



# Fund Update

## Conrad Investment Scheme- CFML Mortgage Fund

For the quarter ending 30<sup>th</sup> of September 2021

### What is the purpose of this update?

This document tells you how the CFML Mortgage Fund (the “Fund”) has performed and what fees were charged. The document will help you to compare the Fund with other funds. Conrad Funds Management Limited (the “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 Fund invests solely in shares in CFML Lending Limited (“CFML Lending”). CFML Lending then enters into loans predominantly secured by first ranking mortgages over residential freehold apartments (excluding serviced apartments) and other residential freehold properties (including houses, townhouses, units, terraced houses and rural lifestyle properties) in New Zealand (“Mortgages”), and in on-call and short-term deposits at a New Zealand registered bank. The Fund has a low to medium level of volatility.

<i>Total value of the Fund</i>	\$37,527,850.00
<i>The date the Fund started</i>	08/02/2018

### What are the risks of investing?

Risk indicator for the CFML Mortgage 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](https://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 for the 5-year period to 30<sup>th</sup> of September 2021 and is calculated using the returns of the Fund from 8<sup>th</sup> of February 2018 to the 30<sup>th</sup> of September 2021, and a method that the Manager reasonably considers will allow the risk indicator to reflect the potential future volatility of the Fund. 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.

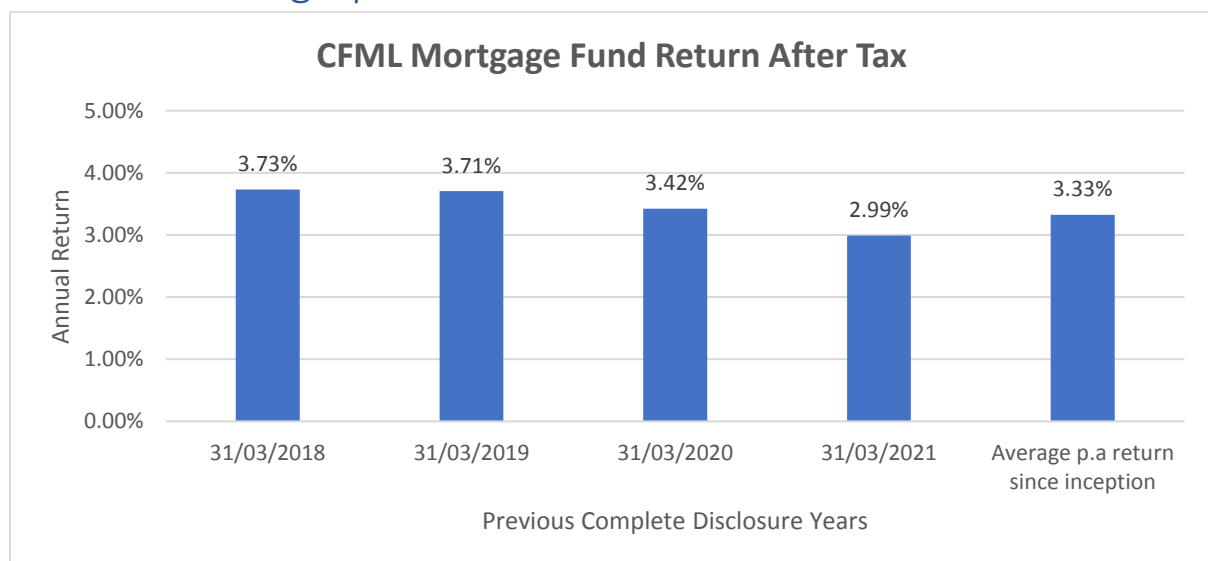
See the product disclosure statement (PDS) for more information about the risks associated with investing in this Fund.

## How has the Fund performed?

	Past Year
<b>Annual return</b> <i>(after deductions for charges and tax)</i>	2.90%
<b>Annual return</b> <i>(after deductions for charges but before tax)</i>	4.02%

There is no appropriate market index and no suitable peer group index or indices for the Fund against which to assess either movements in the market in relation to the returns from the assets in which the Fund invests or the performance of the Fund as a whole.

## Annual return graph



This shows the return after fund charges and tax for each year ending 31<sup>st</sup> of March since the Fund started. The last bar shows the average annual return since the Fund started, up to 30<sup>th</sup> of September 2021.

**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 Fund are charged fund charges. In the year to 30<sup>th</sup> of September 2021 these were:

	<b>% Of net asset value</b>
<b>Total fund charges*</b>	1.64%
<i>Which are made up of:</i>	
<b>Total management and administration charges</b>	1.64%
<i>Including:</i>	
<i>Manager's basic fee</i>	1.30%
<i>Other management and administration charges</i>	0.34%

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from the Fund). See the 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. All fees are stated on a GST exclusive basis.

