



Qualitative Fund Research

Westpac Premium Investment Funds

April 2019

About the Manager

BT Funds Management (NZ) Limited (the Manager, BTNZ) is a wholly owned subsidiary of Westpac New Zealand Limited (Westpac NZ), which in turn is wholly owned by ASX listed parent Westpac Banking Corporation, ASX: WBC, (Westpac). Westpac's vision is to be one of the world's great service companies, helping its customers, communities and people to prosper and grow. The bank's primary areas of business is in Australia, New Zealand and the Pacific. The Manager has provided a brief profile available [here](#).

The Westpac Premium Investment Funds offers a [focused investment](#) menu of multi-manager single sector funds that draws on all of the BTNZ investment teams full capabilities. The BTNZ investment team is committed to seeking ways of improving the outcomes for its customers. BTNZ takes a long-term approach to implementing its investment strategies, recognising that the short term is unpredictable. The investment team are prepared to back their convictions, and have a culture that is driven, focussed, and accountable, with a high standard of excellence, integrity and ethics.

Westpac provides a comprehensive outline of its operating principles and governance frameworks, outlined [here](#).

Changes

This information has been provided by the Manager, is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

Corporate: BTNZ is a part of the Westpac Commercial, Corporate and Institutional business unit. Previously BTNZ was a part of the product and marketing division within the Bank.

BTNZ is now a signatory to the UN Principles for Responsible Investing (PRI) and a signatory to the UN Tobacco-Free Finance Pledge.

An investment mandate structure and asset re-alignment across all strategies has now been fully embedded in all sectors, except for the Alternative Investment Strategies Fund, bringing with it greater oversight, transparency, and investor efficiencies.

FundSource views corporate citizenship and governance frameworks as extremely important foundations from which a manager starts to engage with the clients' experiences.

The eight Westpac Premium Investment Funds include:

- Enhanced Cash Fund
- NZ Diversified Bond Fund
- Corporate Bond Fund
- International Bond Fund
- Australasian Diversified Share Fund
- International Equities Fund
- Property Fund
- Alternative Investments Fund

These funds are managed by BTNZ, the investment arm of Westpac NZ. The investment team consists of eight investment professionals. The [key roles](#) within BTNZ are limited to head of positions. The investment team report through to the BT Investment Committee (BTIC) and the BTNZ Board of Directors. For the number and type of funds being managed, the team is well resourced and governed. The Manager does not publicly provide individual bios for the investment team.

Team Changes: two junior analyst departures from the investment team (Anastassia Juventin and Philippa Allen – both moving offshore). As a result, the manager has implemented the following changes:

Nirav Shah has taken Portfolio Manager responsibility for the Global Fixed Interest and Alternatives sectors. **Anna Boyle** has assumed Portfolio Manager Equities and Property and has taken on responsibility for ESG research. **Teresa Brandts-Giesen** commenced in December 2018, to support Francois Richeboeuf with the portfolio completion and asset allocation processes. BTNZ is currently recruiting for a Senior Credit Analyst.

Funds under management: Funds under management (FUM) has grown to over \$13.0bn.

Question	What the Manager says	What FundSource think
<p>What are the Manager's assets under management - in total for the Westpac Premium Investments Funds?</p>	<p>Westpac Premium Investment Funds as at 31 December 2018.</p> <p>Australasian Diversified Share: \$91m International Equities: \$125m Property: \$47m Enhanced Cash: \$50m NZ Diversified Bond: \$54m Corporate Bond: \$85m International Bond: \$147m Alternative Investments: \$15m Total FUM: \$614m</p>	<p>The Westpac Premium Investment Funds have significant funds under management across the eight single sector fund offerings. The Funds are currently distributed through Westpac NZ.</p>
<p>Who is accountable for managing the Fund, and how long has the investment team worked together?</p>	<p>The full investment team comprises 8 full time investment professionals. The team is headed by Matthew Goldsack, who joined BTNZ in 2008. The key people have been listed below.</p> <p>Matthew Goldsack is the Head of Investment Solutions at BT Funds Management (NZ) Limited. Goldsack oversees the team responsible for investing activities across managed funds, including portfolio construction, risk management, and external manager evaluation and selection along with direct investment activities.</p> <p>Francois Richeboeuf (Senior Portfolio Manager) joined BTNZ in 2010 and has overall responsibility for asset allocation and portfolio construction.</p> <p>Anna Boyle joined BTNZ in 2009. In 2018, Boyle was promoted to Portfolio Manager Equities and Property and has taken on responsibility for ESG research. Boyle also has overall responsibility for leading the team's manager selection and analysis process.</p> <p>Stephen Hong (Senior Portfolio Manager) joined BTNZ in 2013 and has overall responsibility for domestic fixed interest and allocations managed internally by the team.</p> <p>Angelika Sansom is the lead investment analyst supporting the long-term strategic asset allocation and portfolio analytics processes.</p> <p>Nirav Shah (Portfolio Manager) joined BTNZ in 2008 and has responsibility for manager evaluation and selection for the global fixed interest and alternatives sector funds. Prior to managing these funds, Shah was the Portfolio Manager for the Enhanced Cash fund.</p> <p>Teresa Brandts-Giesen moved from Information and Insights team in December 2018, to support Francois Richeboeuf with the portfolio completion and asset allocation process.</p>	<p>Goldsack has led the BTNZ investment team since 2008. Many in the team have strong tenure. As expected with an investment team fulfilling the functions BTNZ do, some change in roles is expected over time. Importantly though, tenure and experience are not lost. The team tenure of the Portfolio Management team is considered a strong positive, underpinning consistency in decision making and progress to long term strategic improvements. FundSource believes the Manager will need to consider succession planning, more so for Hong, who has over 36 years investment experience.</p> <p>The investment team is responsible for idea generation, management and monitoring funds within the full product suite. All funds are subject to oversight by a series of research teams operating within the investment team, some asset class specific, for example the Fixed Interest Group (FIG). The Investment Strategy Group (ISG) and Manager Monitoring Group (MMG) are more universal and are attended by the full BTNZ investment team. All outcomes are dealt with by the BT Investment Committee (BTIC), which is ultimately accountable to the BT Funds Management (NZ) Limited (BTNZ) Board, which is an all executive Board. FundSource highlights the BTIC includes a single non-executive independent member, all other appointments and attendees are internal Westpac/ BTNZ employees.</p> <p>BTNZ engage the services of third-party investment adviser, Willis Towers Watson, who provide regular reviews of the investment team processes, and additional external manager data for offshore manager selection. The investment adviser is a non-voting relationship, and the investment team are not obligated to implement any recommendations from the investment adviser.</p> <p>The use of groups, committees and an external adviser assist in mitigating key person risk. This is complemented with one of the larger internal teams managing a predominantly multimanager investment approach in New Zealand. FundSource does not have preferred model, by individual or by committee. FundSource focuses on determining the veracity and efficacy of process and the Manager's</p>

Disclaimer: Any representation or statement expressed in this document is made in good faith but on the basis that FundSource Limited is not able to be liable in respect of such representation or statement. This information is not financial advice and should not be relied upon as a substitute for detailed advice from your authorised financial adviser. Copyright: FundSource Limited.

