

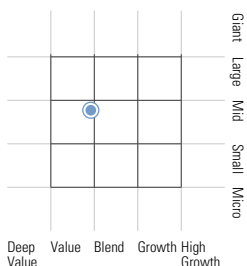
APN AREIT PIE Fund

24111

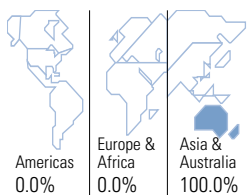


Morningstar Category Equity Region Australia	Category Index S&P/ASX All Ordinaries TR	Total Assets 5 Mil NZD	Inception Date 07/02/17	Domicile NZL	Currency NZD	Morningstar Rating —
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Equity Style Map



Equity Region Exposure



People

Michael Doble	02/17
Pete Morrissey	02/17
Total Named Managers	2

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Performance 31/05/18
											Performance 31/05/18 Growth of 10,000 Annualized NZD Value NZD Ret % Fund 10,319 2.73 Category 11,083 9.22 Index 10,749 6.38 ▼ Full Manager Change
											Morningstar Rating **** **** *** ** *
											Quartile Rank in Category 70
											Percentile Rank in Category -0.06 %
											Total Return NZD -0.97
											+/- Category +/- Index 0.84
											Process Equity Style Box Asset Allocation (Long Positions) Equity Fixed Interest Cash Other
											Equity Supersectors Defensive Sensitive Cyclical
											Price Expense Ratio (MER) — %

Investment team succession but sturdy foundations will keep this strategy on track.

Analyst View

Ross MacMillan
Senior Analyst



Morningstar Pillars

Process Page 2-3	⊕ Positive
Performance Page 4	⊕ Positive
People Page 5	⊕ Positive
Parent Page 6	⊙ Neutral
Price Page 7	⊙ Neutral

Role in Portfolio: Supporting

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold	Silver	Bronze	Neutral	Negative
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Jun 20, 2018 | APN AREIT PIE Fund is relatively new in the New Zealand market but is similar to the long-running Australian APN AREIT strategy, apart from a higher management fee and hedging into New Zealand dollars. We have a high level of conviction in APN AREIT, due to the sturdy foundations, which include a knowledgeable investment team and solid investment process, making it one of our preferred managers in this sector.

While longtime portfolio manager Michael Doble is the key decision-maker, a major succession transition is occurring within the investment team. On 1 July 2019, Doble will move to chief investment officer and comanager Pete Morrissey will become the strategy's sole portfolio manager. The transition follows a similar successful path undertaken when former lead Howard Brenchley (now an APN nonexecutive director) handed over the reins to Doble a decade ago. The strength of the team, combined with the repeatable investment process, makes us confident the solid stock selection and portfolio construction that we have previously observed at

APN will continue into the future.

The conservative process focuses on Australian property securities, which can achieve sustainable income streams through ownership of quality commercial property with substantial tenant profiles and long-term leases. The fundamental bottom-up value approach with a top-down macro overlay limits exposure to securities with foreign income while avoiding infrastructure and companies the manager believes only have a loose association with property. The team has a long-term mind-set, reflected in the low portfolio turnover.

The process results in a portfolio of around 30 stocks, with a structural underweighting to Westfield Corporation and Goodman Group and a material exposure to mid- and small-cap securities. We believe high-yielding property securities may face increasing headwinds in the medium term, but, for investors with a long horizon, the strategy is a solid option for those seeking an income-focused property manager with an active process.

APN AREIT PIE Fund

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Process: Approach

Morningstar Category
Equity Region Australia

Category Index
S&P/ASX All Ordinaries TR

Index Proxy
iShares S&P/ASX Small Ordinaries ETF

Ignores indexes and applies fundamental bottom-up research to build this portfolio.