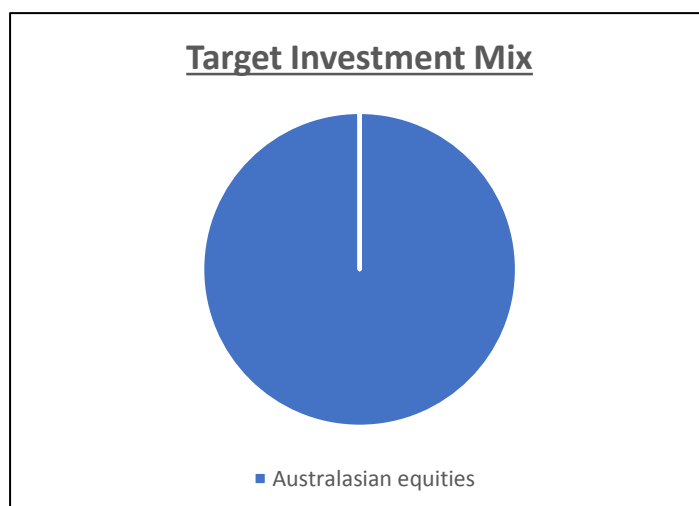
## Example of how this applies to an investor:

Sarah 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, Sarah received a return after fund charges were deducted of \$299 (that is 2.99% of her initial \$10,000). This gives Sarah a total return after tax of \$299.

## What does the Fund invest in?

### Actual Investment Mix

This shows the types of assets the Fund invests in.



## Target Investment Mix

This shows the mix of assets that the Fund generally intends to invest in.

Investment Type	% Of Fund's net asset value
Australasian equities*	100%

## Top 10 Investments

Name	% Of Fund's net asset value	Type	Country
CFML Lending Limited	100%	Australasian Equities*	New Zealand

The total value of the top 10 investments makes up 100% of the net asset value of the Fund.

\*The Fund invests solely in shares in CFML Lending. CFML Lending enters loans predominantly secured by Mortgages, and in on-call and short-term deposits at a New Zealand registered bank.

## Key Personnel

NAME	CURRENT POSITION	TIME IN CURRENT POSITION	PREVIOUS POSITION	TIME IN PREVIOUS POSITION
<b>PATRICK MIDDLETON</b>	CEO	5 years	CEO - Perpetual Group	3 Years 9 Months
<b>JOHNY KALE</b>	COO	5 years	Treasury and Operations Manager – North Asset Management LLP	7 years 1 month
<b>FRANK CHAN</b>	Chairman – Non-Executive Director	5 years, 6 months	Director and Principal Lawyer – Hesketh Henry	8 years 4 months
<b>SUSAN HANSEN</b>	Non-Executive Director	5 years, 5 months	Non-Executive Director – various companies	5 years 6 months
<b>JAEWYN MOCKFORD</b>	Mortgage and Credit Manager	3 years, 6 months	Retail Credit Manager – ICBC New Zealand	1 year 1 months

## Additional Information – CFML Lending investments

The returns you receive from the Fund depend on the number of distributions paid by CFML Lending to the Fund, the amount of which is dependent on interest paid on loans secured by Mortgages made by CFML Lending and interest earned on the on-call and short-term deposits at CFML Lending’s New Zealand registered bank in which CFML Lending invests any surplus capital.

All information in this section is as at 30th of September 2021.

Actual Investment mix for CFML Lending:

### Investment Mix

Cash & Cash Equivalents	16.8%
Unlisted Property	83.2%
<b>Total</b>	<b>100%</b>

Top 10 investments for CFML Lending:

Top Ten Investments **					
No.	Investment	% Port	Investment Type	Country	Rating
1	ASB Bank - Cash Deposits	12.1%	Cash & cash equivalents	New Zealand	AA-
2	ICBC Bank - Cash Deposits	4.6%	Cash & cash equivalents	New Zealand	A
3	Residential First Mortgage Auckland	3.6%	Unlisted Property	New Zealand	Unrated
4	Residential First Mortgage Auckland	3.3%	Unlisted Property	New Zealand	Unrated
5	Residential First Mortgage Auckland	3.3%	Unlisted Property	New Zealand	Unrated
6	Residential First Mortgage Otago	2.9%	Unlisted Property	New Zealand	Unrated
7	Residential First Mortgage Auckland	2.9%	Unlisted Property	New Zealand	Unrated
8	Residential First Mortgage Auckland	2.9%	Unlisted Property	New Zealand	Unrated
9	Residential First Mortgage Auckland	2.8%	Unlisted Property	New Zealand	Unrated
10	Residential First Mortgage Auckland	2.7%	Unlisted Property	New Zealand	Unrated

Geographic distribution of loans made by CFML Lending:

Geographic distribution (Loans)*	
Auckland	88.2%
Waikato	0.8%
Bay of Plenty	1.8%
Wellington	2.8%
Canterbury	2.8%
Otago	3.5%
<b>TOTAL</b>	<b>100%</b>

There are no impaired loans as at the date of this fund update, and there were no loans impaired during the quarter ending 30<sup>th</sup> of September 2021.

## Further Information

You can also obtain this information, the PDS for the Fund, and some additional information from the offer register at **[disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz)**.

Scheme Description	Conrad Investment Scheme (SCH12556)
Offer Number	OFR12557
Fund Number	FND12657
ISIN	NZ000A2JD2P6
Supervisor	Covenant Trustee Services