		<p>ability to implement the model and processes.</p>
<p>What objective is the Manager trying to achieve?</p>	<p>BTNZ's investment philosophy is based on the broad principles of diversification and active management, backed by a research driven approach focused on identifying and managing risk and sourcing value added opportunities.</p> <p>BTNZ believe markets are somewhat inefficient and portfolios can be positioned in a manner to take advantage of opportunities that occur, which is their philosophy is to generally apply an active approach to investment selection.</p> <p>The current specialist funds and underlying specialist investment managers utilised for each fund can be found on their website at westpac.co.nz and on Disclose.</p>	<p>The manager selection and research process is led by Boyle, with support by Shah for Global Fixed Income and alternatives, and Goldsack for equity and property sector funds. Boyle, Shah, and Goldsack have 14, 16, and 19 years industry experience, respectively. Hong is responsible for the NZ Diversified and Corporate Bond funds, Hong has 36 years industry experience. The responsibilities of investment team include benchmark asset allocation, specialist fund/manager selection, and portfolio implementation.</p> <p>Each sector specific fund has its own benchmark. This can be either a single benchmark or hybrid weighted mix of sector relevant benchmarks. Notably, the Manager has undertaken recent changes to some benchmarks. This is a part of a regular review process, that looks beyond fund performance in to the structure of a sector and relevant changes that have occurred over time. The change in reference benchmarks is an example of a process working as it should. Further details for each individual PIF Fund can be found at the Westpac Premium Investment Funds website.</p> <p>FundSource highlights the Manager does not provide specific guidance on the degree of performance or outperformance investors can expect, above a PIF Fund's reference benchmark.</p>
<p>What does the Manager invest your money into?</p>	<p>Each fund will invest across a wide range of asset classes comprising NZ money market securities (NZ Cash), NZ and global fixed interest, NZ and Global listed property, NZ and Global Equities, and Alternative Investments (Hedge Funds), as they relate to each sector.</p> <p>The fund gains exposure to the asset classes by investing in other wholesale funds (that are managed by BTNZ). Securities are directly held within the relevant wholesale trusts. BTNZ will utilise investments in third party collective investment vehicles only when it is not feasible or possible to hold the assets directly (predominantly within the Alternative Investments asset class only).</p> <p>BTNZ employs a multi-manager investment approach, delegating security selection to specialist third party investment managers. Managers are located both in NZ and offshore for all asset classes excluding NZ bonds and NZ cash where both strategies are managed internally by the team.</p>	<p>FundSource notes the requirements and allowable investments for each sector Fund are detailed in the Premium Investment Fund Statement of Investment Policy and Objectives (SIPO) available on the Disclose website The Premium Investment Funds are suitable to investors looking for a multi-manager approach to sector specific solutions.</p> <p>The Premium Investment Funds leverage the Manager's external manager selection process, which will see periodic changes in the underlying managers and funds. FundSource expects underlying manager turnover to be low, with underlying manager decision being based around the medium to long term that is three to five years or more.</p> <p>Notably over the course of the last year the Manager has reviewed the international fixed interest sector, making changes. This is also the case with the Alternative sector, which previously leveraged the manufacturing capabilities of affiliate BT Financial Group in Australia. BTNZ also made some material changes within the international equities sector, reviewing and amending the market benchmark and making some changes to the underlying managers. The reviews and changes made over the last year are viewed as being</p>

		<p>standard practice for a multi-manager diversified fund.</p> <p>FundSource believes the Manager's transparency, courtesy of using mandates for all Funds (except for the Alternative Investment Strategies Fund), detailing the underlying fund managers on Westpac website, and publishing the Fund's holdings on the Disclose website, to be a positive. Sector fund dependent, the underlying securities are predominantly long only positions. The Manager can use derivatives to assist in hedging market risks.</p>
<p>What are the inherent risks imbedded in the Fund?</p>	<p>The primary inherent risks comprise market risk, investment manager risk - embedded in the active decisions undertaken by the underlying managers utilised by BTNZ, credit risk, derivatives risk, liquidity risk, and concentration risk.</p>	<p>The Manager develops views around a range of factors to assist in mitigating the risks identified, which are detailed on the Westpac Premium Investment Funds – Other Material information available on the Disclose website.</p> <p>The Manager believes that active investment management provides a better opportunity to outperform over the long term. Manager selection is a methodical process which is in a continual cycle of review. This is in part managed through the regular Investment Strategy Group and Manager Monitoring Group. These groups meet weekly and monthly respectively and are considered central to ensuring underlying managers and funds continue to contribute to the Fund, as expected.</p> <p>The BT Investment Committee (BTIC) is a key part in managing risk across all portfolios. The BTIC provides oversight of policies, procedures, and risk monitoring. It also provides approval for underlying manager decisions, approvals or termination. Importantly the Manager is not opportunistic, investing for the medium to long term. FundSource views structured decision making positively, however notes that this can be slow to respond to sudden changes in market dynamics.</p> <p>The Manager's currency hedging decision is dynamic for international equities. The hedging level changes in response to movements in the relative strength of the NZD against the relevant currency. Hedging levels for all other asset classes with foreign currency exposure are generally fixed at 100%. FundSource observes the process employed is in line with industry standard practice.</p>
<p>Why do they believe the future prices of the Fund's investments will vary?</p>	<p>The fund is valued on a daily basis. As the assets of the fund are invested across financial markets and a range of financial instruments, returns will vary and cannot be guaranteed.</p>	<p>For each sector fund, manager selection is a key driver of performance, decisions around underlying managers will influence the outcomes and investor experience. The Manager has developed a strong track record indicating it is able to consistently manage the process of positioning the Fund and selecting underlying managers.</p> <p>Investors should consider the Premium Investment Funds as having a minimum investment horizon of at least five years, more so for the growth assets, being</p>