Process Pillar + Positive

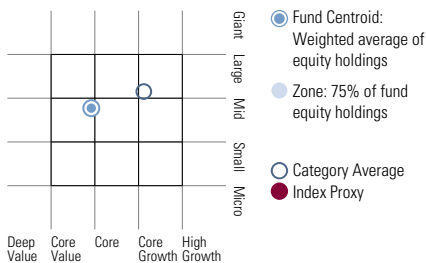
Jun 20, 2018 | The strategy sets out to deliver a high level of distributable income, with a gross annual yield in excess of 110.0% of the yield of the S&P/ASX200 AREIT Dividend Yield Index. Another key investment objective for the strategy is to achieve capital appreciation in line with the Consumer Price Index over five to seven years.

APN has a conservative approach to investing. At the individual stock level, the team considers management quality, gearing levels, and sources of income before valuing eligible stocks. Discounted cash flow models are used primarily to derive a net present value, while net asset value is also used. Stocks are ranked on yield and valuation, the foundation for the resulting portfolio. APN uses internally generated forecasts for its valuation models. The firm aims to limit exposure to stocks that generate significant earnings from corporate sources (20%-30%) and restricts the

total level of foreign assets in the portfolio. Stocks that don't meet APN's criteria that are key index components--such as Westfield Group--may be held at a reduced index weighting. Annual turnover is very low, keeping transaction costs to a minimum. APN AREIT is typically fully invested but can hold up to 10% in cash.

Equity Style 31/03/18

Holdings-Based Style Map

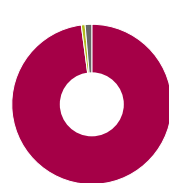


Equity Style Box Factors

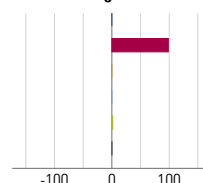
	Fund	3-Yr Avg	Category	Proxy
Market Cap				
Giant/Large	57.4	65.9	52.5	0.0
Mid	21.6	18.8	32.3	38.8
Small/Micro	21.0	15.4	15.2	61.2
Avg Market Cap Bil NZD	7.3	6.8	12.6	1.6
Value Measures				
Price/Prospect. Earnings	14.0	14.7	17.4	18.6
Price/Book	1.0	1.1	2.1	2.0
Price/Sales	6.1	6.4	2.2	1.5
Price/Cash Flow	14.0	14.3	10.7	11.2
Dividend Yield	6.3	5.7	5.2	4.1
Growth Measures				
Long-Term Earnings %	3.8	3.3	8.0	9.6
Historical Earnings %	26.0	22.6	5.9	7.7
Sales %	5.3	6.7	-0.4	-0.4
Cash Flow %	-7.8	-7.7	-2.2	-1.6
Book-Value %	8.1	6.5	1.7	3.1

Asset Allocation (Net Positions) 31/03/18

Current Allocation



3-Year Average



Assets %	Fund	3-Yr Avg	Category	Proxy
● Australasian Equity	0.0	0.0	0.0	0.0
● International Equity	97.9	98.5	0.0	0.0
● New Zealand Fixed Income	0.0	0.0	0.0	0.0
● International Fixed Income	0.0	0.0	0.0	0.0
● Cash	0.8	1.6	0.0	0.0
● Other	1.3	0.0	0.0	0.0

Region Exposure 31/03/18

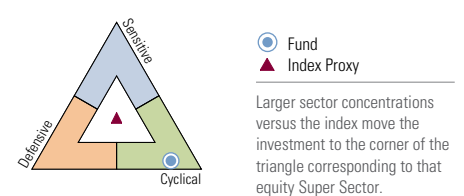
Market Type Equity %	Fund	3-Yr Avg	Category	Proxy
Developed	100.0	100.0	99.2	100.0
Emerging	0.0	0.0	0.8	0.0
Top 5 Countries Equity %				
Australia	100.0	100.0	75.4	92.6

