

Smartshares Exchange Traded Funds

Smartshares US Equities ESG ETF

Fund update for the quarter ended 31 March 2021

This fund update was first made publicly available on 3 May 2021.

What is the purpose of this update?

This document tells you how the Smartshares US Equities ESG 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

Invests in US shares and is designed to track the return (before tax, fees and other expenses) on the MSCI USA ESG Screened Index.

Total value of the fund: \$42,763,028

The date the fund started: 6 June 2019

What are the risks of investing?

Risk indicator for the Smartshares US Equities ESG ETF¹



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 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 March 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.

See the Product Disclosure Statement for the Smartshares Exchange Traded Funds – Specialist 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) | 32.86% |
| Annual return (after deductions for charges but before tax) | 34.64% |
| Market index annual return (reflects no deduction for charges and tax) | 34.61% |

The market index annual return is based on the annual return of the MSCI USA ESG Screened Index. Additional information about the market index is available in the 'Other Material Information' document on the offer register at disclose-register.companiesoffice.govt.nz.



What fees are investors charged?

Investors in the Smartshares US Equities ESG ETF are charged fund charges. These are as follows:

| | % per annum of fund's net asset value |
|--|---------------------------------------|
| Total fund charges | 0.34% |
| Which are made up of: | |
| Total management and administration charges | 0.34% |
| Including: | |
| Manager's basic fee | 0.33% |
| Other management and administration charges | 0.01% ² |

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 – Specialist 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.

The fees set out above include GST where applicable.

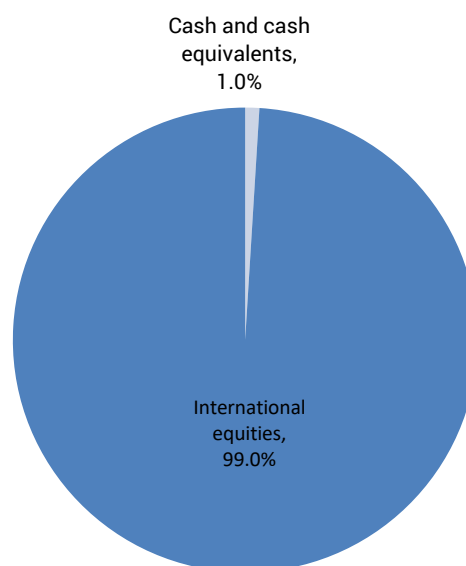
Example of how this applies to an investor

Tara had \$10,000 in the fund and did not make any further contributions. At the end of the year, Tara received a return after fund charges were deducted of \$3,286 (that is 32.86% of her initial \$10,000). This gives Tara a total return after tax of \$3,286 for the year.

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 | - |
| Australasian equities | - |
| International equities | 100.00% |
| Listed property | - |
| Unlisted property | - |
| Commodities | - |
| Other | - |



Top 10 investments³

| Name | % of fund's net asset value | Type | Country | Credit rating (if applicable) |
|---|-----------------------------|---------------------------|-------------|-------------------------------|
| iShares MSCI USA ESG Screened UCITS ETF | 99.83% | International equities | Ireland | |
| ANZ NZD Current Account | 0.99% | Cash and cash equivalents | New Zealand | AA- |

The top 10 investments make up 100.82% 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 | 5 years and 4 months | Corporate Governance Manager - ACC (current position) | 5 years and 11 months |
| Stuart Kenneth Reginald Millar | Chief Investment Officer - Smartshares | 1 year and 10 months | Head of Portfolio Management - ANZ Investments | 6 years and 4 months |
| Hugh Duncan Stevens | Chief Executive Officer - Smartshares | 3 years and 1 month | Chief Operating Officer - Implemented Investment Solutions Ltd | 2 years and 6 months |
| Alister John Williams | Director | 5 years and 4 months | Investment Manager - Trust Management | 6 years and 2 months |

Further information

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

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 3 years and 3 months of market index returns.
- 2 We charge fixed fund charges that cover normal fund operating costs. For disclosure purposes, supervisor, audit and legal costs are not included in the manager's basic fee, but are included in the other management and administration charges.
- 3 The top 10 investments listed in the table exclude current assets and current liabilities, and as a result do not sum to 100%.