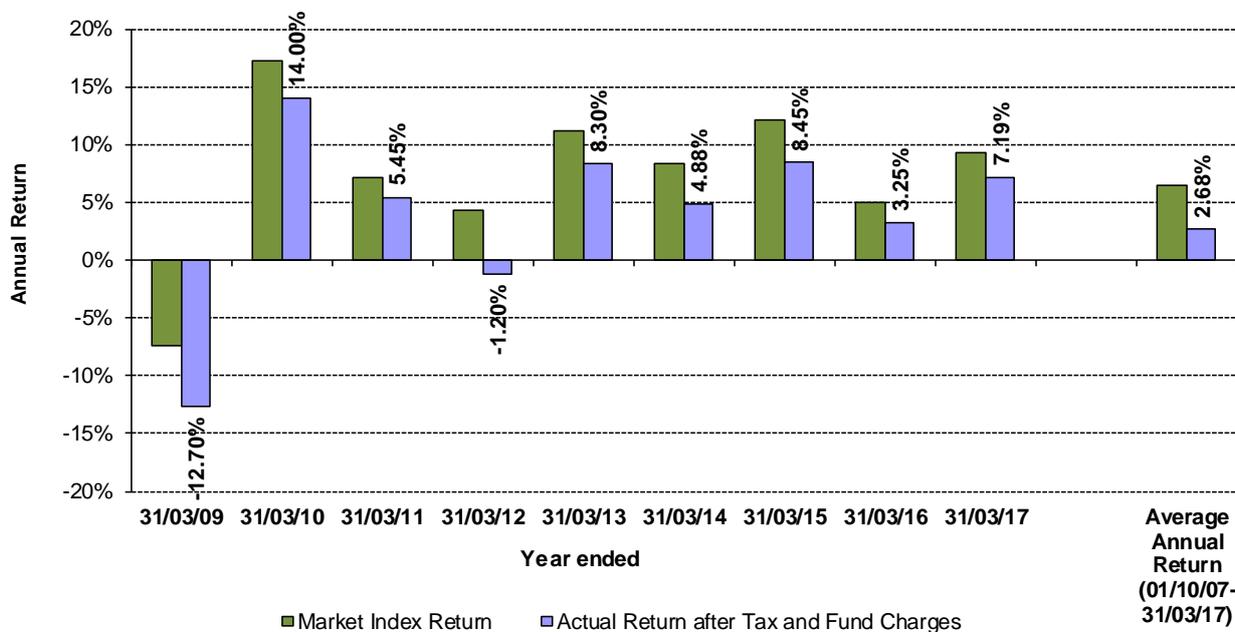
See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

HOW HAS THE FUND PERFORMED?

	Average over past 5 years	Past Year
Annual return (after deductions for charges ¹ and tax)	6.39%pa	7.19%
Annual return (after deduction for charges ¹ but before tax)	7.40%pa	7.97%
Market index annual return (reflects no deduction for charges and tax)	9.18%pa	9.31%

The market index annual return is based on a composite index comprising a mix of benchmark indices. More information on the benchmark indices used for each asset class is contained in the Statement of Investment Policies and Objectives (SIPO), a copy of which is available from www.koinonia.org.nz/index.php/publications or on the offer register at www.business.govt.nz/disclose under Koinonia KiwiSaver Scheme.

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 31 March 2017.

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

	% of net asset value
Total fund charges	1.53%
Which are made up of:	
Total management and administration charges	0.00%
Including:	
Manager's basic fee	0.00%
Other management and administration charges	0.00%
Total performance-based fees	0.00%
Other Charges	
Other fees and costs	1.53%

There are currently no transaction individual action fees (e.g. establishment, contribution, withdrawal, fund switching) or other fees charged.

From 1 April 2017 investors in the Fund are charged a fixed fee² of 1.5% p.a. of the net asset value of their monies invested in the Fund. The total annual fund charges are calculated daily as a percentage of the net asset value of the Fund.