		<p>equities, alternatives, and property sectors. Over shorter periods there is potential for a material change in a Fund's value, based on market movements.</p>
<p>Why does the Manager believe you should give them your money rather than to someone else or to an inexpensive index fund?</p>	<p>BTNZ's investment philosophy is based on the broad principles of diversification and active management, backed by a research driven approach focused on identifying and managing risk as well as sourcing value added opportunities. BTNZ believes markets are somewhat inefficient and portfolios can be positioned in a manner to take advantage of opportunities that occur, which is why their philosophy is to apply an active approach to asset allocation and investment selection.</p>	<p>The Manager is following a procedure that is not uncommon for large wealth management firms when building out the underlying manager selection criteria. The custodians of the process, the people, are key to ensuring the processes, policies, and monitoring are implemented with a view to generating investment return for investors.</p> <p>The Manager has been able to generate consistent risk adjusted performance, across its sector-based Funds. The Funds' performance for each of the sector Funds are available on the Westpac Premium Investment Fund's website. Further performance information is available at Disclose and FundSource websites.</p>
<p>How does the Manager decide to buy or sell investments?</p>	<p>The investment process is centred around the utilisation of insightful, high-conviction strategies and the maintenance of high levels of underlying transparency, liquidity and risk management. The intent of the process is to deliver sustainable funds with repeatable long-term returns. While day to day security selection decision making is delegated to third party specialist investment managers (excluding that of NZ Bonds and NZ Cash), the primary focus of the investment team is on top down asset allocation (both strategic and tactical), third party manager selection and blending, and portfolio construction. The investment team formally meet weekly to discuss investment strategy, performance and risk. Asset allocation investment decisions are discussed and decided at this meeting. BTNZ implements a tactical asset allocation process which aims to take advantage of investment opportunities and manage risks in the short to medium term, typically 1 to 3-year views - investment opportunities may occur within a particular asset class where an asset class sub sector is preferred over another. Asset class views are derived from an assessment of economic and financial conditions, sentiment, valuation, and supply/ demand imbalances.</p> <p>The investment team meets also meets monthly for the purpose of drilling down into underlying sub manager performance. Recommended changes to managers, downgrades to views or any other change to sector positioning will be discussed at this meeting.</p> <p>Key external relationships also include Willis Towers Watson, BTNZ's retained asset consultant who provide advice on manager selection, and FactSet Systems, a provider of investment and risk analytics.</p>	<p>As can be seen the Manager has clearly identified the processes around the decision making process, which includes buying and selling investments. The Manager's process is methodical and structured and is applied to the strategic and dynamic asset allocation decisions, manager selection and currency hedging decisions. The implementation of investment ideas and the buy and sell decisions are well considered and must meet rigid requirements. Risks in the decision making process are front and centre of how the Fund is constructed. Importantly, recommendations for material changes are presented through the BT Investment Committee, and notified through to the BTNZ Board.</p> <p>The Manager's underlying funds are implemented via mandates, providing greater transparency and oversight of the relevant fund as a whole. This also means the relevant fund owns the underlying securities and allows for the manager, when making a change, to transition the assets of a portfolio from one manager to another in an orderly manner.</p> <p>The use of a third party to assist in filtering global managers is typical for a multi-manager Fund, particularly where the funds being managed are significant. Willis Towers Watson have an advisory role, and do not implement or vote on any decisions from the BT Investment Committee.</p>

<p>Has the CIO/ PM personally invested in the Fund? If so, paying the same fees as other investors?</p>	<p>Investment personnel all invest into BTNZ's investment offerings through KiwiSaver and the Westpac Staff Superannuation Scheme (for which BTNZ is the investment implementation manager). Same fee applies.</p>	<p>FundSource believes that managers 'eating their own pudding' should be an aspect a potential investor considers when deciding to invest in any financial product.</p> <p>Investing in a fund, alongside investors, aligns the interests of investment personnel with those of the investors. When investment personnel are significantly invested in a fund they are managing, and at the same fees, FundSource view this as a strong alignment.</p> <p>Given the risk profile of this Fund, FundSource highlights it may not align to an investment team's risk profile, however, each Westpac KiwiSaver Fund invests in the same pool of underlying investments, at differing allocations. Therefore, the investment team's KiwiSaver accounts are aligned to all KiwiSaver members, regardless of risk profile.</p> <p>FundSource believes that KiwiSaver contributions being invested is a lighter form of alignment with investors, however, notes that a number of NZ investors may only have their KiwiSaver money invested in managed funds. The investment team pay the same fees as investors, FundSource view this positively, in terms of investor alignment.</p>
<p>How much latitude does the Manager have to deviate from the weightings of the Benchmark portfolio?</p>	<p>Each Fund has a specific investment strategy and invests "primarily" in a specific asset class as detailed on page 6. Each Fund invests directly, or through investments in managed funds.</p> <p>The specialist investment managers accessed are each required to offer a well-defined, robust investment philosophy and process. The specialist investment managers utilised by BTNZ are subject to constant review and may be changed at any time without notice to investors. Details of the managed funds and the underlying specialist investment managers accessed by BTNZ can be found in the 'Other Material Information – Underlying Investment Managers' document on Disclose.</p>	<p>Each sector fund incorporates its own benchmark. The reference benchmark or benchmarks is expected to reflect the Fund's objective and securities the sector fund invests in.</p> <p>FundSource views the process and the Manager's governance frameworks to be in line with the practices of Australasian and global diversified fund managers. The use of investment advisers, Willis Towers Watson adds additional rigour to the process and manager selection.</p> <p>The Manager has established the BTNZ Investment Committee (BTIC) to oversee the investment management activities and is responsible for reviewing investment performance, outcomes and processes. The BTIC meets quarterly or more frequently as required.</p>
<p>How would you describe the quality of your organisational and investment governance processes?</p>	<p>BTNZ believes its organisational and investment governance processes are high quality. Being part of one of Australasia's largest listed financial services companies that has operated in funds management for a considerable time means processes and policies are very well developed. Governance encompasses day to day monitoring of trading activities through to oversight at the highest level within Westpac NZ.</p>	<p>BTNZ's governance practices are in line with its institutional peers. This means investment committee voting members are employees of Westpac or BTNZ, with the exception of one independent committee member. FundSource views incorporating independence on an investment committee positively, as it can assist in preventing internal 'group thinking' dominating the manager selection, risk management and portfolio selection process.</p> <p>FundSource believes the oversight and governance frameworks implemented by institutional funds management operations in New Zealand to be on a par with global leaders in diversified and multi-manager investing. This should provide investors</p>

		<p>with confidence that the Manager reacts cautiously, and is very cognisant of the risks sitting in the portfolio.</p> <p>FundSource notes that all external service providers are large, well-resourced and reputable firms. Regular annual reviews are considered to be the minimum period for external provider reviews to be completed. Pleasingly BTNZ conduct formal and informal reviews more frequently than annually.</p>
<p>Responsible Investing, Environment, Social, and Governance.</p>	<p>BTNZ defines Responsible Investing as the integration of ESG factors into the investment decision making process, enabling risks to be better managed and to meet their customers' long-term investment objectives, consistent with their fiduciary duty.</p> <p>BTNZ refers to ESG risk as the risk to performance due to failure to recognise or address material existing or emerging ESG factors. They believe such factors have the potential to impact the performance of investment portfolios over the long term, whether they are issues specific to companies, sectors, regions, or asset classes.</p> <p>BTNZ believes ESG factors can have a material impact on the long-term successful performance of any business. BTNZ has taken the following approach:</p> <ul style="list-style-type: none"> • Publishing its RI policy and processes • Implementing asset exclusions across tobacco and controversial weapons • BTNZ and all underlying managers are UN PRI signatories • Monitoring third party manager engagement & voting activities • Measuring carbon risk exposures within its equity funds (including intensity) • Sustainalytics ESG Portfolio Analytics • Tobacco-Free Finance Pledge signatory 	<p>FundSource believes the Manager is taking a positive approach in how Responsible Investing practices are included in investment solutions and financial products. This is in line with peer institutional approaches to implementing Responsible Investing in to investment decisions.</p> <p>FundSource highlights accountability for the RI policy rests with the investment team, this includes the day-to-day integration and management of ESG impacts, risks and opportunities across investment portfolios.</p> <p>FundSource is mindful the Manager is not attempting to make a moral judgement, when considering ESG factors in the investment process. The Manager's ESG framework is aligned to creating value and/or avoiding undue risks, using ESG factors.</p> <p>FundSource is aware that Governance is a stronger contributor to assessing companies for investment, from an equity and bond perspective. Environment and Social issues are gaining greater traction, tools like Sustainalytics assist the Manager to quickly review a significant number of factors that contribute to an overall ESG rating for each manager. This includes underlying portfolio holdings, as well as the external fund managers themselves.</p>
<p>Is there alignment of interests through; ownership of the Manager, and remuneration of the investment team?</p>	<p>All members of the Investment Solutions team are paid a base salary, which is augmented by a bonus paid annually. Base salaries for BTNZ investment staff are in line with market rates. The bonus structure is designed to reward individuals for their own individual performance as well as the performance of the group. The variable reward is calculated on a balanced scorecard approach incorporating quantitative and qualitative components, with quantitative metrics based on performance outcomes realised for investors in BTNZ products over rolling periods. All members of the investment team have financial interests in the products they manage ensuring alignment of interest.</p>	<p>FundSource observes that to preserve capital and generate a long-term positive return for investors the Manager must remain operational. The ownership and total FUM of the Westpac Premium Investment Funds mitigates the Manager, or this Fund, from being at risk.</p> <p>Remuneration structures are as expected for an institutional fund manager, predominantly base salary with a variable component.</p> <p>The Manager, through its ownership, ultimately works for the benefit of shareholders. Despite this, FundSource believes that the investment team and Investment Committee are focused on delivering positive investor experiences.</p>