Key Ratios 31/03/18

	Fund	3-Yr Avg	Category	Proxy
Net Margin %	67.5	67.4	19.4	15.5
ROA %	9.6	9.2	6.6	6.8
Debt/Total Capital %	30.8	31.9	35.2	24.6
ROE %	15.7	15.3	16.3	13.5

Sectors 31/03/18

Sector Delta



Equity Sectors	Fund	3-Yr Avg	Category	Proxy
Defensive	0.0	0.0	20.7	19.3
Consumer Defensive	0.0	0.0	8.1	11.6
Healthcare	0.0	0.0	8.6	7.2
Utilities	0.0	0.0	4.1	0.5
Sensitive	0.0	0.0	26.2	27.7
Communication Serv.	0.0	0.0	2.8	2.0
Energy	0.0	0.0	5.8	4.8
Industrials	0.0	0.0	9.2	9.6
Technology	0.0	0.0	8.3	11.2
Cyclical	100.0	100.0	53.1	53.1
Basic Materials	0.0	0.0	14.9	21.2
Consumer Cyclical	0.0	0.0	7.6	15.4
Financial Services	0.0	0.0	26.5	6.4
Real Estate	100.0	100.0	4.1	10.0

Economic Moat 31/03/18

	Fund	3-Yr Avg	Category	Proxy
Wide Moat	0.0	0.0	24.3	1.6
Narrow Moat	77.5	79.3	42.1	24.8
No Moat	22.5	20.7	33.6	73.7
Coverage Ratio	83.3	82.6	76.4	61.7

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Morningstar Analyst Rating
Silver

Process: Portfolio

Morningstar Category
Equity Region Australia

Category Index
S&P/ASX All Ordinaries TR

Index Proxy
iShares S&P/ASX Small Ordinaries ETF

Favours higher-yielding Australian listed property trusts with a material small-cap tilt.

Process Pillar + Positive

Jun 20, 2018 | APN AREIT typically prefers holding around 30 securities that have a main source of revenue in domestic rental income, rather than foreign or corporate earnings. As this strategy isn't beholden to an index, it has long maintained a substantial underweighting in overseas-focused Westfield and an overweighting in local

rent collectors such as Scentre Group and Vicinity Centres. The vanilla holdings reduce the level of risk from property development and overseas earnings but may increase sensitivity to the local economy and interest rates. The thirst for income results in a material small-cap tilt. The strategy historically has invested 10%-30% of its portfolio here, exceeding the index weighting. However, small-cap exposure gradually declined from 2011, falling from about 28% to about 7% in 2015 before rebounding to around 22% in early 2018. It remains to be seen whether this is a structural

trend in light of this strategy's increasing asset base. The lower small-cap weighting contributed to active share falling from around 46% in 2013 to about 31% in 2017, but this remains high compared with rivals. Portfolio turnover of less than 10% in 2016 and 2015 is remarkably low. APN continues to participate in selected small-cap property IPOs.

Similarity to Index Proxy 31/03/18

Index Proxy Overlap		Number of Equity Holdings		Top Five Index Holdings		Fund %		Proxy %		Top Five Index Sectors		Fund %		Proxy %	
Fund	0	Reliance Worldwide Corp Ltd	—	2.04	Basic Materials	0.00	21.19								
Index Proxy	199	WorleyParsons Ltd	—	1.81	Consumer Cyclical	0.00	15.43								
Fund Overlap With Index Proxy		Beach Energy Ltd	—	1.58	Consumer Defensive	0.00	11.61								
Holdings Overlap	0	Sims Metal Management Ltd	—	1.50	Technology	0.00	11.21								
Asset Overlap	0.0%	Costa Group Holdings Ltd	—	1.49	Real Estate	100.00	10.00								

Portfolio Holdings 31/03/18

Previous Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	Assets in Top 10 Holdings	Turnover Ratio (Reported)
28/02/18	0	0	3	98%	—

Top 10 Equity Holdings	Country	Assets % 31/03/18	Assets % 28/02/18	Index % 31/03/18	Days Trading	Morningstar Rating for Stocks	Economic Moat	Sector	1-Yr Total Ret % (NZD)
Change since previous portfolio: + Increase - Decrease * New									

APN AREIT PIE Fund

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Performance

Morningstar Category
Equity Region Australia

Category Index
S&P/ASX All Ordinaries TR

The longer-running Australian version of APN AREIT has outshone most peers since it commenced.

