

Forsyth Barr Premium Yield Fund

Forsyth Barr Investment Funds

Fund Update as at 30 September 2016



This fund update was first made publicly available on 31 October 2016

What is the purpose of this update?

This document tells you how the Forsyth Barr Premium Yield Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Forsyth Barr Investment Management 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 Forsyth Barr Premium Yield Fund invests in New Zealand and international fixed interest assets. We aim for positive long-term returns. These kinds of investments will typically have low levels of movement up and down in value.

Total value of the fund	\$64,369,837
Date the fund started	26 June 2008

What are the risks of investing?

Risk Indicator for Forsyth Barr Premium Yield 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 down 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 five years to 30 September 2016. 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.

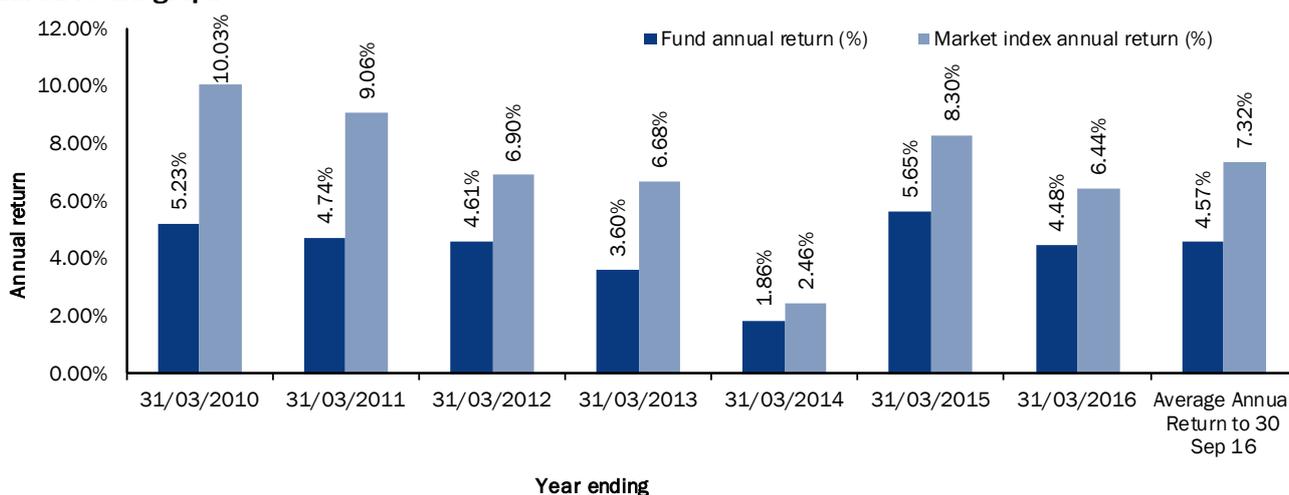
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	3.86%	3.88%
Annual return (after deductions for charges but before tax)	5.41%	5.46%
Market index annual return (reflects no deduction for charges and tax)	5.91%	5.83%

The market index return is based on the S&P/NZX Investment Grade Corporate Bond Index. Additional information about the market index is available on the Forsyth Barr Investment Funds' entry 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 2016.

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 Forsyth Barr Premium Yield Fund are charged fund charges. In the year to 31 March 2016 these were:

	% of net asset value ¹
Total fund charges	0.80%
<i>Which are made up of:</i>	
Total management and administration charges including	0.80%
Manager's basic fee	0.76%
Other management and administration charges	0.04%
Total Performance-based fees	0.00%
	Dollar amount per investor
Other charges	\$0.00

Investors may also be charged individual action fees for specific actions or decisions (for example entry fees). See the PDS for more information about those fees.

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

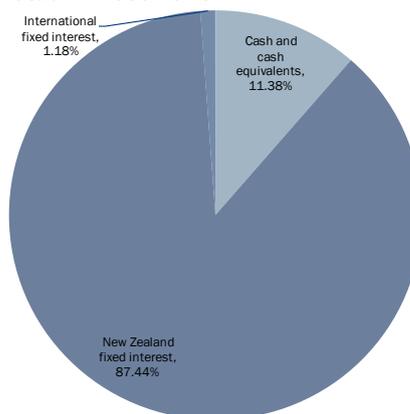
Example of how this applies to an investor

Jane had \$10,000 in the fund at the start of the year and didn't make any further contributions. At the end of the year, Jane received a return after fund charges were deducted of \$388 (that's 3.88% of her initial \$10,000). This gives Jane a total return after tax of \$388 for the year.

What does the fund invest in?

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

Actual investment mix



Target investment mix

Cash and cash equivalents	5.00%
New Zealand fixed interest	90.00%
International fixed interest	5.00%
Australasian equities	0.00%
International equities	0.00%
Listed property	0.00%
Unlisted property	0.00%
Commodities	0.00%
Other	0.00%

Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit rating (if applicable)
1	NZ Local Government Funding Agency Ltd 15/12/2017 6.00%	12.93%	New Zealand fixed interest	NZ	AA+
2	ANZ Cash Deposit	11.38%	Cash and cash equivalents	NZ	AA-
3	NZ Local Government Funding Agency Ltd 15/04/2023 5.50%	5.49%	New Zealand fixed interest	NZ	AA+
4	Transpower New Zealand Ltd 30/06/2022 4.30%	5.29%	New Zealand fixed interest	NZ	A+
5	Bank of New Zealand Subordinated Note 17/12/2025 5.314%	4.79%	New Zealand fixed interest	NZ	BBB+
6	Port of Tauranga Ltd Fixed Rate Note 29/10/2019 5.865%	3.26%	New Zealand fixed interest	NZ	BBB+
7	ANZ Bank New Zealand Ltd 25/09/2020 4.03%	3.21%	New Zealand fixed interest	NZ	AA-
8	Sky City Entertainment Group Ltd 28/09/2022 4.65%	2.85%	New Zealand fixed interest	NZ	BBB-
9	Precinct Properties New Zealand Ltd 17/12/2021 5.54%	2.85%	New Zealand fixed interest	NZ	Unrated
10	Kiwi Capital Funding Ltd Capital Notes 15/07/2024 6.61%	2.80%	New Zealand fixed interest	NZ	BB+

The top 10 investments make up 54.82% of the fund.

Key personnel

Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
Kevin Stirrat	Head of Investment Strategy Forsyth Barr Limited	11 years ²	Director, Deutsche Bank	11 years and 2 months
Craig Alexander	Head of Funds Management Forsyth Barr Limited	3 years and 3 months ²	Head of Fixed Interest, Tower Investments	5 years and 2 months
Malcolm Davie	Equity Portfolio Manager Forsyth Barr Limited	2 years and 5 months ²	Head of Investment Management, First NZ Capital	7 years and 3 months
Neil Paviour-Smith	Director	8 years and 7 months	Managing Director, Forsyth Barr Limited (current)	12 years
Rob Mercer	Head of Private Wealth Research	4 years and 4 months ²	Head of Research, Forsyth Barr Limited	11 years and 3 months

Further information

You can also obtain this information, the PDS for the Forsyth Barr Investment Funds, and some additional information from the offer register at www.business.govt.nz/disclose.

Notes

- ¹ Including GST.
- ² These personnel are employees of Forsyth Barr Limited, which carries out investment management and daily administration of the Forsyth Barr Investment Funds (and is an authorised body under our licence as a manager of registered schemes).