Futurity Investment Group Limited (formerly known as Australian Scholarships Group Friendly Society Limited)

ASG Supporting Children's Education

Pathway Education Fund (New Zealand)

Fund update for the quarter ended: 31 December 2020

This fund update was first made publicly available on 22 February 2021.

What is the purpose of this update?

This document tells you how the Pathway Education Fund (New Zealand) has performed and what fees were charged. The document will help you to compare the Fund with other funds. Futurity Investment Group Limited (formerly known as Australian Scholarships Group Friendly Society Limited) (ASG) 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 Pathway Education Fund (New Zealand) is a versatile plan for any stage of your child's education journey. It provides the flexibility for you to determine how much you contribute, how often, and when your benefits will be paid for your child's education. Benefits can be used to help with education expenses across primary school (including preschool), secondary school and a wide range of post-secondary and vocational training courses.

The investment strategy for the Fund is to provide long term returns in excess of inflation by using a range of investment funds managed by professional fund managers to achieve a conservative balanced risk profile.

Total value of the fund[1]:	$ 3,150,606
The date the fund started:	21 July 2017

What are the risks of investing?

Risk indicator for the Pathway Education Fund (New Zealand).

*As the Fund has not been operating for 5 years, market index returns have been used rather than the Fund's actual returns to calculate the risk indicator (for five years to 30 June 2020). As a result of these returns being used, the risk indicator may provide a less reliable indicator of the potential volatility of the Fund.

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. 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?

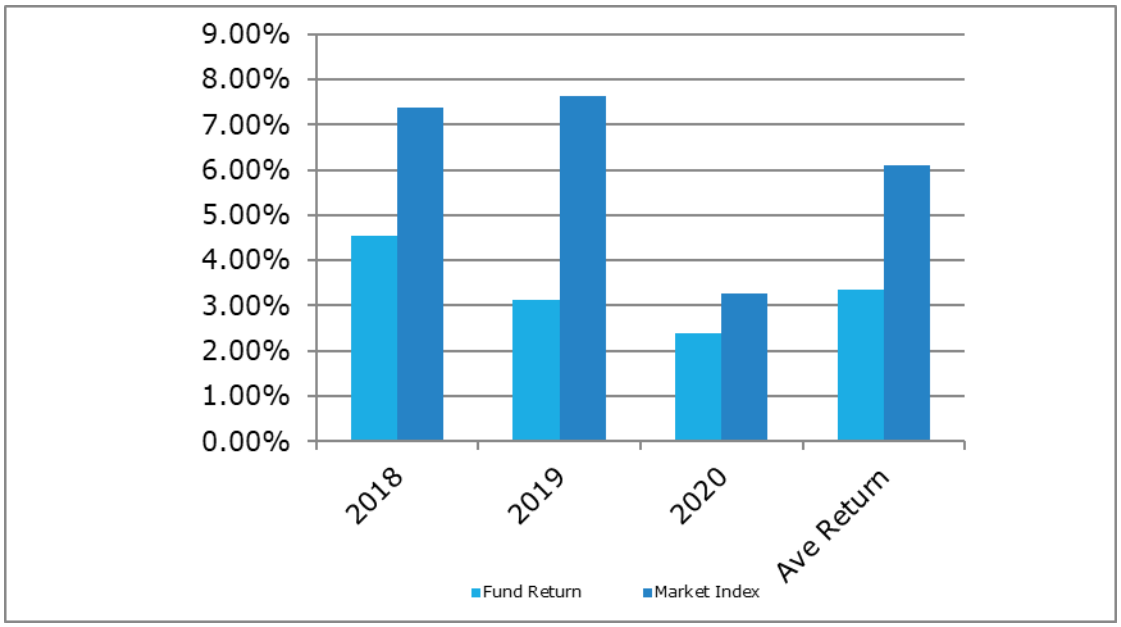
	Average over past 5 years	Past year to 30 June 2020
Annual return (after deduction for charges and tax)	N/A	2.38%
Annual return (after deductions for charges but before tax)	N/A	3.40%
Market index annual return[2]	5.75%	3.27%

(reflects no deduction for charges and tax)		

The market index return reflects the benchmark index returns for the relevant period prior to any deduction for charges and taxes. As this is a multimanager fund, the benchmark index is a blended index customised to assess the underlying performance of the investment managers and the fund itself. The Statement of Investment Policy and Objectives (SIPO) can be accessed on the register at companiesoffice.govt.nz/disclose

The tax rate for the Fund is 30 per cent, which is reflected in the annual returns shown for the Fund, however it should be noted that the value of the tax paid by the Fund is recouped at the time that Scholarship payments are made to eligible beneficiaries. As such, the annual returns when stated will potentially understate the actual returns that will be ultimately payable to eligible beneficiaries. Please refer to the Product Disclosure Statement for further information.

Annual return graph



This shows the return after fund charges and tax for each year ending 30 June since the fund started. The last bar shows the average annual return since the fund started, up to 30 June 2020. **Important:** This does not tell you how the Fund will perform in the future.