Performance Pillar + Positive

Jun 20, 2018 | APN AREIT PIE Fund only launched in March 2017. But the Australian version of APN AREIT has handily surpassed the index and most peers when measured since its inception in February 2009 to 30 May 2018, despite some blips. The structural underweighting to Westfield has often played a major role in this strategy's relat-

ive returns. This strategy outperformed the benchmark in 2010-11. However, the fund lagged most peers during the market's strong rise in 2012, which is to be expected given the more conservative process employed. In contrast, this strategy outpaced the benchmark in 2013. This was largely attributable to the underweighting to Westfield, with Challenger Diversified and Investa Office also faring relatively well. Underweightings in Australand, GPT, and Commonwealth Office Trust were the most obvious detractors during that period. APN fell behind a rapidly ascending mar-

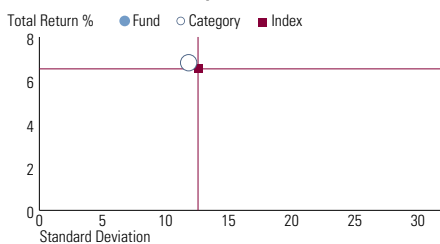
ket in 2014. The comparably small weighting in Westfield hurt as investors favoured its overseas earnings in the face of a depreciating Australian dollar. In contrast, Astro Japan, Abacus Property, and the underweighting in Mirvac fared better. The strategy outperformed the index and peers, in 2015 and 2016, largely thanks to the underperformance of Westfield, strong performance from rent-collecting stocks favoured by APN, and solid results from small-cap holdings. The impact of the Westfield takeover bid by Unibail-Rodamco contributed to the strategy underperforming in 2017.

Morningstar Rating and Risk 31/05/18

Period	Total Ret %	Morningstar Ret vs Cat	Morningstar Risk vs Cat	Morningstar Rating
3 Years	—	—	—	—
5 Years	—	—	—	—
10 Years	—	—	—	—
Overall Morningstar Rating	—			

Risk Analysis 31/05/18

3-Year Return and Risk Analysis



3-Year Risk Measures

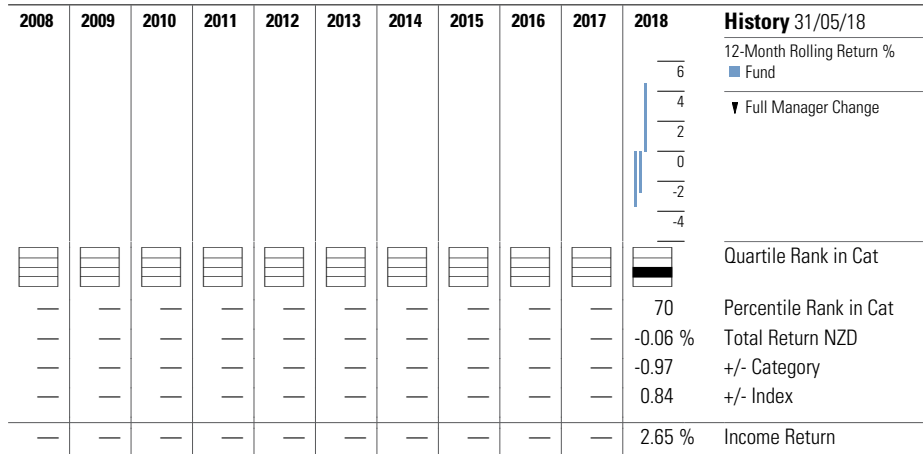
	Fund	Category	Index
Standard Deviation	—	11.83	12.58
Sharpe Ratio	—	0.47	—
R-Squared	—	—	—
Beta	—	—	—
Alpha	—	—	—