Alternative Strategies Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The BTNZ Alternative Strategies Fund (“the Fund”) is a multi-manager single sector fund portfolio. The Fund is subject to market risk from several strategies, ranging from long short strategies, factor based strategies, and market neutral strategies, across bonds, commodities, equity, and currency markets. The Fund may experience both positive and negative movements in valuation, as underlying securities vary.

The Alternative Investment Fund is comprised of three underlying fund managers. The aim is to provide diversification of the investment strategies, underlying manager, and investment processes. The Alternative Investment Fund does not pay distributions to investors.

	Goldman Sachs Asset Management	BlackRock	K2 Advisors
Role	<ul style="list-style-type: none"> Alternative Risk Premia (ARP) 	<ul style="list-style-type: none"> Alternative Risk Premia (ARP) 	<ul style="list-style-type: none"> Liquid alpha multi hedge fund strategy
Business	<ul style="list-style-type: none"> Alternative Investment Strategies team run US\$15b US\$6b in ARP strategies 	<ul style="list-style-type: none"> \$8b strategy 	<ul style="list-style-type: none"> K2 manages over US\$10b in alternative strategies
Philosophy and investing style	<ul style="list-style-type: none"> Long/short, multi-asset, quantitatively driven strategies Exposure to style factors carry, value, momentum, low beta, quality Applied across bonds, commodities, equities currencies Total of 15 factors 	<ul style="list-style-type: none"> Exposure to style factors value, carry, momentum, quality and low volatility Applied across individual equities, credits and currencies, and bond and equity markets Total of 13 factors 	<ul style="list-style-type: none"> Cost efficient, daily liquid, transparent Market neutral, diversified portfolio of liquid hedge funds and risk premia
Process	<ul style="list-style-type: none"> Identify robust sources of alpha Diversify across asset classes and risk premia Focus on signals, portfolio construction and risk management 	<ul style="list-style-type: none"> Construct long/short factor portfolios for each style across asset classes Provides a balanced portfolio that is well diversified across many drivers of returns 	<ul style="list-style-type: none"> Rigorous manager research, comprehensive risk management and active strategy allocation approach to building a multi-strategy, multi-manager alternatives allocation
People	<ul style="list-style-type: none"> Leadership team of 4 Research team of 11 Portfolio construction team of 4 	<ul style="list-style-type: none"> FBSG leadership team of 5 Portfolio management and research team of 14 Investment strategy team of 14 	<ul style="list-style-type: none"> 20 research analysts 8 portfolio construction specialists 6 dedicated DD analysts

Benchmark: HFRX Global Hedge Fund Index (100% hedged on a before tax basis to NZD)

Who is accountable for managing the Fund? Anna Boyle and Nirav Shah are responsible for this Fund. Oversight is shared through the broader investment team, and via the Investment Strategy Group, Manager Monitoring Group, the BT Investment Committee, and BT Risk and Oversight Committee. FundSource notes the various groups and committee meet on a regular, monthly or quarterly basis. Both Boyle and Shah have extensive experience in selecting underlying managers and funds for multi-manager funds.

Asset Allocation of this Fund: Westpac Premium Investment Fund details can be viewed via the [Product Disclosure Statement \(PDS\)](#) and [Other Material Information](#) documents.

What objective is the Manager trying to achieve? The Fund aims to provide capital growth over the long term by investing in vehicles such as hedge funds and absolute return funds.

What risks are inherent to this Fund? The Westpac Premium Investment Fund [Product Disclosure Statement \(PDS\)](#), outlines the types of risks that may cause a fund's value to move up and down, which can affect each individual funds risk indicator.

Fees: Are in line with peer FE Analytics NZMI Alternative funds. There is a total of 37 FE Analytics sector funds.

Disclaimer: Any representation or statement expressed in this document is made in good faith but on the basis that FundSource Limited is not able to be liable in respect of such representation or statement. This information is not financial advice and should not be relied upon as a substitute for detailed advice from your authorised financial adviser. Copyright: FundSource Limited.

Australasian Diversified Share Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The BTNZ Australasian Diversified Share Fund (“the Fund”) is a multi-manager portfolio. The Fund is subject to market risk of listed companies in the Australia and New Zealand stock markets. Accordingly, the Fund may experience both positive and negative movements in valuation, as the prices of the underlying securities in the portfolio vary. Investors should therefore be aware that there is a risk of potential capital loss being incurred on their investment.

The Australasian Diversified Share Fund is comprised of three underlying fund managers. The aim is to provide diversification of the underlying manager and investment process. The underlying funds consist of growth, value, and core or style neutral strategies. All underlying fund managers use fundamental bottom up stock picking.

	Devon	Harbour	Salt
Role	Value manager	Growth manager	Core manager
Business	<ul style="list-style-type: none"> • Boutique structure • Wholly employee owned • HQ Auckland • Australasian equities only • Founded 2010 	<ul style="list-style-type: none"> • Boutique structure • Owned by FNZC and employees • HQ Wellington • Australasian equity and fixed interest focus • Founded 2010 	<ul style="list-style-type: none"> • Boutique structure • Wholly employee owned • HQ Auckland • Australasian equities only • Founded 2013
Philosophy and investing style	<ul style="list-style-type: none"> • Value, quality 	<ul style="list-style-type: none"> • Growth 	<ul style="list-style-type: none"> • Core, style neutral
Process	<ul style="list-style-type: none"> • Attractive valuations • Favourable industry characteristics • Sustainable competitive advantage • Strong management and governance, and clear strategic plan for growing shareholder wealth 	<ul style="list-style-type: none"> • Combine quantitative, macro-economic and fundamental research 	<ul style="list-style-type: none"> • Seek companies with strong management, which operate within sound industry structures and generate superior shareholder returns.
People	<ul style="list-style-type: none"> • Investment team of 6 	<ul style="list-style-type: none"> • Investment team of 8 	<ul style="list-style-type: none"> • Investment team of 6

Benchmark: S&P/NZX 50 Index Gross

Who is accountable for managing the Fund? Anna Boyle and Matthew Goldsack are responsible for this Fund. Oversight is shared through the broader investment team, and via the Investment Strategy Group, Manager Monitoring Group, the BT Investment Committee, and BT Risk and Oversight Committee. FundSource notes the various groups and committee meet on a regular, monthly or quarterly basis. Both Boyle and Goldsack have extensive experience in selecting underlying managers and funds for multi-manager funds.

