

FUND UPDATE

Quarter ending 31 March 2019
First made publicly available on 1 May 2019

Fund name
First Mortgage PIE Trust

Registered scheme
First Mortgage PIE Trust

What is the purpose of this update?

This document tells you how the First Mortgage PIE Trust ("PIE Trust") 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.

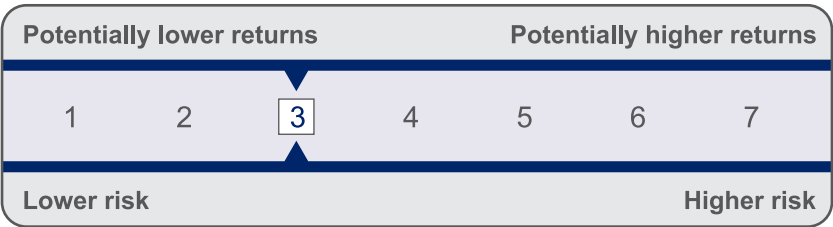
Description of this fund

The PIE Trust invests in a pooled investment vehicle called the First Mortgage Trust Group Investment Fund ("FMT GIF") which invests in a portfolio of loans secured by registered first mortgages over land and buildings in New Zealand and bank deposits. The investment objective is to provide investors with an income return at a level normally better than bank deposits and competitive with comparable investment products.

Total value of the fund	\$249,020,279
The date the Fund started	1 January 2008

What are the risks of investing?

Risk indicator for the PIE Trust.



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the PIE Trust'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.

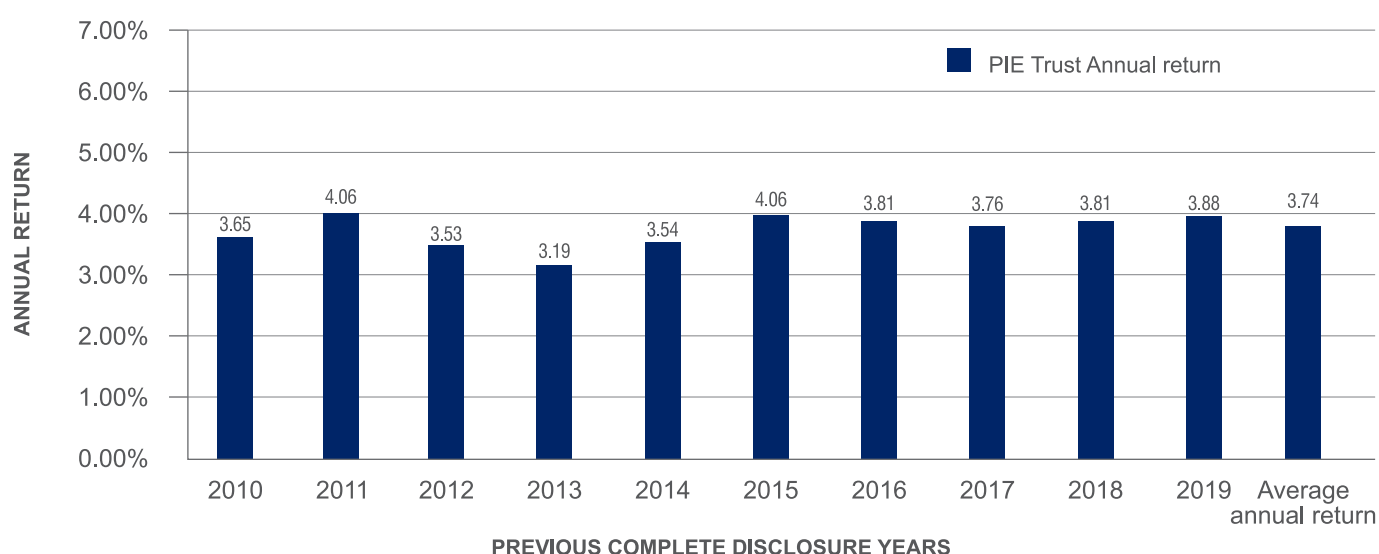
This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the 5 year period ending 31 March 2019. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future 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 <i>and</i> tax)	3.86%	3.88%
Annual return (after deductions for charges but <i>before</i> tax)	5.40%	5.42%

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



The above graph 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 31 March 2019.

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 PIE Trust are charged fund charges. In the year to 31 March 2019 these were:

	% of net asset value
(A) Total Fund charges = B + C Which are made up of -	1.65%
(B) Total management and administration charges = E + F Including-	1.65%
(E) Manager's basic fee	1.52%
(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.

Examples of how this applies to an investor.

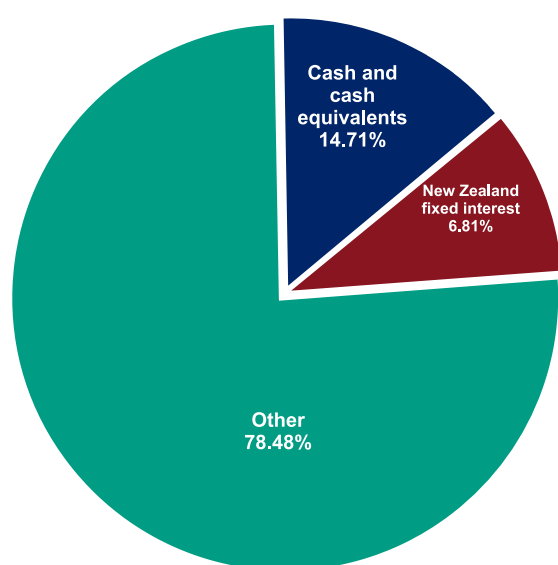
Small differences in fees and charges can have a big impact on your investment over the long term.