Max Drawdown 01/04/17 to 31/05/18

	Fund	Category	Index
Max Drawdown (%)	-6.74	-4.70	-3.69
Peak Date	01/18	01/18	01/18
Valley Date	03/18	03/18	03/18
Max Drawdown (Months)	3	3	3

Upside/Downside 01/04/17 to 31/05/18

	Fund	Category	Index
Upside Capture Ratio	51.58	77.74	100.00
Downside Capture Ratio	56.19	51.73	100.00



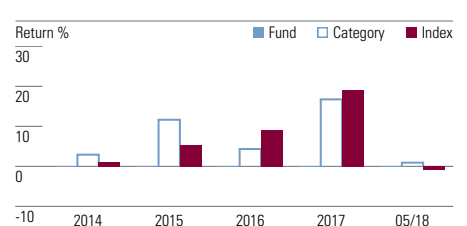
Returns 31/05/18

	Total Ret %	Investor Ret %	% Rank in Cat	Cat Ret %	Index Ret %
1 Year	4.56	-1.11	100	13.57	13.90
3 Years	—	—	—	6.81	6.53
5 Years	—	—	—	6.22	6.72
10 Years	—	—	—	5.20	3.78
Tenure 02/17	4.29	—	—	13.82	13.54
Inception 02/17	4.29	—	—	13.82	13.54

Rolling Return Summary

0%	36-Month Rolling Periods 0 Observations, 0 Years The shading and percentages correspond to how often the fund returns landed in each category quartile.
0	
0	
0	

Calendar Year Returns



Year	Fund %	Category	Index %
2014	—	2.92	1.16
2015	—	11.64	5.34
2016	—	4.33	9.09
2017	—	16.74	19.11
05/18	-0.06	0.91	-0.90

APN AREIT PIE Fund

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People

Morningstar Category
Equity Region Australia

Category Index
S&P/ASX All Ordinaries TR

A large team under transition.

People Pillar

+ Positive

Jun 20, 2018 | Michael Doble is the chief executive officer of real estate securities and portfolio manager of APN AREIT. Doble has more than 25 years' experience and is someone we hold in high regard. He is currently lead manager on this strategy, although portfolio manager Peter Morrissey is also influential and long-tenured. Morris-

sey joined APN in 2006 from Lonsec, where he worked as an analyst. On 1 July 2019, Doble will move to the chief investment officer role and Morrissey will become portfolio manager. During 2014, there was a period of investment team turnover, with longtime portfolio manager Damian Diamantopoulos resigning, Steve Chai being promoted to portfolio manager, and analyst Mark Mazzarella being hired (previously a property market consultant at Ernst & Young). On 1 January 2018, Mazzarella was appointed assistant portfolio manager of APN AREIT. However, in early

2016, Chai departed the firm and was replaced by Matthew Coleman. Patrick O'Reilly joined APN in 2017, after previously working at Pitcher Partners as an investment advisor.

The incentive remuneration pool is closely tied to the real estate securities business unit, as opposed to the overall APN Group. In 2014, the performance remuneration criteria were split between whether a fund meets its objectives (60%), notably in attaining an above-market yield and lower volatility, and more-subjective criteria (40%).

Management Team

Number of Managers	Longest Tenure
2	1.33 Years

Advisor

APN Funds Management Ltd

Subadvisor (0 of 0)

Michael Doble 02/17 to Present

Years of Experience	Current Funds Managed	Fund AUM
32	2	1,351 Mil NZD

Largest Funds Managed

	Tenure Dates	Role	Net Assets Mil NZD	Portfolio Turnover %	Tenure Ret %	Index Ret %
APN AREIT Fund	01/09-to Present	1 of 2	1,345	9	14.04	12.00
APN AREIT PIE Fund	02/17-to Present	1 of 2	5	—	4.29	11.05