Asset Allocation of this Fund: Westpac Premium Investment Fund details can be viewed via the [Product Disclosure Statement \(PDS\)](#) and [Other Material Information](#) documents.

What objective is the Manager trying to achieve? The Australasian Diversified Share Fund aims to provide capital growth over the long term by investing primarily in a diversified portfolio of listed New Zealand and Australian equities. FundSource highlights the Manager does not provide specific guidance on the degree of performance or outperformance investors can expect.

What risks are inherent to this Fund? The Westpac Premium Investment Fund [Product Disclosure Statement \(PDS\)](#) outlines the types of risks that may cause a fund’s value to move up and down, which can affect each individual funds risk indicator.

Fees: Are slightly lower than the average FE Analytics NZMI Equity Australasia funds. There is a total of 32 FE Analytics sector funds.

Disclaimer: Any representation or statement expressed in this document is made in good faith but on the basis that FundSource Limited is not able to be liable in respect of such representation or statement. This information is not financial advice and should not be relied upon as a substitute for detailed advice from your authorised financial adviser. Copyright: FundSource Limited.

Corporate Bond Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The BTNZ Corporate Bond Fund (“the Fund”) is managed by BTNZ Funds Management. The Fund is subject to market risk of domestic bonds. Accordingly, the Fund may experience both positive and negative movements in valuation, as the prices of the underlying securities in the portfolio vary. Investors should therefore be aware that there is a risk of potential capital loss being incurred on their investment.

The Corporate Bond Fund is managed internally by BT Fund Management. The aim is to provide diversified exposure to a New Zealand company debt issuance. This is expected to be primarily in New Zealand dollars. However, the Fund can invest in bonds issued in other currencies by New Zealand companies. FundSource does not expect bonds issued in foreign currencies to be a material allocation in the portfolio.

	BT Funds Management (NZ)
Role	Corporate Credit strategies
Business	<ul style="list-style-type: none"> Westpac owned Sits within Westpac Commercial, Corporate & Institutional division
Philosophy and Style	<ul style="list-style-type: none"> Core, active Valuation-driven with focus on capital preservation Will use option protection strategies from time to time to preserve capital
Process	<ul style="list-style-type: none"> Highly structured process that aims to add value through multiple sources of active management: duration, yield curve positioning and sector and security selection. Relative value approach
People	<ul style="list-style-type: none"> Investment team of 8

Benchmark: Bloomberg NZBond Composite 0+ Yr Index

Who is accountable for managing the Fund? Stephen Hong is Senior Portfolio Manager, the Manager is currently recruiting for a senior credit analyst, in the interim Hong is supported by broader investment team. The Head of Investment Solutions and the Senior Portfolio Manager-Diversified Funds oversee the investment decision making activities for the fund and attend and contribute at the weekly fixed interest meeting. The current team has been working together for five years. Hong joined BTNZ in 2013 and is responsible for managing the domestic fixed interest portfolios, and has a total of 35 years’ experience in asset management. While there is a gap in the investment team FundSource believes Hong, with assistance of the broader investment team, can manage the portfolio adequately. However, an appropriate senior credit analyst to assist Hong would be viewed favourably.

Asset Allocation of this Fund: Westpac Premium Investment Fund details can be viewed via the [Product Disclosure Statement \(PDS\)](#) and [Other Material Information](#) documents. FundSource highlights the Manager does not provide specific guidance on the degree of performance or outperformance investors can expect.

What objective is the Manager trying to achieve? The Corporate Bond Fund aims to provide capital growth over the short to medium term by investing primarily in a range of New Zealand fixed interest assets issued by corporate entities. The benchmark for the fund is the Bloomberg NZBond Composite 0+ Yr Index.

What risks are inherent to this Fund? The Westpac Premium Investment Fund [Product Disclosure Statement \(PDS\)](#) outlines the types of risks that may cause a fund’s value to move up and down, which can affect each individual funds risk indicator.

Fees: Are lower than the peer FE Analytics NZMI Fixed Interest New Zealand funds. There is a total of 35 FE Analytics sector funds.

Disclaimer: Any representation or statement expressed in this document is made in good faith but on the basis that FundSource Limited is not able to be liable in respect of such representation or statement. This information is not financial advice and should not be relied upon as a substitute for detailed advice from your authorised financial adviser. Copyright: FundSource Limited.

Enhanced Cash Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The BTNZ Enhanced Cash Fund is managed by the BT New Zealand investment team directly. The Fund is subject to market risk of domestic cash, which should represent a low overall investment risk. However, the Fund may experience both positive and negative movements in valuation, as the prices of the underlying securities in the portfolio vary. Investors should therefore be aware that there is a risk of potential capital loss being incurred on their investment. FundSource notes no fund in the FE Analytics NZMI Currency New Zealand sector has experienced a negative return over the past 10 years.

	BTNZ
Role	Core
Business	<ul style="list-style-type: none"> Westpac owned Sits within Westpac institutional and corporate division
Philosophy and investing style	<ul style="list-style-type: none"> Core, active Valuation-driven with focus on capital preservation
Process	<ul style="list-style-type: none"> Highly structured process that aims to add value through multiple sources of active management: duration and security selection. Relative value approach
People	<ul style="list-style-type: none"> Investment team of 8

Benchmark: Bloomberg NZBond Bank Bill Index

Who is accountable for managing the Fund?: Francois Richeboeuf and Teresa Brandts-Giesen have taken over the management of the Fund in 2019. The Fund was previously managed by Nirav Shah. Oversight is shared through the broader investment team, and via the Investment Strategy Group, Manager Monitoring Group, the BT Investment Committee, and BT Risk and Oversight Committee. FundSource notes the various groups and committees meet on a regular, monthly or quarterly basis. Brandts-Giesen, who joined the investment team in December 2018, is being supported by Richeboeuf, who has 17 years industry experience, eight being with the BTNZ investment team.

What objective is the Manager trying to achieve? The Fund aims to provide stable returns over the short term by investing primarily in cash and cash equivalents. FundSource highlights the Manager does not provide specific guidance on the degree of performance or outperformance investors can expect.

Asset Allocation of this Fund: Westpac Premium Investment Fund details can be viewed via the [Product Disclosure Statement \(PDS\)](#) and [Other Material Information](#) documents.

What risks are inherent to this Fund?: The Westpac Premium Investment Fund [Product Disclosure Statement \(PDS\)](#) outlines the types of risks that may cause a fund's value to move up and down, which can affect each individual fund's risk indicator.

Fees: Are in line with peer FE Analytics NZMI Currency New Zealand funds. There is a total of nine FE Analytics sector funds.

International Diversified Bond Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The BTNZ International Diversified Bond Fund (“the Fund”) is a multi-manager portfolio. The Fund is subject to market risk of international bonds. Accordingly, the Fund may experience both positive and negative movements in valuation, as the prices of the underlying securities in the portfolio vary. Investors should therefore be aware that there is a risk of potential capital loss being incurred on their investment.

The Fund is comprised of three underlying fund managers. The aim is to provide exposure to international sovereign and company debt issuance. The aim is to provide diversification of the underlying manager and investment processes. From a currency perspective FundSource expects the Fund to be fully hedged to the NZD but does note the managers have allowance to implement active currency views.

