



Qualitative Fund Research

NZAM Alpha Fund

August 2017

About the Manager

NZAM Funds Limited (the Manager or NZAM) was founded in 1991, being built on the premise that investors who aren't happy risking their capital with the typical investment management approach had little option but to put their money in the bank and accept lower returns. The Manager has provided a comprehensive profile available [here](#). NZAM's commitment to absolute return investing has been unrelenting, and has placed the Manager in a rather unique place, from a retail perspective, in the New Zealand market.

NZAM is a 'manager of managers' and has a long track record in selecting managers, with an absolute return focus. While NZAM is committed to protecting and growing investors' wealth, NZAM extends this passion to good governance, outlined [here](#), and actively contributes back to the local communities, available [here](#). FundSource Ltd views corporate citizenship and governance frameworks as extremely important foundations from which a manager starts to engage with the clients' experiences.

Using this 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 NZAM Alpha Fund ("the Fund") is an 'absolute return' international product, primarily investing in international long short equity funds, alternative beta, systematic and discretionary macro funds. As such the Fund will generally sit within the growth component of a balanced portfolio, more specifically the alternative sector, due to the wide variety of instruments used by underlying funds and managers.

The Fund has three performance targets; returns of 4-5% in excess of the RBNZ OCR, correlation of 5% or below, and to be uncorrelated with global equity markets.

The Fund is suitable for investors with an investment horizon of more than five years.

NZAM manages three funds:

- [NZAM Alpha Fund](#)
- NZAM Global Growth Fund
- NZAM Kapstream Absolute Return Income Fund

NZAM also offers Individually Managed Accounts into its flagship NZAM Global portfolio, and the NZAM Global Growth Fund is available through Craigs Investment Partners – Craigs KiwiSaver Scheme. These funds are managed by a team of four investment professionals, who are generalists focused on manager selection, as opposed to security selection. Operations consists of two people and the executive team comprises six people averaging 25 years' experience in financial services. For the number of funds being managed the team is an adequately resourced team of well tenured and experienced personnel. Individual bios for the team at NZAM can be found [here](#).

The Fund is subject to market risk and movements (both positive and negative), from a variety of instruments including, but not limited to, bonds, equities, derivatives, commodities and currencies.

The underlying funds may contain long, short or leveraged positions. Investors should be aware that the Fund may experience periods of negative returns, and that there is a risk of potential capital loss being incurred on their investment.

The Fund may enter into derivative contracts to manage market risks.

The Fund is an NZD denominated Portfolio Investment Entity (PIE). The Fund's returns are distributed only by way of redemptions of interests in the Funds. Distributions and periodic withdrawals are not made.