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

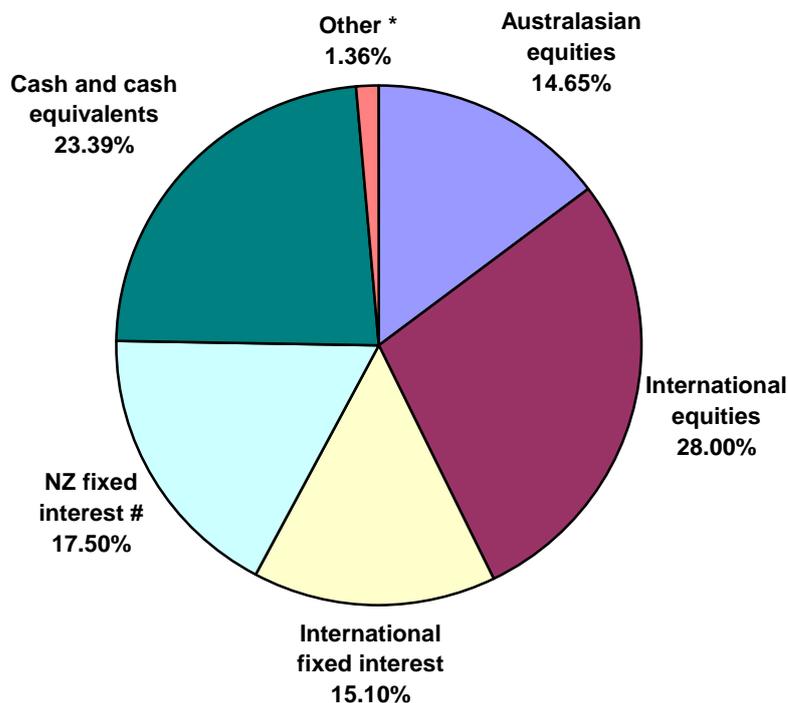
EXAMPLE OF HOW THIS APPLIES TO AN INVESTOR

Rachel 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, Rachel received a return after fund charges and tax were deducted of \$718.67 (that's 7.19% of her initial \$10,000). Rachel did not pay any other charges. This gives Rachel a total return after tax of \$718.67 for the year.

WHAT DOES THE FUND INVEST IN?

Actual investment mix

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



* "Other" consists of Alternative Growth Assets (Forestry and Private Equity).

NZ fixed interest includes NZ mortgages (6.36%).

Target investment mix

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

Cash and cash equivalents	10.00%
NZ fixed interest	20.00%
International fixed interest	20.00%
Australasian equities	15.00%
International equities	30.00%
Other – Alternative growth assets	5.00%

Top 10 investments

Name	% of Fund net assets	Type	Country	Credit Rating (if applicable)
PIMCO GIS Global Bond Fund	12.10%	International fixed interest	Ireland	
Legg Mason Brandywine GOFI Fund	3.00%	International fixed interest	Ireland	
NZ Government Stock 15/5/21	1.78%	NZ fixed interest	New Zealand	AA+
ASB term deposit 23/4/17	1.72%	Cash and cash equivalents	New Zealand	AA-
NZ LGFA bonds 15/12/17	1.19%	NZ fixed interest	New Zealand	AA+
ASB term deposit 28/5/17	1.14%	Cash and cash equivalents	New Zealand	AA-
BNZ term deposit 24/8/17	1.14%	Cash and cash equivalents	New Zealand	AA-
NZ Govt Inflation Index Bond 20/9/25	1.07%	NZ fixed interest	New Zealand	AA+
NZ Government Stock 15/12/17	1.04%	NZ fixed interest	New Zealand	AA+
World Bank (IBRD) 6/10/21	0.92%	NZ fixed interest	New Zealand	AAA

The top ten investments make up 25.10% of the Fund.

Currency Hedging

Currency exposures are monitored, and adjusted as appropriate, on a weekly basis. Accordingly, the Fund will not maintain the same level of currency hedging at all times. The currency risk benchmarks and ranges for the extent to which various asset classes are hedged to the New Zealand dollar are as follows:

- Cash and cash equivalents in any sector: 100% hedged to the New Zealand dollar;
- International fixed interest sector: 100% hedged to the New Zealand dollar;
- International equities sector: 50% hedged to the New Zealand dollar with a range of 25% to 75%; and
- Alternative assets (overseas) sector: 50% hedged to the New Zealand dollar with a range of 25% to 75%.

KEY PERSONNEL

Name	Current position	Term	Previous position	Term
Ian Millard QC	Chair of Investment Committee	30 years 3 months		
Simon Brodie	Chief Investment Officer / Investment Consultant	5 years, 11 months	Portfolio Management / Strategy, Tower Asset Management	23 years
Manher Sukha	Investment Manager	2 years, 10 months		
Garry Gould	Investment Manager	5 years, 11 months	Investment Consultant to The New Zealand Anglican Church Pension Board	21 years
Mark Wilcox	Chief Executive	3 years, 5 months	Chief Financial Officer, The Co-operative Bank	4 years

FURTHER INFORMATION

You can also obtain this information, the PDS for the Koinonia KiwiSaver Scheme, and some additional information from the offer register at www.business.govt.nz/disclose.

NOTES

- 1 Fund charges are the recovery of our actual expenses and costs for trusteeship, administration and investment management from Fund assets. We were also recovering establishment costs over time. From 1 April 2017 the Fund charge is fixed at 1.5% of the net asset value invested in the Fund.
2. In addition to the above fixed fee the Manager is entitled under the trust deed to be reimbursed from the Koinonia KiwiSaver Scheme for other costs and expenses, such as those that are irregular or extraordinary or cannot be reasonably known or estimated.