	Colchester	BlueBay	Wellington
Business	<ul style="list-style-type: none"> • Boutique Partnership • HQ London • Fixed income only • Founded 1999 	<ul style="list-style-type: none"> • Owned by RBC • HQ London • Fixed income only • Founded in 2001 	<ul style="list-style-type: none"> • Boutique Partnership • HQ Boston • Asset management only • Managed fixed income since 1928
Philosophy and investing style	<ul style="list-style-type: none"> • Sovereign only • High quality real yield • Total return 	<ul style="list-style-type: none"> • Credit only • Strong emphasis on downside protection 	<ul style="list-style-type: none"> • Value • Sector, region, duration & currency
Process	<ul style="list-style-type: none"> • One team approach to analysis and portfolio management • Model based risk and portfolio construction 	<ul style="list-style-type: none"> • Specialist teams for idea generation • Portfolio construction by PM • Risk team play key role in portfolio construction 	<ul style="list-style-type: none"> • Specialist teams for idea generation • Portfolio construction by committee • Risk team play key role in portfolio construction
People	<ul style="list-style-type: none"> • Strong PM team. • Low key person risk • Experienced research team of 10 • Strong alignment and retention incentives for key people 	<ul style="list-style-type: none"> • Skilled, well respected PM • Large research team (25+) • Moderate key person risk • Strong alignment and retention incentives for key people 	<ul style="list-style-type: none"> • Experienced portfolio construction team • Large research team (30+) • Low key person risk • Strong alignment and retention incentives for key people

Benchmark: Benchmark: 65% Bloomberg Barclays Global Treasury 1-20y Index: 35% Bloomberg Barclays Global Corporate 1-10y Index

Who is accountable for managing the Fund? Anna Boyle and Nirav Shah are responsible for this Fund. Oversight is shared through the broader investment team, and via the Investment Strategy Group, Manager Monitoring Group, the BT Investment Committee, and BT Risk and Oversight Committee. FundSource notes the various groups and committee meet on a regular, monthly or quarterly basis. Both Boyle and Shah have extensive experience in selecting underlying managers and funds for multi-manager funds.

Asset Allocation of this Fund: Westpac Premium Investment Fund details can be viewed via the [Product Discloser Statement](#) and [Other Material Information](#) documents.

What objective is the Manager trying to achieve? The objective is to provide capital growth for investors over the short to medium term by investing primarily in a range of International fixed interest assets issued by corporate and sovereign entities. FundSource highlights the Manager does not provide specific guidance on the degree of performance or outperformance investors can expect.

What risks are inherent to this Fund? The Westpac Premium Investment Fund [Product Discloser Statement](#) outlines the types of risks that may cause a fund’s value to move up and down, which can affect each individual funds risk indicator.

Fees: Are in line with peer FE Analytics NZMI Alternative funds. There is a total of 54 FE Analytics sector funds.

Disclaimer: Any representation or statement expressed in this document is made in good faith but on the basis that FundSource Limited is not able to be liable in respect of such representation or statement. This information is not financial advice and should not be relied upon as a substitute for detailed advice from your authorised financial adviser. Copyright: FundSource Limited.

International Diversified Share Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The BTNZ International Diversified Share Fund (“the Fund”) is a multi-manager single sector fund. The Fund is subject to market risk of international equities and currencies. Accordingly, the Fund may experience both positive and negative movements in valuation, as the prices of the underlying securities in the portfolio vary.

The Fund is comprised of five underlying fund managers. The aim is to provide diversification of the underlying manager, investment processes, and investment styles. The underlying funds range from quantitative strategies to fundamental bottom up stock picking.

	AQR	Ardevora	MFS	River & Mercantile	T.Rowe Price
Business	<ul style="list-style-type: none"> Equities and Alternative assets C\$US190b FUM Founded 1998 >70% staff owned, Affiliated Managers Group holds minority stake. 	<ul style="list-style-type: none"> Equities only C\$GBP5b FUM Founded 2010 100% staff owned 	<ul style="list-style-type: none"> Equities only C\$US450b FUM Founded 1924 80% owned by Sun Life Financial, 20% by staff. 	<ul style="list-style-type: none"> Equities only C\$GBP8.6b FUM Founded 2006 Recently merged and listed on LX (RIV.LN). Staff retain 24% 	<ul style="list-style-type: none"> 75% Equities and 25% Fixed Interest C\$US960b FUM Founded 1937 Listed company on NAS (TROW.US)
Philosophy and investing style	<ul style="list-style-type: none"> Core, quantitative, value, momentum 	<ul style="list-style-type: none"> Core, quality, focus on exploiting investor & analyst bias 	<ul style="list-style-type: none"> Growth at reasonable price (GARP), quality 	<ul style="list-style-type: none"> Value 	<ul style="list-style-type: none"> Growth
Process	<ul style="list-style-type: none"> Quantitative model Rate stocks, industries, countries. Country and industry neutral. 	<ul style="list-style-type: none"> Aim to exploit behavioural biases. Quantitative and fundamental elements 	<ul style="list-style-type: none"> Bottom up fundamental research. 	<ul style="list-style-type: none"> Combine quantitative and fundamental research. Rank stocks by potential, valuation and timing. 	<ul style="list-style-type: none"> Fundamental, bottom up research. Aim to see catalyst for upgrade within 18 months.
People	<ul style="list-style-type: none"> 20 portfolio managers & research team 30 stock selection team 	<ul style="list-style-type: none"> 3 portfolio managers 6 research analysts 	<ul style="list-style-type: none"> 2 portfolio managers 63 research analysts 	<ul style="list-style-type: none"> 1 portfolio manager 4 strategy heads 4 research analysts 	<ul style="list-style-type: none"> 2 portfolio managers 4 portfolio analysts 160+ research team

Benchmark: MSCI ACWI ex-Australia Net Index (69% hedged to NZD)

Who is accountable for managing the Fund? Anna Boyle and Matthew Goldsack are responsible for this Fund. Oversight is shared through the broader investment team, and via the Investment Strategy Group, Manager Monitoring Group, the BT Investment Committee, and BT Risk and Oversight Committee. FundSource notes the various groups and committee meet on a regular, monthly or quarterly basis. Both Boyle and Goldsack have extensive experience in selecting underlying managers and funds for multi-manager funds.

Asset Allocation of this Fund: Westpac Premium Investment Fund details can be viewed via the [Product Disclosure Statement \(PDS\)](#) and [Other Material Information](#) documents.

What objective is the Manager trying to achieve? The Fund aims to provide capital growth over the long term by investing primarily in a diversified portfolio of listed international equities. FundSource highlights the Manager does not provide specific guidance on the degree of performance or outperformance investors can expect.

What risks are inherent to this Fund? The Westpac Premium Investment Fund [Product Disclosure Statement \(PDS\)](#) outlines the types of risks that may cause a fund's value to move up and down, which can affect each individual funds risk indicator.

Fees: Are slightly higher than the average FE Analytics NZMI Equity Global funds. There is a total of 154 FE Analytics sector funds.

Disclaimer: Any representation or statement expressed in this document is made in good faith but on the basis that FundSource Limited is not able to be liable in respect of such representation or statement. This information is not financial advice and should not be relied upon as a substitute for detailed advice from your authorised financial adviser. Copyright: FundSource Limited.

