

FUND UPDATE

Quarter ending 30 September 2020
First made publicly available on 29 October 2020

Fund name
First Mortgage Trust Group Investment Fund

Registered scheme
First Mortgage Trust Group Investment Fund

What is the purpose of this update?

This document tells you how the First Mortgage Trust Group Investment Fund ("FMT GIF") has performed and what fees were charged. The document will help you to compare the fund with other funds. First Mortgage Managers Limited ("Manager") prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

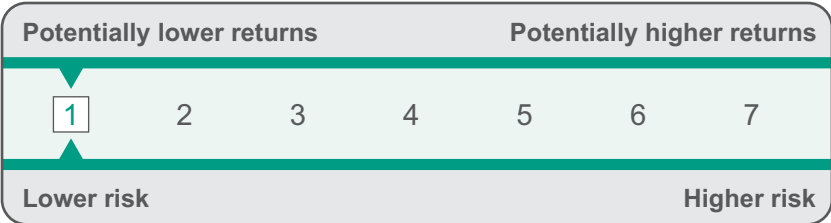
Description of this fund

The FMT GIF invests in loans secured by registered first mortgages over land and buildings and cash deposits with registered banks. The investment objective is to provide investors with an income return at a level better than bank deposits and competitive with comparable investment products.

| | |
|---------------------------|---------------|
| Total value of the fund | \$972,044,561 |
| The date the Fund started | 31 March 2001 |

What are the risks of investing?

Risk indicator for the FMT GIF.



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the FMT GIF's assets goes up and down (volatility). 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 the 5 year period ending 30 September 2020. 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.



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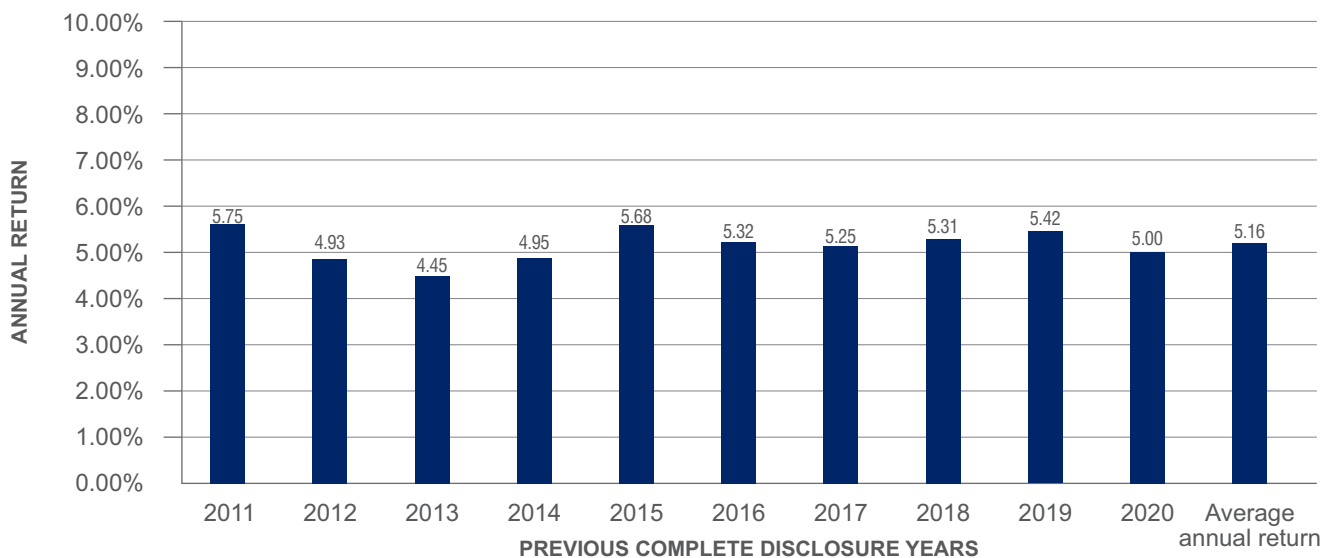
How has the fund performed?

| | Average over past 5 years | Past year |
|--|---------------------------|-----------|
| Annual return * (after deductions for charges <i>and</i> tax) | 5.20% | 4.89% |
| Annual return (after deductions for charges but <i>before</i> tax) | 5.20% | 4.89% |

* The FMT GIF does not pay tax on investor income, it does however deduct withholding tax from individual investor returns at their elected withholding tax rate. See the PDS for more information on tax.

There is no appropriate comparative market index and no suitable comparable peer group index for the FMT GIF against which to assess either movements in the market in relation to the returns from the assets in which the FMT GIF invests or the performance of the FMT GIF as a whole. For further information see the document entitled "No Market or Peer Group Indices" available on the offer register.

Annual return graph



This shows the return after fund charges and tax for each year ending 31 March 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 September 2020.

Important: This does not tell you how the fund will perform in the future.

What fees are investors charged?