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 \$388 (that is 3.88% of her initial \$10,000). Jane paid no other charges. This gives Jane a total return after tax of \$388 for the year.

What does the fund invest in?

The PIE Trust invests solely in FMT GIF and this graph shows the types of assets that the FMT GIF invests in.

Actual investment mix as at 31 March 2019



Target investment mix as at 31 March 2019

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 mortgage loans secured by registered first mortgages over land and buildings in New Zealand.

Top 10 investments in the FMT GIF

Name	Percentage of fund net assets	Type	Country	Credit rating (if applicable)
1 ANZ Bank - Call 71	11.79%	Cash and cash equivalents	New Zealand	AA-
2 11218288.8 - Rural - Auckland	1.24%	Other	New Zealand	Unrated
3 11247582.4 - Commercial - Auckland	1.17%	Other	New Zealand	Unrated
4 11076074.4 - Commercial - Hawke's Bay	1.11%	Other	New Zealand	Unrated
5 9794196.2 - Rural - Bay of Plenty	1.04%	Other	New Zealand	Unrated
6 11356973.2 - Commercial - Canterbury	0.81%	Other	New Zealand	Unrated
7 11265742.2 - Residential - Waikato	0.80%	Other	New Zealand	Unrated
8 10263945.2 - Commercial - Manawatu-Wanganui	0.78%	Other	New Zealand	Unrated
9 11316952.2 - Residential - Auckland	0.77%	Other	New Zealand	Unrated
10 11143313.2 - Commercial - Auckland	0.75%	Other	New Zealand	Unrated

The total value of the 10 individual assets as a percentage of the net asset value of the FMT GIF is 20.26%. Other assets are mortgage loans secured by registered first mortgages over land and buildings in New Zealand.

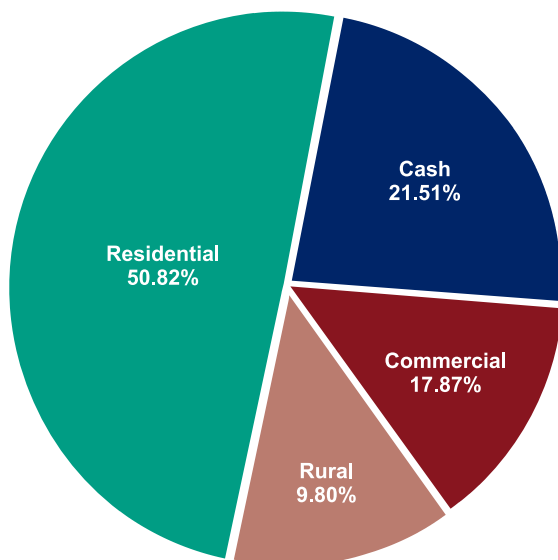
Key personnel

Name	Current position	Time in current position	Previous position	Time in previous position
1 Tony Kinzett	Chief Executive Officer	13 years and 1 month	General Manager, Nationwide Finance	3 years and 6 months
2 Roger Ford	Financial Controller	6 years and 6 months	Finance Manager, Stoney Creek Limited	1 year
3 Rachel Bush	Operations Manager	1 year and 10 months	Valuer, Telfer Young	11 months
4 Michael Smith	Director (Investment Committee)	4 years and 6 months		
5 Shane Marshall	Director (Investment Committee)	20 years and 3 months		

Additional information

The Manager has prepared this additional information in accordance with the Financial Markets Conduct (First Mortgage Trust Group Investment Fund and First Mortgage PIE Trust) Exemption Notice 2015.

This graph shows the composition of the FMT GIF's assets as a percentage according to asset types as at 31 March 2019.



Asset types:


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

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

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

Cash - cash deposits with registered banks.

This table shows the composition of the mortgage loans expressed as a percentage according to each geographical region and within each geographical region details of the proportion of mortgage loans 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	0.64%	43.10%	12.30%	44.60%
	2	Auckland	61.57%	72.60%	18.00%	9.40%
	3	Waikato	8.57%	57.10%	18.10%	24.80%
	4	Bay of Plenty	11.96%	64.10%	10.70%	25.20%
	5	Gisborne	0.03%	100.00%	0.00%	0.00%
	6	Hawke's Bay	1.77%	4.00%	96.00%	0.00%
	7	Taranaki	0.28%	100.00%	0.00%	0.00%
	8	Manawatu-Wanganui	1.25%	11.20%	85.40%	3.40%
	9	Wellington	5.18%	41.10%	55.70%	3.20%
	10	Tasman	0.00%	0.00%	0.00%	0.00%
	11	Nelson	0.11%	100.00%	0.00%	0.00%
	12	Marlborough	0.16%	77.80%	22.20%	0.00%
	13	West Coast	0.00%	0.00%	0.00%	0.00%
	14	Canterbury	7.45%	52.20%	37.30%	10.50%
	15	Otago	0.68%	45.70%	42.50%	11.80%
	16	Southland	0.35%	43.50%	0.00%	56.50%

There were no impaired mortgage loans at the time this fund update was prepared, nor were there any mortgage loans impaired during the quarter.

Mortgage 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.

The FMT GIF has lending limits, based on the amount of the mortgage loan when compared with the value of the mortgage security properties ("LVR") at the time of mortgage loan approval, as follows:

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: 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

Further information

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



FIRST MORTGAGE PIE TRUST
GROUP INVESTMENT FUND

Notes