New Zealand Diversified Bond Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The BTNZ New Zealand Diversified Bond Fund (“the Fund”) is a multi-manager portfolio. The Fund is subject to market risk of domestic bonds. Accordingly, the Fund may experience both positive and negative movements in valuation, as the prices of the underlying securities in the portfolio vary. Investors should therefore be aware that there is a risk of potential capital loss being incurred on their investment.

The Fund is comprised of two underlying fund managers. The aim is to provide diversification of the underlying manager and investment process.

	BT Funds Management (NZ)	Harbour Asset Management
Role	<ul style="list-style-type: none"> Core & Corporate Credit strategies 	<ul style="list-style-type: none"> Core strategy
Business	<ul style="list-style-type: none"> Westpac owned Sits within Westpac Commercial, Corporate & Institutional division 	<ul style="list-style-type: none"> Boutique structure Owned by FNZC & employees Wellington HQ
Philosophy and Style	<ul style="list-style-type: none"> Core, active Valuation-driven with focus on capital preservation Will use option protection strategies from time to time to preserve capital 	<ul style="list-style-type: none"> Core, active Quantitative analysis and fundamental research driven
Process	<ul style="list-style-type: none"> Highly structured process that aims to adds value through multiple sources of active management: duration, yield curve positioning and sector and security selection. Relative value approach 	<ul style="list-style-type: none"> Combine macroeconomic and fundamental security research to make active investment decisions
People	<ul style="list-style-type: none"> Investment team of 8 	<ul style="list-style-type: none"> Investment team of 4

Benchmark: Bloomberg NZBond Composite 0+ Yr Index

Who is accountable for managing the Fund? Stephen Hong is the Senior Portfolio Manager, and Anna Boyle is responsible for the external fund manager research. Hong joined BTNZ in 2013 and is responsible for managing the domestic fixed interest portfolios. Hong has 35 years’ experience. The Manager is in the process of appointing a senior credit analyst. Oversight is shared through the broader investment team, and via the Investment Strategy Group, Manager Monitoring Group, the BT Investment Committee, and BT Risk and Oversight Committee. FundSource notes the various groups and committee meet on a regular, monthly or quarterly basis. Boyle has extensive experience in selecting underlying managers and funds for multi-manager funds.

Asset Allocation of this Fund: Westpac Premium Investment Fund details can be viewed via the [Product Disclosure Statement \(PDS\)](#) and [Other Material Information](#) documents.

What objective is the Manager trying to achieve? The objective is to provide capital growth for investors over the short to medium term by investing primarily in a range of NZ fixed interest assets issued by corporate entities. FundSource highlights the Manager does not provide specific guidance on the degree of performance or outperformance investors can expect.

What risks are inherent to this Fund? The Westpac Premium Investment Fund [Product Disclosure Statement \(PDS\)](#) outlines the types of risks that may cause a fund’s value to move up and down, which can affect each individual funds risk indicator.

Fees: Are lower than the average FE Analytics NZMI Fixed interest New Zealand funds. There is a total of 35 FE Analytics sector funds.

Disclaimer: Any representation or statement expressed in this document is made in good faith but on the basis that FundSource Limited is not able to be liable in respect of such representation or statement. This information is not financial advice and should not be relied upon as a substitute for detailed advice from your authorised financial adviser. Copyright: FundSource Limited.

Property Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The BTNZ Property Fund (“the Fund”) is a multi-manager portfolio. The Fund is subject to market risk of Australasian and international property. Accordingly, the Fund may experience both positive and negative movements in valuation, as the prices of the underlying securities in the portfolio vary. Investors should therefore be aware that there is a risk of potential capital loss being incurred on their investment.

The Property Fund is comprised of two underlying fund managers. The aim is to provide diversification of the underlying manager and investment process. The underlying funds cater for their respective market, and are both considered core or style neutral strategies, employing fundamental bottom up stock picking.

	<i>Salt Funds Management</i>	<i>Principal Global Investors</i>
Universe and benchmark	<ul style="list-style-type: none"> Australasian S&P/NZX All Real Estate Gross Index 	<ul style="list-style-type: none"> International FTSE EPRA NAREIT Developed Index (139% hedged)
Business	<ul style="list-style-type: none"> Boutique structure founded in 2013 Wholly employee owned HQ Auckland Australasian equities only 	<ul style="list-style-type: none"> Subsidiary of Principal Financial Group – listed on NYSE and fortune 500 company US\$75bn real estate FUM, incl US\$12bn public securities Founded 1879
Philosophy and investing style	<ul style="list-style-type: none"> Core, style neutral 	<ul style="list-style-type: none"> Core, style neutral Bottom up research driven approach Portfolio of listed real estate companies including healthcare, industrial, retail, residential, office, and diversified companies
Process	<ul style="list-style-type: none"> Seek companies with strong management, which operate within sound industry structures and generate superior shareholder returns Emphasis on maximising the forecast post-tax dividend yield while remaining cognisant of leverage, sustainability, quality and management 	<ul style="list-style-type: none"> Bottom up fundamental company research Maximise information ratio by taking a large number of small to moderate active positions
People	<ul style="list-style-type: none"> Investment team of 6 	<ul style="list-style-type: none"> Investment team of 17 in five locations around the world Stable and proven portfolio management team

Benchmark: S&P/NZX All Real Estate Gross Index FTSE EPRA/NAREIT Developed Index NTR (139% hedged on a before tax basis to NZD)

Who is accountable for managing the Fund? Anna Boyle and Matthew Goldsack are responsible for this Fund. Oversight is shared through the broader investment team, and via the Investment Strategy Group, Manager Monitoring Group, the BT Investment Committee, and BT Risk and Oversight Committee. FundSource notes the various groups and committee meet on a regular, monthly or quarterly basis. Both Boyle and Goldsack have extensive experience in selecting underlying managers and funds for multi-manager funds.

Asset Allocation of this Fund: Westpac Premium Investment Fund details can be viewed via the [Product Disclosure Statement \(PDS\)](#) and [Other Material Information](#) documents.

What objective is the Manager trying to achieve? The Fund aims to provide capital growth over the long term by investing primarily in a diversified portfolio of listed New Zealand and International property equities.

What risks are inherent to this Fund? The Westpac Premium Investment Fund [Product Disclosure Statement \(PDS\)](#) outlines the types of risks that may cause a fund's value to move up and down, which can affect each individual funds risk indicator.

Fees: Are lower than the average FE Analytics NZMI Property Global funds. There is a total of 39 FE Analytics sector funds.

Disclaimer: Any representation or statement expressed in this document is made in good faith but on the basis that FundSource Limited is not able to be liable in respect of such representation or statement. This information is not financial advice and should not be relied upon as a substitute for detailed advice from your authorised financial adviser. Copyright: FundSource Limited.

Conclusion and Rating

The Westpac Premium Investment Funds provide an investor with exposure to sector specific strategies. The allocation to underlying managers is a result of the investment team's manager and fund due diligence process. FundSource believes the allocation to each underlying fund will remain relatively stable over the short to medium term. However, the Manager is expected to make changes as it deems necessary. FundSource notes the underlying managers and funds will be reflective of BTNZ's current views and fund performance.

The Manager's use of a single advisory input in to the investment team and Investment Committee, is lighter than the role advisers typically hold in diversified Funds. However, FundSource notes the Manager has an independent investment committee member, with voting rights, who is not related to the advisory firm. FundSource expects the adviser and independent investment committee member to challenge the teams thinking and improve robustness to assumptions used to formulate and implement asset allocation, manager selection, and currency hedging decisions.

