Westpac KiwiSaver Scheme

Balanced Fund

Fund Update for the quarter ended:

30 September 2016

This fund update was first made publicly available on 28 October 2016.

What is the purpose of this update?

This document tells you how the Balanced Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. BT Funds Management (NZ) Limited[1] prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The Balanced Fund aims to provide medium returns over the medium to long term. The fund has a higher benchmark allocation to growth assets than to income assets. Volatility is expected to be higher than the Moderate Fund but lower than the Growth Fund in the Westpac KiwiSaver Scheme.

Total value of the fund	$ 1,029,533,241
Number of investors in the fund	92,637
The date the fund started	1 October 2007

What are the risks of investing?

Risk indicator for the Balanced Fund.[2]

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 westpac.co.nz/kiwisaverriskprofiler

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

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 30 September 2016. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

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

How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	8.34%	6.69%
Annual return (after deductions for charges but before tax)	9.96%	8.72%
Market index annual return (reflects no deductions for charges and tax)	11.02%	11.80%

The market index return reflects a composite of benchmark index returns, weighted for the fund's target asset allocation. The benchmark indices used for each asset class are defined in the Statement of Investment Policy and Objectives (SIPO).

Additional information about the market index is available in the SIPO on the register at companiesoffice.govt.nz/disclose

Annual return graph

This shows the return after fund charges and tax for each complete year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2016.

Important: This does not tell you how the fund will perform in the future. Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Balanced Fund are charged fund charges. In the year to 31 March 2016, these were:

	% of net asset value
Total fund charges	**0.89%**
Which are made up of	
Total management and administration charges Including -	**0.89%**
Manager's basic fee	0.65%
Other management and administration charges	0.24%
Total performance-based fees	**0.00%**
Other charges	**$ amount per investor**
Membership Fee[3]	$27.00

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

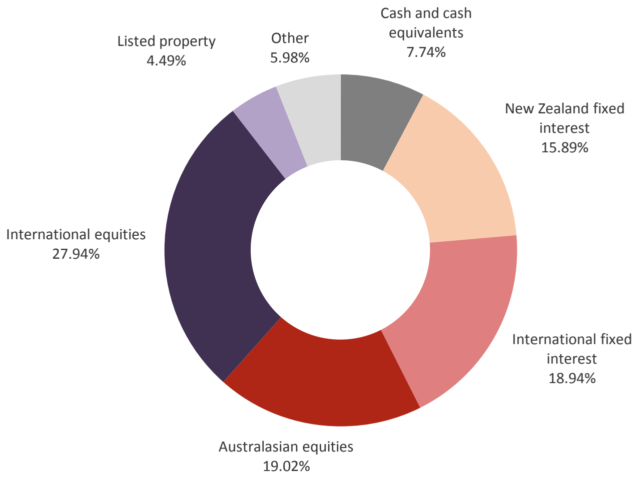
Example of how this applies to an investor

Jason 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, Jason received a return after fund charges were deducted of $669 (that is 6.69% of his initial $10,000). Jason also paid $27 in other charges. This gives Jason a total return after tax of $642 for the year.

What does this fund invest in?

This shows the types of assets that the fund invests in.[4 5]

Actual investment mix



Target investment mix

Cash and cash equivalents	5.00%
New Zealand fixed interest	15.00%
International fixed interest	20.00%
Australasian equities	20.00%
International equities	29.00%
Listed property	5.00%
Other [6]	6.00%

Top 10 investments

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	FDRCO Ltd - AB Custom Alternative Solutions	2.06%	Other[5]	Cayman Islands	
2	Fletcher Building Ltd	1.76%	Australasian equities	New Zealand	
3	Goldman Sachs Alternative Risk Premia Portfolio	1.65%	Other[5]	Luxembourg	
4	Fisher & Paykel Healthcare Ltd	1.54%	Australasian equities	New Zealand	
5	Contact Energy Ltd	1.45%	Australasian equities	New Zealand	
6	NZ Government Bond 5.5% 15/04/2023	1.42%	New Zealand fixed interest	New Zealand	AA+
7	NZ Government Bond 6% 15/05/2021	1.26%	New Zealand fixed interest	New Zealand	AA+
8	BlackRock Style Advantage Fund	1.19%	Other[5]	Luxembourg	
9	Auckland International Airport Ltd	1.09%	Australasian equities	New Zealand	
10	Spark New Zealand Ltd	1.05%	Australasian equities	New Zealand	

The top 10 investments make up 14.47% of the net asset value of the fund.[7]

Key personnel

	Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
1	Suzanne Wolton	Head of Investments & Insurance	0 year 2 months	General Manager, AA Life	1 year 10 months
2	Matthew Goldsack	Head of Investment Solutions	7 years 9 months	Head of Research, AXA Global Investors	7 years 10 months
3	Francois Richeboeuf	Senior Portfolio Manager	5 years 11 months	Head of Fixed Income and Portfolio Manager, Rand Merchant Bank Asset Management	3 years 1 month
4	Angelika Sansom	Investment Analytics Manager	15 years 1 month	Investment Consultant, Mercer	2 years 4 months
5	Stephen Hong	Senior Portfolio Manager	4 years 0 month	Portfolio Manager, AXA Global Investors	5 years 9 months

Suzanne Wolton has not been named in previous fund updates for the Balanced Fund.

Further information

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

Notes

1. BT Funds Management (NZ) Limited is the scheme provider and Westpac New Zealand Limited is the distributor of the Westpac KiwiSaver Scheme.
2. The risk category for each fund is calculated based on the volatility of past returns over five years and this does not represent a full investment cycle. The output may be different if calculated using a longer timeframe. We believe an average investment cycle is generally considered to be a period of between 7 to 10 years. If the period of returns data that a risk indicator is based on was one of unusually low or unusually high volatility the risk category presented in a PDS (or any fund update) may not reflect the fund's future volatility.
3. Membership fees are the monthly fixed dollar charges for membership in the Westpac KiwiSaver Scheme. You will pay this fee only once each month even if you are invested in multiple funds within the Westpac KiwiSaver Scheme.
4. For further information on each of the asset classes refer to the PDS and the SIPO.
5. "Other" represents investments in hedge funds.
6. "Other" is comprised of Alternative Investments, and can include hedge funds, absolute return funds, venture capital and private equity.
7. The top 10 investments have been calculated excluding cash and cash equivalents held for operational and hedging purposes.