Smartshares Exchange Traded Funds

Smartshares Global Aggregate Bond ETF

Fund update for the quarter ended 31 December 2019

This fund update was first made publicly available on 13 February 2020.

What is the purpose of this update?

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

Description of this fund

The Smartshares Global Aggregate Bond ETF invests in the iShares Core Global Aggregate Bond UCITS ETF NZD Hedged (acc), which is designed to track the return on the Bloomberg Barclays Global Aggregate Index hedged to the New Zealand dollar.

Total value of the fund:	$32,005,400
The date the fund started:	6 June 2019

What are the risks of investing?

Risk indicator for the Smartshares Global Aggregate Bond ETF[1]

Lower risk						Higher risk
1	2	**3**	4	5	6	7
Potentially lower returns						Potentially higher returns

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/tools/investor-kickstarter.

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

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 5 years to 31 December 2019. 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 for the Smartshares Exchange Traded Funds – Smartshares ETFs built with iShares® Series for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	Not applicable
Annual return[2] (after deductions for charges but before tax)	Not applicable
Market index annual return (reflects no deduction for charges and tax)	2.98%

The market index annual return is based on the annual return of the Barclays Global Aggregate Index (100% hedged to the New Zealand dollar). Additional information about the market index is available in the 'Other Material Information' document on the offer register at www.disclose-register.companiesoffice.govt.nz.

What fees are investors charged?

Investors in the Smartshares Global Aggregate Bond ETF are charged fund charges. These are as follows:

	% per annum of fund's net asset value
Total fund charges	0.30%
Which are made up of:	
Total management and administration charges	0.30%
Including:	
Manager's basic fee	0.15%
Other management and administration charges	0.15%

Investors may also be charged individual action fees for specific actions or decisions (for example, for initial contributions to the fund). See the Product Disclosure Statement for the Smartshares Exchange Traded Funds – Smartshares ETFs built with iShares® Series for more information about those fees.

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

GST is included in the fund charges set out above.

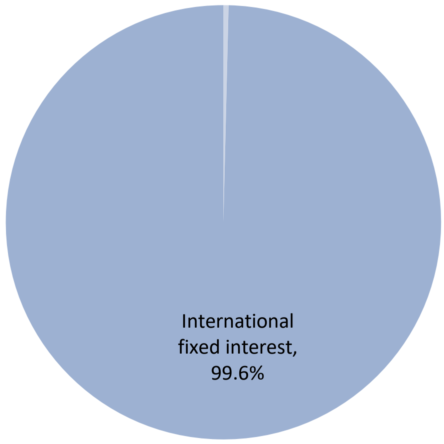
Example of how this applies to an investor

Tara had $10,000 in the fund on 6 June 2019 and did not make any further contributions. On 31 December 2019, Tara received a return after fund charges were deducted of $189 (that is 1.89% of her initial $10,000). This gives Tara a total return after tax of $189 for the 6 months and 26 days.

What does the fund invest in?

Actual investment mix

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



Target investment mix

This shows the mix of assets that the fund generally intends to invest in.

Asset Category	Target asset mix
Cash and cash equivalents	-
New Zealand fixed interest	-
International fixed interest	100.00%
Australasian equities	-
International equities	-
Listed property	-
Unlisted property	-
Commodities	-
Other	-

Top 10 investments[3]

Name	% of fund's net asset value	Type	Country	Credit rating (if applicable)
iShares Core Global Aggregate Bond UCITS ETF NZD Hedged (Acc)	100.08%	International fixed interest	Ireland	
Westpac Current Account	0.38%	Cash and cash equivalents	New Zealand	AA-

The top 10 investments make up 100.46% of the fund's net asset value.

Currency hedging

The fund's foreign currency exposure is not hedged.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund:

Name	Current position	Time in current position	Previous or other positions	Time in previous / other position
Guy Roulston Elliffe	Director	4 years and 1 month	Corporate Governance Manager - ACC (current position)	4 years and 8 months
Stuart Kenneth Reginald Millar	Chief Investment Officer - Smartshares	7 months	Head of Portfolio Management - ANZ Investments	6 years and 4 months
Hugh Duncan Stevens	Chief Executive Officer - Smartshares	1 year and 10 months	Chief Operating Officer - Implemented Investment Solutions Ltd	2 years and 6 months
Alister John Williams	Director	4 years and 1 month	Investment Manager - Trust Management	4 years and 11 months

Further information

You can also obtain this information, the Product Disclosure Statement for the Smartshares Exchange Traded Funds – Smartshares ETFs built with iShares® Series, and some additional information from the offer register at www.disclose-register.companiesoffice.govt.nz.

Material changes

There have been no material changes to the nature of Smartshares Exchange Traded Funds, the investment objectives and strategy of the fund, or the management of the scheme over the quarter ended 31 December 2019.

Notes

1 Market index returns (as well as actual returns) have been used to complete the risk indicator, as the fund has not been in existence for 5 years. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. The risk indicator for the fund uses 4 years and 6 months of market index returns.

2 From 30 September 2019, the fund's after deductions for charges but before tax returns calculation methodology has changed. The new methodology applies the fund's accrued tax at a 0% prescribed investor rate on a daily basis. Previously a 0% prescribed investor rate was applied on the fund's gross distribution amounts at ex-date. The change has been applied on all stated returns since inception.

3 The top 10 investments listed in the table exclude current assets and current liabilities, and as a result do not sum to 100%.