Pete Morrissey 02/17 to Present

Years of Experience	Current Funds Managed	Fund AUM
22	4	1,542 Mil NZD

Largest Funds Managed

	Tenure Dates	Role	Net Assets Mil NZD	Portfolio Turnover %	Tenure Ret %	Index Ret %
APN AREIT Fund	01/09-to Present	1 of 2	1,345	9	14.04	12.00
APN - Property for Income Fund	05/14-to Present	Lead	142	19	11.71	12.48
APN Property for Income Fund No. 2	06/05-to Present	Lead	49	19	3.25	4.08
APN AREIT PIE Fund	02/17-to Present	1 of 2	5	—	4.29	11.05

APN AREIT PIE Fund

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Parent

Morningstar Category
Equity Region Australia

Category Index
S&P/ASX All Ordinaries TR

APN has offered a wide product range over the years.

Parent Pillar ● Neutral

Jun 18, 2018 | APN's listed property funds team is a REIT specialist within ASX-listed property investment manager, APN Property Group. APN was founded in 1996 with the first listed property fund, APN Property for Income Fund, launched in 1998. APN has a range of products, including some direct property vehicles that were closed or

terminated after the 2008 financial crisis. The REIT team has launched several successful funds, including the APN AREIT fund in January 2009, an Asian REIT fund, which began in July 2011 and launched publicly in 2013, and has made its AREIT capability available to clients in New Zealand and Asia.

The investment team has been relatively stable, and sporadic turnover has been handled well. Business founder Howard Brenchley remains a non-executive director since he handed portfolio management duties to Michael Doble

over a decade ago. In 2019, Doble will become the Chief Investment Officer and hand over portfolio management duties to Peter Morrissey who also boasts a decade of tenure, backed by a large and experienced team.

In late 2013, APN linked employee incentive payments more closely to the REIT business unit, as opposed to the overall APN Group. It revised the remuneration structure in 2014. Senior staff also hold equity stakes in the ASX-listed parent company. These measures help with retention and alignment.

Fund Family Details

Largest Funds	Category Name	Net Assets Mil NZD	Morningstar Rating Overall	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
APN AREIT	Equity Australia Real Estate	1,212.9	★★★★★	7.45	47	8.63	38	Below Avg
APN WS Plus AREIT	Equity Australia Real Estate	201.9	★★★★★	7.65	40	—	—	Low
APN Property for Income	Equity Australia Real Estate	130.9	★★★★★	8.15	22	8.61	40	Avg
APN Property for Income No. 2	Equity Australia Real Estate	45.1	★★★★★	8.22	20	8.71	35	Avg
CFS FC-APN Wholesale AREIT	Equity Australia Real Estate	22.0	★★★	6.21	80	7.92	66	Below Avg

Best Performing Funds	Category Name	Net Assets Mil NZD	Morningstar Rating Overall	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
APN Property for Income No. 2	Equity Australia Real Estate	45.1	★★★★★	8.22	20	8.71	35	Avg
APN Property for Income	Equity Australia Real Estate	130.9	★★★★★	8.15	22	8.61	40	Avg
APN WS Plus AREIT	Equity Australia Real Estate	201.9	★★★★★	7.65	40	—	—	Low
APN AREIT	Equity Australia Real Estate	1,212.9	★★★★★	7.45	47	8.63	38	Below Avg
BT WE APN AREIT	Equity Australia Real Estate	7.2	★★	6.31	78	7.41	74	Above Avg

Worst Performing Funds	Category Name	Net Assets Mil NZD	Morningstar Rating Overall	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
CFS FC-APN Wholesale AREIT	Equity Australia Real Estate	22.0	★★★	6.21	80	7.92	66	Below Avg
BT WE APN AREIT	Equity Australia Real Estate	7.2	★★	6.31	78	7.41	74	Above Avg
APN AREIT	Equity Australia Real Estate	1,212.9	★★★★★	7.45	47	8.63	38	Below Avg
APN WS Plus AREIT	Equity Australia Real Estate	201.9	★★★★★	7.65	40	—	—	Low
APN Property for Income	Equity Australia Real Estate	130.9	★★★★★	8.15	22	8.61	40	Avg