Question	What the Manager says	What FundSource think								
What are the Manager's assets under management - in total and in this Fund?	<p>As at December 2016, NZAM (the Manager) had in excess of \$500 million under management. NZAM was initially set up to manage money on behalf of private investors, but over time has branched out to a diverse range of institutional investors.</p> <p>The NZAM Suite of funds, as at 30 June 2017:</p> <table><tr><td>Alpha</td><td>\$37.22m</td></tr><tr><td>Kapstream Absolute Return Income</td><td>\$25.22m</td></tr><tr><td>Global Growth</td><td>\$48.77m</td></tr><tr><td>TOTAL:</td><td>\$111.21m</td></tr></table>	Alpha	\$37.22m	Kapstream Absolute Return Income	\$25.22m	Global Growth	\$48.77m	TOTAL:	\$111.21m	<p>For the types of strategies, and number of strategies the business has significant total funds under management across its three strategies.</p> <p>The strategy that underpins the NZAM Alpha Fund (the Fund) has been in operation since December 2012, and is a newer strategy for the Manager, founded in 1991. The Manager has been managing individually managed accounts since inception, which comprises a majority of the Managers funds under management (FUM).</p> <p>The Strategy and Fund assets are \$82 million and \$52 million respectively, as at 31 December 2016.</p>
Alpha	\$37.22m									
Kapstream Absolute Return Income	\$25.22m									
Global Growth	\$48.77m									
TOTAL:	\$111.21m									
Who is accountable for managing the Fund, and how long has the investment team worked together?	<p>Greg Peacock is the Chief Investment Officer (CIO) and is supported by James Caughey with 9 years research experience, Michelle Dickson with 16 years (who works part-time, two days per week), and Dan Jenkins with 3 years. Peacock has over 24 years experience managing multi-manager portfolios and has been with NZAM since 2010.</p>	<p>Peacock has been the Chief Investment Officer (CIO) since commencing with the Manager in 2010, and has strong experience, including 16 years previously as an investment manager for a family office working with global absolute return strategies.</p> <p>The Fund can cast a broad net over the types of funds it can invest in and the types of securities used. Peacock's experience is considered to be an important link to the success of the Fund. The Fund's reliance on Peacock to deliver performance introduces key person risk.</p> <p>Since the last review Alan McChesney has stepped away from supporting Peacock, but remains involved in the business. James Caughey now provides principle support to Peacock. FundSource notes that McChesney still remains at the firm, mitigating the impact of the change, to a small degree. FundSource highlights that Caughey commenced his career with NZAM and, with 9 years' experience and Manager tenure, is well versed in NZAMs processes and requirements. FundSource believes the change increases Peacock's key person risk overall, impacting FundSource's view on People.</p>								
What objective is the Manager trying to achieve?	<p>The fund's goals are threefold: 1. Returns of OCR plus 4-5% 2. Low volatility (5% or below) 3. Uncorrelated to global equities. It also aims to have 'convexity', or a long volatility pay-off structure, in that it aims to profit from periods of significant change in global markets. This makes it a valuable portfolio component to sit alongside traditional bond and equity holdings.</p> <p>The fund is not managed specifically to match or exceed any particular market index.</p>	<p>The Fund's performance history under the current CIO is beginning to develop, but at just over three years FundSource is not able to form a definitive view. NZAM does however have a long history of managing 'absolute return' portfolios.</p> <p>The Manager's monthly, quarterly and annual reports are available here. FundSource notes the Manager is not benchmark aware and reports its performance against an absolute OCR+4% performance hurdle. Further performance information is available on the Disclose website. While the Fund is not benchmark aware, it is required to nominate a market index on the Disclose website. Currently the Manager is working with the FMA on an appropriate outcome.</p>								

		<p>The Fund has three key objectives, of which the Manager has achieved two of these. Volatility for the one and three year periods has been at or below the stated target of ≤5%. The Fund's objective to be uncorrelated to global equities has been achieved, with the Fund's correlation to the widely used MSCI World (Developed countries) and MSCI All Countries World indices, below 0.25. A correlation of one indicates exact correlation to its reference point.</p> <p>The Fund has not achieved its objective to produce OCR+4-5%. The Funds' performance since 2015 has been below the stated objective, this can be seen in the Funds monthly commentaries. Conversely midterm, 3 year plus, performance has been at the higher end of Funds goal of OCR +4-5%. The quarterly fund updates details the Managers views on volatility, quantitative easing and lack of market trends.</p>
What does the Manager invest your money into?	<p>The Fund will consist of 15-20 global managed funds. The Manager discloses the Fund's full holdings data and return data on the FMC Register, available here.</p> <p>The underlying funds selected typically, but not always, fall in to four major categories: Long Short Equity, Systematic, Discretionary Macro Funds and Alternative Beta. The underlying investments within these funds are predominantly equity and fixed income securities, currencies and commodities.</p>	<p>The Fund is suitable for investors who want an actively managed strategy with low correlations to traditional long only assets, e.g. bonds, equities and property, via a diversified portfolio of investments. FundSource believes the Manager's transparency is a positive. Disclosure of underlying fund managers and strategies in the Alternative asset sector can be opaque. The underlying managers and funds that have been selected do provide investors with exposure to strategies and types of securities not readily available in the New Zealand market.</p> <p>Despite the Manager striving to achieve lower than equity volatility, investors in the Fund should have a minimum investment horizon of at least five years. Over shorter periods, there is potential for some of the underlying funds to fall materially in value.</p> <p>FundSource highlights there has been little change in the underlying managers that underpin the Fund. Of the 15-20 underlying funds two strategies were terminated and two strategies were introduced to the portfolio, since July 2016. Most of the underlying funds have limited publicly available information.</p>
What are the inherent risks imbedded in the Fund?	<p>The principal risks of investing in the Fund are risks relating to:</p> <ul style="list-style-type: none"> • currency risk, due to the use of underlying global funds (although the fund will always be substantially hedged); • liquidity risk, based on the redemption periods of the underlying funds; • counterparty risks through using global managers and the underlying contracts they may enter into, e.g. options and swaps; 	<p>The Manager is aware of the broad range of risks and is mindful of them when constructing and managing the portfolio. Selecting and blending the strategies, managers and funds underpinning the Fund takes a great deal of skill, knowledge, understating and insight, developed over many years. FundSource believes the investment team, led by Peacock, has appropriate experience, insight and tenure.</p> <p>The Manager's commitment to looking at lowly correlated drivers of investment performance, with a firm focus on capital preservation and scouring the globe for</p>

