

## FUND UPDATE

For the quarter ended 30 September 2021

Integral Master Trust

Defensive Fund

This fund update was first made publicly available on 29 October 2021

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### **What is the purpose of this update?**

This document tells you how the Defensive Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Britannia Financial Services Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Before 8 June 2021, the fund was called the Cash Holding Fund and invested solely in cash and cash equivalents. On 8 June 2021, the Fund was renamed the Defensive Fund and its asset allocation updated to introduce a target 75% exposure to international fixed interest. Please refer to the notes for guidance on the comparability of fund fees, returns and information.

### **Description of this fund**

The fund provides investors with a consistent exposure to defensive assets (cash and fixed interest). Its investment strategy is to preserve capital through investing in cash and fixed interest investments.

The fund's investment objective is to achieve a gross return before tax, fees and expenses at least equal to or higher than the weighted average of the applicable benchmark for each of the asset classes.

The cash allocation of the fund is invested in New Zealand dollar assets, which do not require any currency hedging. We seek to fully hedge the international fixed interest allocation of the fund to the New Zealand dollar.

The fund is expected to have low risk.

Total value of the fund	\$44,581,519 (refer Note 1)
The date the fund started	20 May 2011



## What are the risks of investing?

### Risk indicator for the Defensive Fund



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz](http://www.sorted.org.nz).

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five year period ending on 30 September 2021. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

The fund changed its asset allocation on 8 June 2021 to introduce a target 75% exposure to international fixed interest and we expect this will increase the risk for investors. To calculate the risk indicator, we used weighted average returns of the fund's current market indices (the S&P/NZX 30 Day Bank Bills Index and the JP Morgan Government Global Hedged Bond Index 0-5 years) to 30 June 2021. The risk indicator may therefore provide a less reliable indication of the potential future volatility of the fund.

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

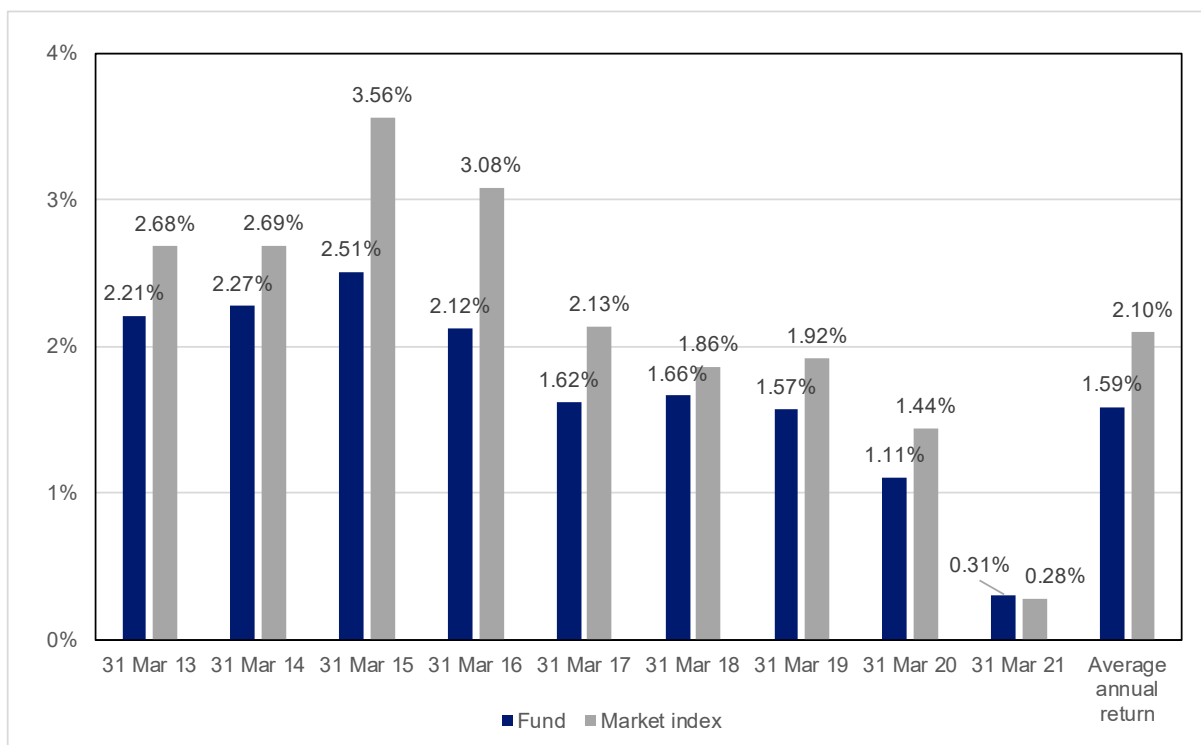
## How has the fund performed?