Investors in the FMT GIF are charged fund charges. In the year to 31 March 2020 these were:

| | % of net asset value |
|--|----------------------|
| (A) Total Fund charges = B + C Which are made up of - | 1.66% |
| (B) Total management and administration charges = E + F Including- | 1.66% |
| (E) Manager's basic fee | 1.53% |
| (F) Other management and administration charges | 0.13% |
| (C) Total performance-based fees | Nil |
| (D) Other Charges | Nil |

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). The above fees are inclusive of GST and represent the actual fees charged for the year. This differs from the PDS which shows the estimated annual fees. See the PDS for more information about those fees.

Example of how this applies to an investor.

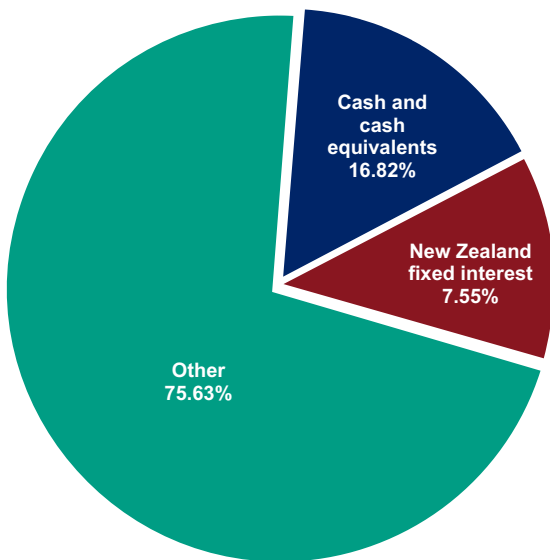
Small differences in fees and charges can have a big impact on your investment over the long term.

Jane 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, Jane received a return after fund charges were deducted of \$489 (that is 4.89% of her initial \$10,000). This gives Jane a total return after tax of \$489 for the year before the deduction of withholding tax at her elected withholding tax rate.

What does the fund invest in?

Actual investment mix as at 30 September 2020

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



Target investment mix

| Asset type | Target allocation |
|---------------------------|-------------------|
| Cash and cash equivalents | 7.5 - 20% |
| Other | 80 - 92.5% |

Cash and cash equivalents are deposits on call with New Zealand registered banks.

New Zealand fixed interest are term deposits with New Zealand registered banks.

Other assets are loans secured by registered first mortgages over land and buildings in New Zealand.

Top 10 investments

| Name | Percentage of fund net assets | Type | Country | Credit rating (if applicable) |
|---|-------------------------------|---------------------------|-------------|-------------------------------|
| 1 ANZ Bank - Call 71 | 14.33% | Cash and cash equivalents | New Zealand | AA- |
| 2 Loan secured over residential property in Canterbury | 1.39% | Other | New Zealand | Unrated |
| 3 Loan secured over commercial property in Auckland | 1.17% | Other | New Zealand | Unrated |
| 4 Loan secured over commercial property in Hawke's Bay | 1.13% | Other | New Zealand | Unrated |
| 5 Loan secured over residential property in Auckland | 1.04% | Other | New Zealand | Unrated |
| 6 Loan secured over residential property in Auckland | 0.98% | Other | New Zealand | Unrated |
| 7 Loan secured over residential property in Auckland | 0.97% | Other | New Zealand | Unrated |
| 8 Loan secured over rural property in Bay of Plenty | 0.96% | Other | New Zealand | Unrated |
| 9 Loan secured over residential property in Bay of Plenty | 0.80% | Other | New Zealand | Unrated |
| 10 Loan secured over residential property in Waikato | 0.78% | Other | New Zealand | Unrated |

The total value of the 10 individual assets as a percentage of the net asset value of the fund is 23.55%.

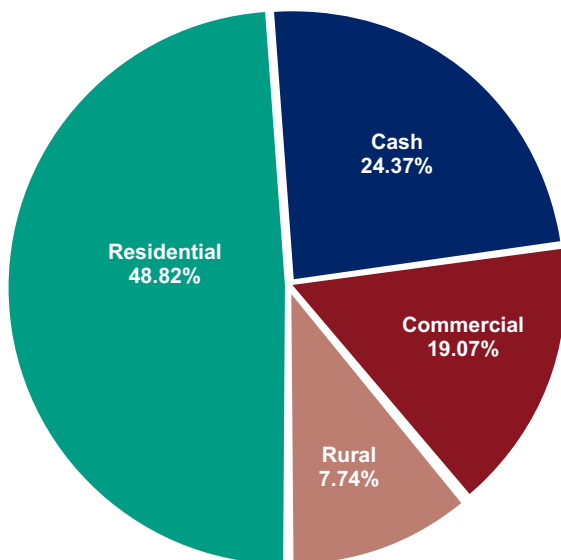
Key personnel

| Name | Current position | Time in current position | Previous position | Time in previous position |
|------------------|---------------------------------|--------------------------|---------------------------------------|---------------------------|
| 1 Tony Kinzett | Chief Executive Officer | 14 years and 7 months | General Manager, Nationwide Finance | 3 years and 6 months |
| 2 Roger Ford | Financial Controller | 8 years and 0 months | Finance Manager, Stoney Creek Limited | 1 year and 0 months |
| 3 Rachel Bush | Operations Manager | 3 years and 4 months | Valuer, Telfer Young | 11 months |
| 4 Michael Smith | Director (Investment Committee) | 6 years and 0 months | | |
| 5 Shane Marshall | Director (Investment Committee) | 21 years and 9 months | | |