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	<ul style="list-style-type: none"> actions outside of the Manager and its service providers; reliance on key personnel, especially senior personnel at underlying managers; complex instruments and lower level regulation for some products. 	<p>'best of breed' solutions, is limited in the New Zealand market, and is to be commended.</p> <p>The Fund has a longer one month redemption period, something Investors must consider when considering to invest, as opposed to a long only equity or bond funds, which typically offer daily liquidity. The Fund's monthly liquidity may cause delays in monies being returned to investors, and is reflective of the often less liquid strategies employed by the underlying funds.</p>
Why does the Manager believe the future prices of the Fund's investments will vary?	<p>NZAM Alpha has an explicit goal of managing portfolio volatility. As such variations in the price of the fund are expected to be less than typically associated with equity market investments. NZAM views manager selection and risk management to be the centrepiece of their approach. The predominant risk is the skill of the underlying managers and NZAM's ability to identify and blend managers, rather than the performance of the markets themselves.</p> <p>NZAM's approach is to use funds with access to a wide range of tools in order to manage risk. NZAM chooses funds that are not constrained by an index and have a full tool kit at their disposal to manage risk, including cash, shorting and futures.</p>	<p>The Manager only invests with managers who provide transparency of strategy and process. FundSource considers this transparency, down to underlying holdings, to be very important. In this regard, FundSource would prefer to see the Manager have a more systematic approach to collating the holdings data for all of the underlying fund managers.</p> <p>A capital preservation ethic dictates that the Manager looks to reduce volatility and reduce market risk, to generate a return that is not consistent with the market. FundSource notes that this implies there is a bias to downside protection rather than outperformance in growth markets. Investors must consider this prior to investing as the Fund is likely to produce asymmetric performance to that of traditional long only investment. That is, in rising markets NZAM is expected to underperform, whereas, in falling markets the Fund is likely to outperform traditional asset classes. Typically the underlying strategies this Fund invests in to, perform better with increased volatility.</p>
Why does the Manager believe you should give them your money rather than to someone else or to an inexpensive index fund?	<p>NZAM believes its approach will deliver superior risk adjusted returns across a cycle relative to inexpensive index or index relative funds. It defines risk as a loss of capital, not underperformance of a benchmark. NZAM has three core philosophies that underpin its investing.</p> <p>Capital preservation:</p> <ul style="list-style-type: none"> All underlying managers need to have an absolute rather than relative return mandate. The aim is to avoid significant drawdowns and the associated volatility. <p>Diversification:</p> <ul style="list-style-type: none"> Diversify globally; by manager, market and investment style. <p>Alignment of interests;</p> <ul style="list-style-type: none"> Underlying fund managers must have substantial personal investments in their funds. Personal investments and fee structures based around performance provide incentives to keep underlying fund sizes at levels that maximise after-fee returns. 	<p>The Manager's ability to source global managers and funds that employ non-traditional instruments, to produce absolute performance, is of itself a significant diversifier to traditional long only investments.</p> <p>Historically the Manager's ethos has proven to be a successful formula for delivering lowly correlated and lower volatile performance. FundSource will watch with interest as the ongoing performance unfolds. This will determine if the Fund is able to produce consistent diversification benefits to an investor's portfolio that is difficult to replicate, in traditional long only investment, regardless of an active or passive approach, across asset classes.</p> <p>The Fund has struggled to outperform its objective, of OCR +4-5% as shown in the Funds factsheets, at the time of writing. Compared the 22 funds in the FE Analytics NZMI Alternative sector, the Fund has performed below the average peer fund performance. FundSource notes that the Funds' performance history remains relatively short, however, the Fund is</p>