The Manager uses mandates for all underlying fund in the Westpac Premium Investment Funds, with exception of the Alternatives Fund. FundSource views this as a positive outcome for investors as the Manager is able to take in to account any New Zealand legal requirements from an investment

perspective. This also enables the Manager to understand the risks in the portfolio, as they have full transparency on portfolio holdings for each security held in each underlying Fund.

The investment team exhibits strong industry experience, and portfolio managers have strong average manager tenure. The investment team is well resourced. FundSource notes that the Investment Committee is seen as a critical component of the investment process, combined with a well-resourced investment team, key person risk is considered to be low.

Decision making by committee can have its positive and negative aspects, in the Manager's case it provides guidance and oversight, which should prevent over reaction to short term market movements, this is evident in the Funds subtle asset allocation over the past 4 years.

From a fees perspective, the Westpac Premium Investment Funds vary, with most Funds being in line or slightly below the FE Analytics sector average.

FundSource recommends that investors carefully consider if the Westpac Premium Investment Fund's best reflect their risk profile and meets their long-term investment needs and objectives.

FundSource Rating: **AA**

Fund ratings are current as at the date of publication of this report. FundSource reserve the right to review and update fund ratings from time to time.

Research Factor Weighting

Research Process Category	Model Factor Weight	Analyst Average Score
Corporate & Investment Governance	15%	4.25 / 5
Investment Philosophy & Process	20%	4.00 / 5
People	25%	4.33 / 5
Portfolio Construction & Implementation	15%	4.00 / 5
Risk Management	15%	4.40 / 5
Investment Fees	10%	3.86 / 5

Overall Average Score: **4.17 / 5**

Disclaimer: Any representation or statement expressed in this document is made in good faith but on the basis that FundSource Limited is not able to be liable in respect of such representation or statement. This information is not financial advice and should not be relied upon as a substitute for detailed advice from your authorised financial adviser. Copyright: FundSource Limited.

FundSource Rating Guide

The qualitative rating of a fund is a function of the FundSource Research Factor Weighting process, which is built around the six core qualitative research process categories. The weighted scores result in an overall score, out of five, which is then matched to the following rating:



AAA: Highly Recommended

Funds that have superior average scores in all six underlying qualitative factors. This recognises aspects about the Manager and Fund in question that includes, but is not limited to, significantly experienced and stable senior personnel, a sound track record over a full market cycle, a clearly defined investment philosophy and process, and a portfolio consistent with that philosophy and process. The management company will also have established effective controls to maintain that philosophy.

AA: Recommended

Funds that have strong average scores in all six underlying qualitative factors. This recognises aspects about the Manager and Fund in question that includes, but is not limited to, experienced and stable personnel, a sound track record over a full market cycle, a clearly defined investment philosophy and process, and a portfolio consistent with that philosophy and process. The management philosophy must be coherent and consistent with existing portfolios and processes.

A: Investment Grade

Funds that have good average scores in all six underlying qualitative factors. This recognises aspects about the Manager and Fund in question that includes, but is not limited to, experienced personnel, a sound track record a defined investment philosophy and process, and a portfolio consistent with that philosophy and process.

FW: Fund Watch

There has been a material change with either the manager, this may include, but is not limited to, departures, new hires, process changes, changes to the investment philosophy. This is considered to be an interim measure, to enable further investigation, re-evaluation and an appropriate course of action to be determined.

S: Sell

This category covers previously recommended funds that are no longer recommended because of some material change. Removal from recommended status might be for a variety of reasons such as a fundamental change in the fund management company or in the manager's investment strategy, or because a fund did not meet its original expectations. The implications for ongoing service are that the fund should be reviewed on an individual client basis to ensure it still matches their original investment objective.

NR: Not Rated – Screened/ Not Rated

Funds in the Not Rated – Screened category have provided information and/or FundSource has conducted an initial analysis of the fund, but has chosen not to provide a recommendation at this stage. FOR Not Rated funds the manager may have provided information, but no review meeting has been conducted

Disclaimers, Disclosures and Warnings

FundSource Limited notes that the information in this report must be read in conjunction with the warning and disclaimer below. This report supersedes all prior reports.

Warning: Past performance is not a reliable indicator of future performance. Any information, opinions, views or recommendations in this report are for general information purposes only. To the extent that any such information, opinions, views and recommendations may constitute advice, they do not take into account any person's particular financial situation or goals and therefore do not constitute personalised financial advice under the Financial Advisers Act 2008, nor do they constitute advice of a legal, tax, accounting or other nature to any person. This report should not be relied upon as a substitute for advice from your authorised financial adviser.

Disclaimer: FundSource gives no warranty of accuracy or completeness of information in this document, which is compiled from information from public and third party sources. Opinions and ratings are reasonably held by FundSource at compilation. FundSource assumes no responsibility to update this report after publication. Except for any liability which cannot be excluded, FundSource, its directors, officers, employees and agents disclaim all liability for any error, inaccuracy or omission, or any loss suffered through relying on this report.

No part of this document may be redistributed or reproduced in any form or by any means without the written consent of FundSource. © FundSource Limited 2017.

 FundSource

FundSource is a New Zealand managed funds research house supplying independent research and data to financial advisers and fund managers since 1987.

FundSource delivers high quality quantitative and qualitative fund research to financial advisers and the broader financial services industry. FundSource works with a number of expert providers to source this data. Quantitative data is supplied by FE Australia, while qualitative research is provided by Research IP.

FundSource is a wholly-owned subsidiary of NZX, the operator of the New Zealand stock exchange. For more information about FundSource please visit www.fundsource.co.nz



NZX provides high quality information, data and tools to support business decision making. NZX builds and operates capital, risk and commodity markets, and the infrastructure required to support them.

NZX owns a suite of securities and agricultural information businesses; managed fund research house FundSource; exchange traded funds provider Smartshares; and managed funds provider SuperLife.



RESEARCH IP

FundSource's qualitative research is conducted by independent research company, Research IP Pty Ltd.

Research IP as a special purpose financial services vehicle, licenses or contracts the services of specialist advisers and analysts. Research IP is able to leverage executive, corporate, funds management, compliance, administration, operational, quantitative analytics, qualitative research, data collection, interpretation and analysis, and database technology specialists, to deliver client focused solutions.

Advisers have a fiduciary duty to their clients, and we believe qualitative and quantitative research has a critical role to play in this relationship. By leveraging the skills of specialists, Research IP is able to provide innovative and tailored financial services solutions to the market place. Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities.

Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. This is based on John Hagel's work on the possibilities for "Disruption by Trusted Advisors" and John Kay's "Other People's Money: Masters of the Universe or Servants of the People".

 FundSource

FundSource Limited Telephone: +64 4 495 5058
Level 1, NZX Centre Facsimile: +64 4 496 2893
11 Cable Street Email: fundsource+enquires@fundsource.co.nz
PO Box 2959
DX: SP23501
Wellington, New Zealand



NZX Limited Telephone: +64 4 472 7599
Level 1, NZX Centre Facsimile: +64 4 496 2893
11 Cable Street Email: info@nzx.com
PO Box 2959
DX: SP23501
Wellington, New Zealand