Fund update

For the quarter ended 30 June 2026

NZ Funds Active Series New Zealand and Australian Bonds

This fund update was first made publicly available on 29 July 2026

What is the purpose of this update?

This document tells you how the New Zealand and Australian Bonds fund has performed and what fees were charged. The document will help you to compare the fund with other funds. New Zealand Funds Management 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 objective of the New Zealand and Australian Bonds fund is to generate gains by investing in income assets and other authorised assets with active management. The fund is anticipated to mainly own and trade New Zealand and Australian bonds over the minimum suggested timeframe.

Total value of the fund	$146,734,479
The date the fund started	23 July 2008

What are the risks of investing?

Risk indicator for the New Zealand and Australian Bonds fund:

← 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 https://portal.nzfunds.co.nz/RiskLaunch.

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.

The 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 June 2026. 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.

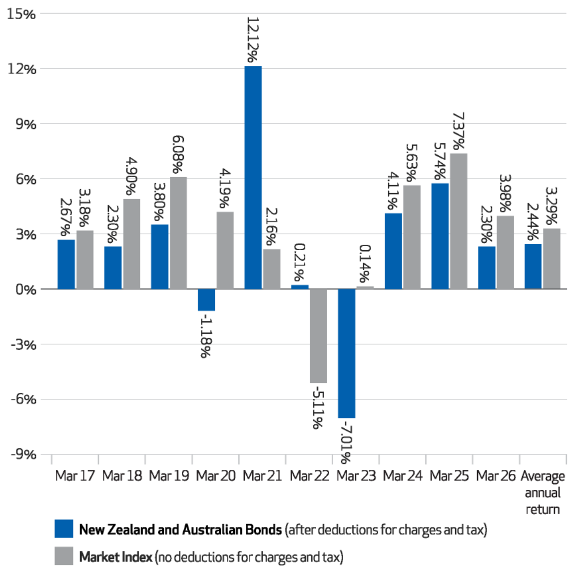
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	2.05%	3.05%
Annual return (after deductions for charges but before tax)	2.62%	4.33%
Market index annual return (reflects no deduction for charges and tax)	2.73%	5.10%

The market index annual return is based on the S&P/NZX Investment Grade Corporate Bond Total Return Index. Additional information about the market index is available on the offer register at www.companiesoffice.govt.nz/disclose.

Annual return graph[1]



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 30 June 2026.

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 New Zealand and Australian Bonds fund are charged fund charges. In the year to 31 March 2026 these were:

	% of net asset value
Total fund charges	1.44%
Which are made up of:	
Total management and administration charges	1.44%
Including:	
Manager's basic fee	1.17%
Other management and administration charges	0.27%
Total performance-based fees	0.00% [2]

Investors may also be charged individual action fees for specific actions or decisions (for example, if an investor has a financial adviser and has agreed to pay a fee to the adviser for providing financial advice). NZ Funds does not currently charge any establishment, contribution, termination, withdrawal or switch fees. See the PDS for the NZ Funds Active Series for more information about fees.

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

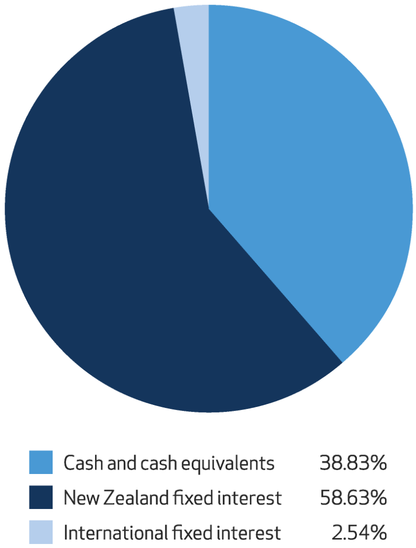
Example of how this applies to an investor

Liam 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, Liam received a return after fund charges were deducted of $305 (that's 3.05% of his initial $10,000). Liam did not pay any other charges. This gives Liam a total return after tax of $305 for the year.

What does the fund invest in?

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

Actual investment mix



Target investment mix[3]

Cash and cash equivalents	10%
New Zealand fixed interest	90%
International fixed interest	0%
Australasian equities	0%
International equities	0%
Listed property	0%
Unlisted property	0%
Commodities	0%
Other	0%

What does the fund invest in? (continued)

Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit Rating
1	Westpac Bank Bill 2.715% 30/09/2026	15.63%	Cash and cash equivalents	New Zealand	A-1+
2	ANZ Bank Ltd 2.999% 17/09/2031	11.34%	New Zealand fixed interest	New Zealand	A
3	Bank of New Zealand 5.872% 01/09/2028	8.35%	New Zealand fixed interest	New Zealand	AA-
4	Kiwibank 4.93% Perpetual	5.20%	New Zealand fixed interest	New Zealand	Ba1
5	Westpac Bank Bill 2.715% 25/09/2026	4.69%	Cash and cash equivalents	New Zealand	A-1+
6	Mercury Ltd 5.73% 13/05/2052	4.61%	New Zealand fixed interest	New Zealand	BB+
7	Bank of New Zealand 4.889% 19/11/2029	4.47%	New Zealand fixed interest	New Zealand	AA-
8	Westpac Bank Bill 2.552% 14/07/2026	4.32%	Cash and cash equivalents	New Zealand	A-1+
9	BNZ Bank Bill 2.68% 14/09/2026	4.30%	Cash and cash equivalents	New Zealand	A-1+
10	ANZ Bank New Zealand 7.6% Perpetual	4.06%	New Zealand fixed interest	New Zealand	BBB+

The top 10 investments make up 66.97% of the fund.[4]

NZ Funds actively manages the foreign currency exposure of the fund. Where the fund holds assets denominated in a foreign currency, NZ Funds has the choice of whether to hedge back to the NZ dollar or retain a foreign currency exposure. The fund may also take active foreign currency positions by holding non-NZD cash and/or foreign currency derivatives. As at 30 June 2026, the fund's foreign currency exposure was 0.29%.

Key personnel

This shows the directors and employees who have the most impact on the investment decisions of the fund.

Name	Current position	Time in current position	Previous or other position	Time in previous or other position
John Cobb	Chair of the Investment Governance Committee and a Director	3 years 7 months	Chief Executive Officer, JBWere NZ	1 year 11 months
Michael Lang	Chief Executive and a Director	7 years 9 months	Chief Investment Officer, New Zealand Funds Management Limited	10 years 1 month
Mark Brooks	Chief Investment Officer and a Principal	2 years 4 months	Head of Income, New Zealand Funds Management Limited	16 years 3 months

Further information

You can also obtain this information, the PDS for the NZ Funds Active Series, and some additional information from the offer register at www.companiesoffice.govt.nz/disclose/.

Notes

1. The bar graph shows fund returns after the deduction of fees and tax; however, the market index returns are shown before any fees or tax are deducted.
2. Total performance based fees are paid with respect to certain related underlying funds managed by NZ Funds and are payable where performance of the underlying funds exceeds the hurdle rate. Details of the underlying funds to which a performance fee applies can be found in the PDS, along with details of the hurdle rate and the percentage amount of the performance fee applying to each underlying fund.
3. Targets indicate what are expected to apply over the course of an economic cycle and should be considered as general guidance only. NZ Funds is an active manager and may use investment strategies that differ materially from the targets.
4. The top 10 investments have been compiled using a balance sheet approach. This differs from the approach used in compiling the actual and target investment mixes, which include the impact of derivatives.

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