		meeting two of its stated objectives, being volatility <5%pa and low correlation to global equities. Further performance data is available via the Disclose website and FundSource .
How does the Manager decide to buy or sell investments?	<p>The Manager uses its networks and proprietary filters and screens to assist in identifying funds that may be of interest.</p> <p>Once identified, the manager undertakes a due diligence process on the fund, which always includes on-site meetings with the portfolio manager. An investment decision is based on both the quality of the manager being considered and also its impact on the broader portfolio. Uncorrelated returns are particularly valuable in this respect.</p>	<p>The Manager typically takes a long-term view on the strategies and funds in which it invests. The Manager's model portfolio asset allocation framework will be responsible for some purchasing and redemption of units in underlying funds. FundSource notes that due to the short timeframe the Fund has been operating, no meaningful buying and selling has occurred, other than the initial build out of the portfolio. Unlike traditional long only equity or bond funds, the Fund is looking to match a series of themes in the underlying fund selection process. These themes will have a mix of macro and security influences, and typically require some time to play out. Therefore, the Fund will be, more often than not, investing for periods greater than 3 years in underlying funds.</p> <p>The asset allocation of the Fund is monitored monthly, and takes account of market movements, together with any inflows and outflows. Rebalancing occurs if actual allocations have deviated sufficiently from desired levels, and justifies trading cost. Rebalancing is likely to have a greater impact on buy and sell decisions, as opposed to removing an incumbent fund.</p>
Has the CIO/ Portfolio Manager personally invested in the Fund? If so, paying the same fees as other investors?	<p>The CIO has not personally invested in the Fund, but has purchased equity in NZAM, and has his Kiwisaver invested in NZAM Global Growth via Craigs KiwiSaver platform.</p> <p>The investment team, and other staff at NZAM, can and do invest in the fund and other NZAM products, and do not pay the same fees as other investors. In order to encourage staff to invest in the fund, thus further aligning interests, staff have reduced fees when investing in any NZAM product.</p> <p>NZAM staff are also able to invest directly with the underlying managers and funds, but must seek approval from the CIO in order to do so.</p>	<p>FundSource believes that the interests of investment personnel are better aligned to those of the investors, when investment personnel are significantly invested, and at the same fees.</p> <p>The Manager states that managers have to 'eat their own cooking'. On a positive note, a number of the executive team, employees and their families have invested in NZAM funds.</p> <p>In this case, the CIO is not substantially invested in the Fund. This is at odds with the Manager's requirement that all the 'managers they select must have a substantial amount of their personal capital invested in their own funds'. The Manager believes this to be an important aspect as well.</p> <p>While the CIO is not substantially invested in the fund, FundSource notes that the CIO has recently purchased shares in the Manager. While this does mitigate the lack of investment in the Fund, FundSource notes that the outcome of acquiring NZAM shares is likely to be different from that of the Fund.</p> <p>The Manager's staff trading restrictions does allow staff to invest in underlying managers, on a permission basis, and</p>