Additional information*

Actual investment mix with secured property proportions as at 30 September 2020

This shows the types of assets that the fund invests in, where secured loan asset types (residential, commercial, and rural) are shown as a percentage of total assets



Asset types:

Residential - secured loans for which the principal secured property is residential property

Commercial - secured loans for which the principal secured property is commercial property

Rural - secured loans for which the principal secured property is rural property

Cash - cash and cash equivalents, and New Zealand fixed interest, with registered banks ¹

¹ The cash holding is currently above the target investment mix.

* The Manager has prepared this additional information in accordance with the Financial Markets Conduct (Managed Funds - Loan Disclosure Requirements) Exemption Notice 2019.

Composition of secured loans as at 30 September 2020

This table shows the composition of the secured loans expressed as a percentage of the total loans according to each geographical region and, within each geographical region, shows the proportion of secured loans according to asset types.

| List of regions | | Percentage by geographic region | Proportion by asset type: Residential | Proportion by asset type: Commercial | Proportion by asset type: Rural |
|-----------------|-------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------|
| 1 | Northland | 0.17% | 0.04% | 0.07% | 0.06% |
| 2 | Auckland | 57.43% | 43.43% | 10.07% | 3.93% |
| 3 | Waikato | 7.42% | 3.80% | 2.13% | 1.49% |
| 4 | Bay of Plenty | 12.87% | 7.66% | 2.20% | 3.01% |
| 5 | Gisborne | 0.00% | 0.00% | 0.00% | 0.00% |
| 6 | Hawke's Bay | 1.94% | 0.10% | 1.84% | 0.00% |
| 7 | Taranaki | 0.12% | 0.12% | 0.00% | 0.00% |
| 8 | Manawatu-Wanganui | 1.25% | 0.32% | 0.90% | 0.03% |
| 9 | Wellington | 5.65% | 1.43% | 4.04% | 0.18% |
| 10 | Tasman | 0.02% | 0.02% | 0.00% | 0.00% |
| 11 | Nelson | 0.05% | 0.05% | 0.00% | 0.00% |
| 12 | Marlborough | 0.08% | 0.08% | 0.00% | 0.00% |
| 13 | West Coast | 0.00% | 0.00% | 0.00% | 0.00% |
| 14 | Canterbury | 10.23% | 5.75% | 3.50% | 0.98% |
| 15 | Otago | 2.54% | 1.52% | 0.47% | 0.55% |
| 16 | Southland | 0.23% | 0.23% | 0.00% | 0.00% |

There were two impaired secured loans at the time this fund update was prepared. The below table shows the composition of the impaired secured loans expressed as a percentage of the total loans according to each geographical region and, within each geographical region, shows the proportion of impaired secured loans according to asset types.

| Region | Percentage by geographic region | Proportion by asset type: Residential | Proportion by asset type: Commercial | Proportion by asset type: Rural |
|-------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------|
| Hawke's Bay | 1.75% | 0.00% | 1.75% | 0.00% |

Secured loans are allocated an asset type based on the zoning of the principal secured property (by value) that is set in the local council's district plan.

Maximum loan to value ratios for each type of secured loan as at 30 September 2020

| Loans secured (or principally secured) by mortgage over residential property | Loans secured (or principally secured) by mortgage over commercial property | Loans secured (or principally secured) by mortgage over rural property |
|--|---|--|
| Fee simple land and buildings: up to 75% LVR | Fee simple land and buildings: up to 66.7% LVR | Fee simple land and buildings: up to 60% LVR |
| Land with power, water, sewage and associated services ("Services") completed: up to 70% LVR | | Land used for dairy farming (fee simple): up to 66.67% LVR |
| Leasehold land: up to 50% LVR | Leasehold land: up to 50% LVR | Leasehold land: up to 50% LVR |
| Vacant land which does not have Services: up to 50% LVR | Vacant land which does not have Services: up to 50% LVR | Vacant land: up to 50% LVR |

Note: LVR means loan-to-value ratio. LVR shows the amount of a loan as a percentage of the value of the property that secures the loan. The lower the LVR, the lower the amount of the loan relative to the value of the secured property.

Further information

You can also obtain this information, the PDS for the FMT GIF and some additional information from the offer register at <https://disclose-register.companiesoffice.govt.nz>



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