What fees are investors charged?

Investors in the Pathway Education Fund (New Zealand) are charged fund charges. In the year to 31 December 2020, these were:

	% of net asset value
Total annual fund charges	1.66%
Which are made up of:	
Total management and administration charges	1.66%
Including:	
Manager's basic fee	1.30%
Total performance-based fees	0.00%
Other management and administration charges	0.36%*[3]
Other charges	$ amount per investor
Enrolment fee (one off fee on joining ASG)	$89.00
Administration fee	$60.00

*This amount is an estimate.

It is not possible to provide actual dollar values for the 'Total management and administration charges' as these fees are calculated over the entire portfolio given the structure of the product, rather than on an individual basis. Furthermore, the 'other management and administration charges' are deducted by the underlying investment manager before the earnings are paid to ASG. 'Other charges' however are charged individually to investors. Investors may also be charged individual action fees for specific actions or

decisions (for example, for withdrawing from funds). See the Product Disclosure Statement (PDS) for more information about those fees.

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

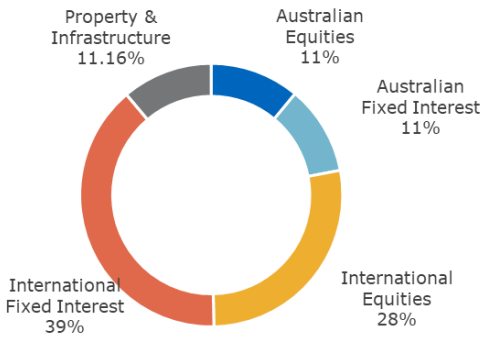
Example of how this applies to an investor

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's Member Account was credited with a declared bonus, of $238 (that is 2.38 per cent of his initial $10,000). Jason also paid $60 in other charges. This gives Jason a total profit before tax of $178 for the year. Please refer to the Product Disclosure Statement (PDS) for further information.

What does this fund invest in?[4]

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

Actual investment mix at 31 December 2020:



Target investment mix[5]

	Target	Range
Cash & Cash Equivalents	15%	0% – 100%
International Fixed Interest	27.5%	0% – 70%
Australian Fixed Interest	12.5%	0% - 70%
Australian Equities	12%	0% – 40%
International Equities	30%	0% – 40%
Property and Infrastructure	3%	0% – 20%

Top 10 investments

Asset Name	% of Net Assets	Type[5]
NZ Term Deposits	18.31%	International Fixed Interest
Russell Global Bond Fund hedged to NZD	20.87%	International Fixed Interest
Charter Hall Direct Office Fund	11.16%	Property and Infrastructure
JANA Tailored Fixed Interest Trust	10.96%	Australian Fixed Interest
Vanguard International Shares Select Exclusions Index Fund - AUD Unhedged	9.94%	International Equities
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged	11.28%	International Equities
JANA Core Australian Share Trust	4.96%	Australian Equities
MFS Emerging Markets	3.91%	Australian Equities
JANA High Alpha Australian Share Trust	4.14%	International Equities
Lazard Listed Global Infrastructure	2.56%	International Equities

Currency hedging

The current investments in the Fund contain a mixture of hedged and unhedged assets to the New Zealand Dollar. Please refer to the Statement of Investment Policy and Objectives for more information.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the Fund as at 31 December 2020.

Name	Current position	Time in current position	Other current position	Time in other current position
Ross Higgins	Chief Executive Officer	2 years	-	-
Peter Taubman	Head of Investments	12 years and 1 month	-	-
Craig Dunstan	ASG chairman	5 years 3 months	Investment Committee member (current)	10 years and 8 months
Jacqueline Jennings	Chair of the Investment Committee	5 years and 2 months	Non-executive director (current)	8 years and 9 months
Tony Brain	Investment Committee member	3 years and 2 months	Non-executive director (current)	5 years

Further information

You can also obtain this information, the Product Disclosure Statement (PDS) for Pathway Education Fund (New Zealand), and some additional information from the offer register at companiesoffice.govt.nz/disclose

Notes

1. Both the Pathway Education Fund (New Zealand) (OFR12057) and the Lifelong Education Fund (New Zealand) (OFR12088) are offers under the Pathway Education Fund (New Zealand) managed fund investment scheme (SCH12055). The total value of the fund figure represents the total value in the scheme across both offers.
2. The market index return reflects the benchmark index for the relevant period. The market index returns are based on a composite of market index returns and are provided as a gross value prior to any charges or taxes being deducted.
3. This investment management cost is an estimate only and can vary from 0.00% to 0.50% p.a. depending upon the investment managers in place at any time.
4. The 'Target investment mix' table displays the investment types and the ranges as prescribed by the Rules of the Fund. The 'Target' column details the asset mix ASG's appointed actuary adopts as their long term asset mix for the purposes of calculating and setting projections for the Fund's long term growth. The 'Actual investment mix' pie chart displays the actual investment mix of asset types as at 31 December 2020.
5. For further information on each of the asset classes refer to the SIPO.

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