		<p>must be executed through the Managers custodian. FundSource prefers that staff not being permitted to trade directly in the same securities or funds as the Manager's funds, which FundSource considers is optimal corporate governance.</p> <p>FundSource does recognise that the Manager does have a structure around this process, which prevents staff from front running any trading activity, the Fund may be looking to implement.</p>
<p>How much latitude does the Manager have to deviate from the weightings of the Benchmark portfolio?</p>	<p>NZAM Alpha is by definition index agnostic and thus portfolio construction is not constrained by a 'benchmark' portfolio. There is however always a target allocation for NZAM Alpha and the portfolio is rebalanced to keep the portfolio within tolerances to its asset allocation. The responsibility for this lies with the CIO. A formal Investment Committee that meets six-weekly, has been instituted to oversee broader allocation decisions.</p> <p>Tracking Error: n/a Cash Allocation: 2% to 10% Single Manager Limit: 10% maximum Sector Limits: n/a Regional Limits: n/a</p>	<p>The blending of long short, systematic and dynamic risk and alternative beta strategies across 15-20 funds can have a significant impact on the overall return. The ability to weight up to 10% in one single manager is larger than typically experienced in multi manager products. FundSource views the Manager's current system, which only requires the CIO to make periodic recommendations to other senior staff regarding portfolio adjustments, as below industry standard. FundSource believes the Manager has taken appropriate steps by implementing more formal investment committee processes.</p>
<p>On what basis does the Manager believe the fees they charge are justified?</p>	<p>The Manager charges a base fee of 1.45% p.a. plus GST, of the Fund's net asset value.</p> <p>The Manager calculates the total annual fund charges to be 3.23%, for the period ending 31 March 2016.</p> <p>The Manager only charges the 1.45% per annum directly and charges no performance fee. The additional underlying manager fees, which comprise the 1.78% difference in total, are included in the net investment return, which is disclosed as net of all fees.</p>	<p>FundSource believes the Manager is reasonably transparent from a fee perspective, noting the administration and underlying manager fees are disclosed in the Product Disclosure Statement (PDS) available here. The New Zealand Companies Office website provides further details on fees are available here.</p> <p>FundSource notes that the Manager's fee is higher than that of traditional long only, benchmark aware or multi-manager funds. However, that the Manager is looking to identify different sources of absolute returns in a global universe explains this, in part.</p> <p>FundSource is pleased that the Manager's fees are calculated on a net asset basis. Investors should familiarise themselves with all fees that a manager charges, and in context with the level of funds.</p> <p>FundSource expects that investment personnel should to be paying the same fees as other investors, to ensure the experience of both parties is symmetrical. FundSource notes that the staff at NZAM do pay a significantly reduced fee, which will produce a better net return to staff than the other investors in the Fund.</p>
<p>How would you describe the quality of your organisational and investment governance processes?</p>	<p>NZAM has seven shareholders, all either current or former executives and their families. The Board consists of two Executive Directors, Alan McChesney and Simon Tompkins, who joined NZAM in 1995 and 1997 respectively. Richard Riddell serves as a non-Executive Director and is joined by Sir John Anderson and</p>	<p>The Manager has a reasonable governance framework. FundSource believes this could be significantly strengthened by increasing the number of Non-Executive Directors and appointing them to more Committees, including Audit, Remuneration, and Compliance. FundSource views the implementation of a</p>