	<b>Average over past 5 years</b>	<b>Past year</b>
<b>Annual return</b> (after deductions for charges and tax)	0.97%	-0.52%
<b>Annual return</b> (after deductions for charges but before tax)	1.35%	-0.71%
<b>Market index annual return</b> (reflects no deduction for charges and tax)	1.30%	0.13%



The market index annual returns are based on the weighted average return of the market indices used to measure performance of the underlying funds/assets (the S&P/NZX 30 Day Bank Bills Index for the cash and cash equivalents exposure and the JP Morgan Government Global Hedged Bond Index 0-5 years for the international fixed interest exposure). This has changed from some prior fund updates. Before 8 June 2021, the asset allocation of the fund was solely to cash and cash equivalents and therefore the market index annual returns were solely based on the S&P/NZX 30 Day Bank Bills Index. Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

### Annual return graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2021.

**Important:** This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

As the fund's asset allocation was updated on 8 June 2021 to introduce a target 75% exposure to international fixed interest past performance will not be comparable to expected future performance. Please refer to Note 2 and the other information in this fund update for more details.



## **What fees are investors charged?**

Investors in the Defensive Fund are charged fund charges inclusive of GST. In the year to 31 March 2021 these were:

	<b>% of net asset value</b>
<b>Total fund charges</b>	0.79
Which are made up of -	
<b>Total management and administration charges</b>	0.79
Including -	
Manager's basic fee	0.40
Other management and administration charges	0.39
<b>Total performance-based fees</b>	0.00

The Manager's basic fee is estimated. Please refer to Note 3. The fund charges for the following scheme year are expected to be materially different and the total fund charges from 8 June 2021 will be 0.94%. Please refer to Note 4 for further details.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for the Defensive Fund on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) for more information about those fees.

## **Example of how this applies to an investor**

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

Chris had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Chris incurred a loss after fund charges were deducted of \$71 (that is -0.71% of his initial \$10,000). Chris did not pay any other charges. This gives Chris a total loss after tax of \$52 for the year.

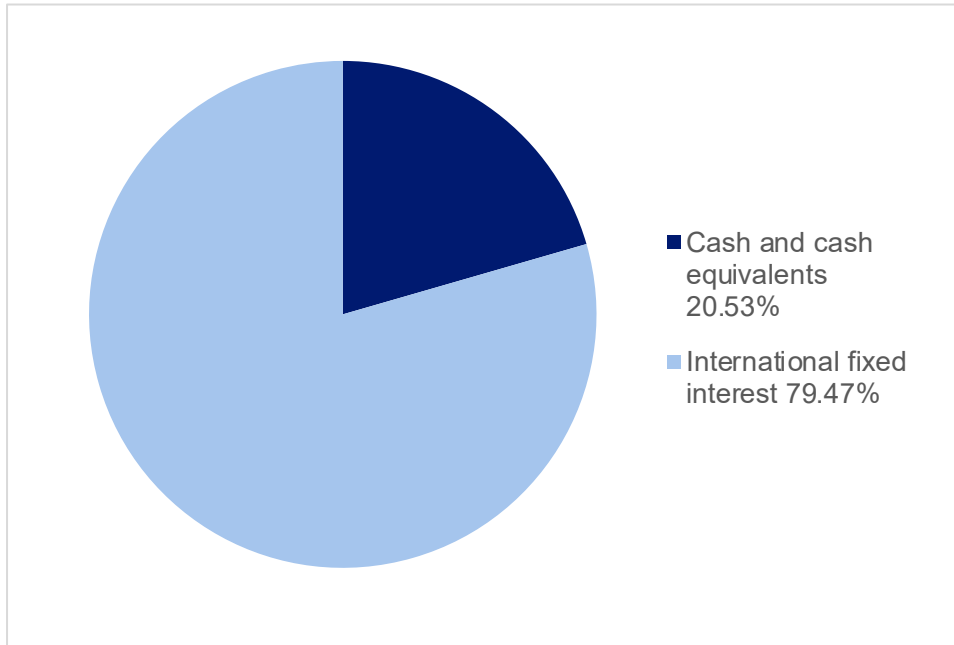
This example is based on fees and returns for a period before the fund's asset allocation was updated to introduce a target 75% exposure to international fixed interest. As such, it is not indicative of future fund performance.