Top Analyst Rated Funds	Category Name	Net Assets Mil NZD	Morningstar Analyst Rating	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
APN AREIT	Equity Australia Real Estate	1,212.9	Silver	7.45	47	8.63	38	Below Avg
APN AREIT PIE Fund	Equity Region Australia	5.5	Silver	—	—	—	—	—

Most Recent Fund Launches	Category Name	Net Assets Mil NZD	Inception Date	Total Return % Since Inception	MER	Fee Level
APN AREIT PIE Fund	Equity Region Australia	5.5	2017-02-07	4.29	1.10	—
APN WS Plus AREIT	Equity Australia Real Estate	201.9	2014-11-03	8.52	—	Low
APN Asian REIT	Equity World Other	22.0	2011-07-19	10.08	—	—
BT WE APN AREIT	Equity Australia Real Estate	7.2	2009-11-02	—	—	Above Avg
APN AREIT	Equity Australia Real Estate	1,212.9	2009-01-19	12.38	—	Below Avg

APN AREIT PIE Fund

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Price

Morningstar Category
Equity Region Australia

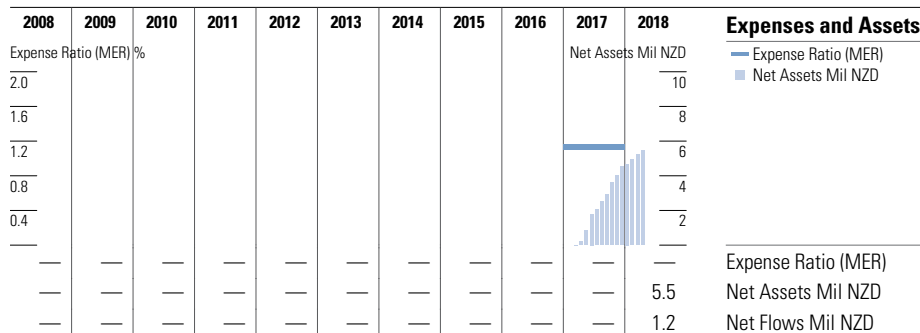
Category Index
S&P/ASX All Ordinaries TR

Management fee in line with peers.

Price Pillar

● Neutral

Jun 20, 2018 | APN charges 1.1% for the New Zealand PIE version of APN AREIT. This is considerably more expensive than the 0.85% fee for the longer-running Australian vehicle but about on par with rival New Zealand property funds. Investors will need to weigh up whether the additional fee for the PIE vehicle is worth it for the currency hedging and the tax simplification that comes from the dedicated PIE vehicle.



Expense Breakdown

Management Expense Ratio (MER)	
Annual Report 31/03/17	1.10
Performance Fee	
Actual Performance Fee	N. Ap
Hurdle	N. Ap
High Watermark	N. Ap
Selected Components	
Max Management	1.10
Tax Cost Ratio (3-Year)	—

Fee Level

Fee Level	Peer Group
—	—
Fee Level Breakpoints	
High	>0.00
Above Average	0.00-0.00
Average	0.00-0.00
Below Average	0.00-0.00
Low	<0.00
◀ Fund	—
◀ Peer Median	—

Share Class Information Largest 1 of 1

Share Class	APIR	Category Name	Fee Level	MER	Fees (Max) — Mgmt Admin	Minimum Initial Inv	Assets Mil NZD	1-Yr Flow Mil NZD
APN AREIT PIE Fund	—	Equity Region Australia	—	1.10	1.10 —	1,000	5.46	5.33

Morningstar Global Fund Report Disclosure

Currency

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- the filters and research methodology applied, and
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