	<p>Jonathan Mason. Sir John holds the role of Chairman. The primary function of the independent directors is to provide advice and governance.</p> <p>Some functions are outsourced to reputable firms (Custodian – Public Trust, Audit – Deloitte, Legal – Michael Dineen Law and NZAM banks with BNZ).</p>	<p>formal Investment Committee positively, but notes this historically missing committee is below industry best practice. The inclusion of external advisers to the Investment Committee is considered industry best practice.</p>														
<p>Is there alignment of interests through; ownership of the Manager, and remuneration of the investment team?</p>	<p>NZAM is wholly owned by current and former staff, who are highly motivated to continue their focused approach to absolute return investing. The ownership structure is shown below:</p> <table><tr><td>Family of the late Greg Jones</td><td>20.21%</td></tr><tr><td>Dyrol Lowe (Staff Share Scheme)</td><td>1.00%</td></tr><tr><td>Alan McChesney</td><td>22.40%</td></tr><tr><td>Andy Morris</td><td>6.59%</td></tr><tr><td>Greg Peacock</td><td>5.00%</td></tr><tr><td>Richard Riddell</td><td>22.40%</td></tr><tr><td>Simon Tompkins</td><td>22.40%</td></tr></table>	Family of the late Greg Jones	20.21%	Dyrol Lowe (Staff Share Scheme)	1.00%	Alan McChesney	22.40%	Andy Morris	6.59%	Greg Peacock	5.00%	Richard Riddell	22.40%	Simon Tompkins	22.40%	<p>To preserve capital and generate a long-term positive return for investors, the Manager must remain operational.</p> <p>Being 100% owned by the Principles, including key investment personnel, and a founding shareholder, there is strong buy in from the team to work hard for the firm's long-term success. FundSource considers this a positive alignment with investors.</p>
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Richard Riddell	22.40%															
Simon Tompkins	22.40%															

Conclusion and Rating

Overall, FundSource believes the Manager is filling a gap in the New Zealand market place, from an asset allocation perspective and through the dedicated long-term focus to absolute return investing.

The investment team has sufficient resources, with a team of four, to manage the number of products, using a multi-manager approach. The investment team has strong industry experience and manager tenure, predominantly focused on manager selection for absolute return products. The alignment to investors through shareholding and/ or investment in the Fund is positive.

The Fund has achieved two of its three stated goals. Both volatility management and low correlation to global equities has been achieved. The Funds' performance history, in the short term, since 2015, has been below the OCR +4-5% objective. Over the medium term performance has been at the higher end of the OCR +4-5% expectation.

It is important to understand that the underlying funds can employ complex derivative instruments, including leverage, in their investment strategies. FundSource considers it is incumbent and key for the Manager to not only determine the appropriateness of an underlying manager or fund relative to the environment at the time, but to execute changes as appropriate.

Since the May 2016 review the Manager has had a change in personnel for the Fund, with Alan McChesney stepping out of manager research, but remains in an Executive Director role, and James Caughey has broadened his Senior Research Analyst role, to include the Alpha fund. There has been a small reduction in industry experience and Manager tenure, reflected in a small reduction in the people score. The Fund has redeemed from two underlying fund managers and implemented two new underlying managers. This constitutes the highest turnover of underlying managers since the Funds' inception. Mitigating this is the Manager's long history, since 1991, focused on absolute investing.

The Funds' basic fee is very close to the average FE Analytics NZMI Alternatives sector fee. This FE Analytics sector consists of 22 funds, including the NZAM Alpha Fund, with fees ranging from 0.55% - 2.62% per annum. The NZAM Alpha Fund does not charge performance fees, however performance fees may be charged by underlying managers.

FundSource recommends that investors carefully consider that the Manager's approach to investing in the Alternative sector meets their investment needs and objectives. Alternatives as an asset class typically comprises ≤10% of the overall asset allocation.

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.

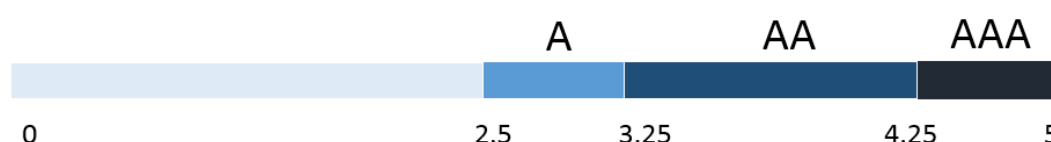
Research Factor Weighting

Research Process Category	Model Factor Weight	Analyst Average Score
Corporate & Investment Governance	15%	3.50 / 5
Investment Philosophy & Process	20%	4.40 / 5
People	25%	3.67 / 5
Portfolio Construction & Implementation	15%	3.00 / 5
Risk Management	15%	3.20 / 5
Investment Fees	10%	3.00 / 5

Overall Average Score: 3.40 / 5

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

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