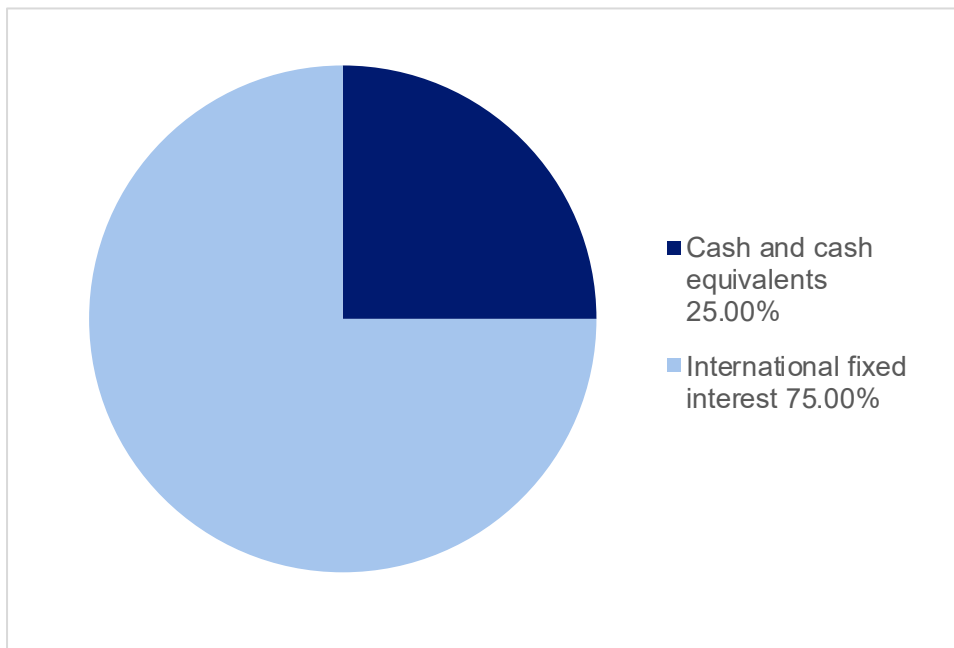
## What does the fund invest in?

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

### Actual investment mix



### Target investment mix





### Top 10 investments

<b>Name</b>	<b>% of fund net assets</b>	<b>Type</b>	<b>Country</b>	<b>Credit rating (if applicable)</b>
Dimensional Five-year Diversified Fixed Interest Trust NZD Class	79.47%	International Fixed Interest	Australia	
Harbour Enhanced Cash Fund	19.07%	Cash and Cash equivalent	New Zealand	
BNZ Call Account	1.52%	Cash and Cash equivalent	New Zealand	AA-
Debtors	0.02%	Cash and Cash equivalent	New Zealand	
Creditors	-0.08%	Cash and Cash equivalent	New Zealand	

The total value of the top 10 investments make up 100% of the net asset value of the fund.

### Key personnel

<b>Name</b>	<b>Current position</b>	<b>Time in current position</b>	<b>Previous or other current position</b>	<b>Time in previous or other current position</b>
Elaine West	Financial Controller at Britannia Financial Services Ltd	4 years and 2 months	Financial Controller at NZ Venture Investment Fund	8 years and 5 months
Alun Rees-Williams	General Manager Distribution and Director at Britannia Financial Services Ltd	20 years and 11 months	Administration Manager at David Milner and Associates	9 years and 0 months
Gavin Dixon	Chief Executive Officer and Director at Britannia Financial Services Ltd	5 years and 9 months	Chief Executive Officer at Stream Holdings Group	0 years and 6 months
Gregg Dell	General Manager of Wealth Products and General Counsel at Britannia Financial Services Ltd	5 years and 7 months	Managing Director at Dell Consulting Ltd (current position)	7 years and 7 months
Michael Pipe	General Manager – Operations at Britannia Financial Services Ltd	1 year and 5 months	Operations Manager at IOOF New Zealand Ltd	9 years and 7 months



### **Further information**

You can also obtain this information, the PDS for the Integral Master Trust, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

### **Notes**

Note 1: Investments made by other funds within the Integral Master Trust comprise approximately \$43,284,820 of the total value of the Defensive Fund.

Note 2: On 8 June 2021 the fund's asset allocation changed from 100% cash and cash equivalents, to 25% cash and cash equivalents, 75% international fixed interest. Past performance may not be comparable with the fund's expected future performance.

Note 3: Prior to 8 June 2021, the Manager's basic fee was a variable percentage up to 0.40%, and was charged to the investor rather than the Fund. The Manager's basic fee disclosed in the fund update is an estimate because it represents an allocation of the total actual amount paid by Scheme investors for this period.

Note 4: The Manager reasonably expects the fund charges for the following scheme year to be 0.94% due to the Fund's asset allocation being changed to include an exposure to fixed interest investments. Please refer to the PDS dated 8 June 2021 for current fund charges.