

FUND UPDATE

FOR THE QUARTER ENDED 31 DECEMBER 2017

NORFOLK (NO. 2) TRUST

What is the purpose of this update?

This document tells you how the Norfolk (No. 2) Trust has performed and what fees were charged. The document will help you to compare the fund with other funds. Norfolk Mortgage Management Limited 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 Norfolk (No. 2) Trust invests in a portfolio of loans secured by registered first mortgages over land and buildings in New Zealand, mortgage funds which invest predominantly in first mortgages, cash and bank deposits. The Investment Objective of the Trust is to provide investors with an income stream at a higher level than bank deposits and competitive with similar investment products.

Total value of the fund as at 31 December 2017	\$11,048,506.97
The date the fund started	28 October 2016

What are the risks of investing?

Risk Indicator for the Norfolk (No. 2) Trust (see Note 1)

Risk indicator	← Potentially lower returns							Potentially higher returns →	
	1	2	3	4	5	6	7		
	← Lower risk								Higher risk →

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 www.sorted.org.nz/calculators/investment-planner.**

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 December 2017. 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
Annual return (after deductions for charges and tax)	4.51%
Annual return (after deductions for charges but before tax)	6.31%
Market index annual return (reflects no deduction for charges and tax)	3.33%

The Market Index Annual Return is based on the 6-month term deposit rate published by the Reserve Bank of New Zealand on the last business day of each month (see www.rbnz.govt.nz/statistics/tables/b3/). This rate is the advertised interest rate paid for a new 6-month term deposit of \$10,000.00. It is weighted by each of the surveyed registered bank's share of household deposits from the aggregate registered bank statistical returns supplied to the Reserve Bank of New Zealand. More information on the Market Index is available on the offer register.

What fees are the investors charged?

Investors in Norfolk (No. 2) Trust are charged fund charges. In the period to 31 March 2017 these were:

	% of net asset value
Total fund charges	
Which are made up of:	2.50%
Total management and administration charges including:	2.50%
Manager's basic fee	2.50%
Other management and administration charges	Nil
Total performance based fees	Nil
Other charges	Nil

Investors may also be charged individual action fees for specific actions or decision (for example, for withdrawing from or switching funds). See the PDS for more information about those fees.

Example of how this applies to an investor (Note 2)

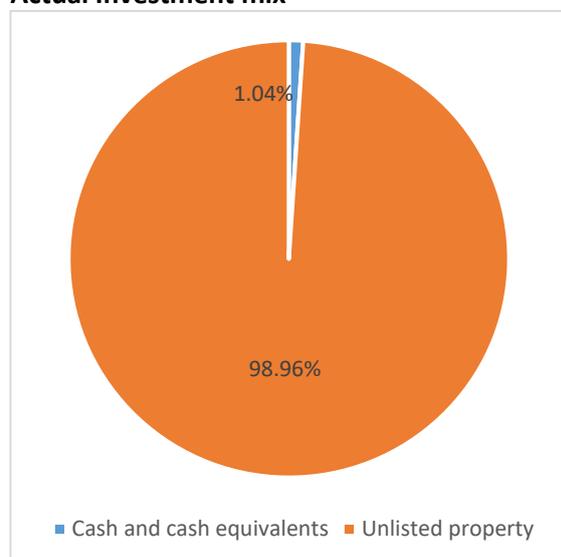
Small differences in fees and charges can have a big impact on your investment over the long term.

John had \$10,000 in the fund at 29 November 2016 and did not make any further contributions. At the end of the period, John received a return after fund charges were deducted of \$451 (that is 4.51% of his initial \$10,000). John also paid \$0 in other charges. This gives John a total return after tax of \$451 for the period.

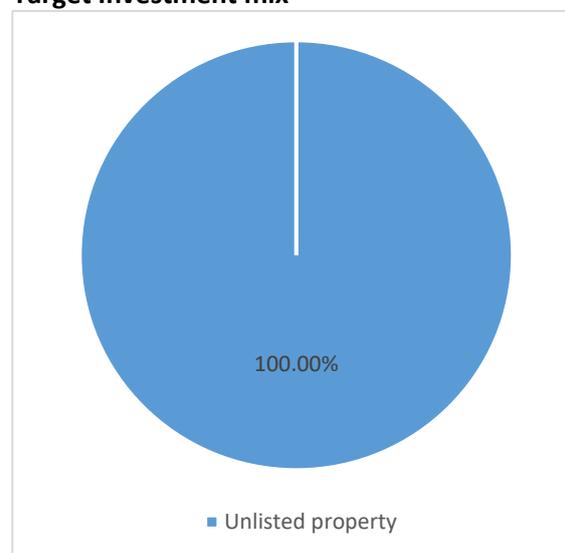
What does the fund invest in?

This shows the type of assets that the fund invests in:

Actual Investment mix



Target Investment mix



Top 10 Investments

Asset name	% of fund Net assets	Type	Country	Credit rating (if applicable)
10662513.3 Muriwai Valley Rd, Auckland	12.07	Unlisted property	New Zealand	N/A
10648616.3 Lomond St, Auckland	9.96	Unlisted property	New Zealand	N/A
10918078.4, 10918078.5, 10918078.6 Howell St, Wellington, Manapouri St, Ellesmere St, Dunedin	6.67	Unlisted property	New Zealand	N/A
10972599.1 Ngahere Park Rd, 10953243.3 Napier Rd Palmerston North	5.95	Unlisted property	New Zealand	N/A
10547172.2 Runanga St, Taupo	5.35	Unlisted property	New Zealand	N/A
10836717.5 Marua Rd, Dryden Place, Greenmount Dr, Auckland	4.53	Unlisted property	New Zealand	N/A
10962520.2 Clan Mac Rd, Wanaka	4.53	Unlisted property	New Zealand	N/A
10823108.4 Townsend Road, Wellington	3.79	Unlisted property	New Zealand	N/A
10288399.1 Kaimanawa St, Taupo	3.63	Unlisted property	New Zealand	N/A
10540914.3 Storey Rd, Waiterimu	3.56	Unlisted property	New Zealand	N/A

Total value of top 10 assets makes up 60.02 % of the fund.

Key personnel

Name	Current Position	Time in current position	Previous or other current position	Time in previous or other current position
Jack Porus	Chairman	1 year, 6 months	Chairman, Norfolk Financial Management Ltd	9 years, 10 months
Stuart Smith	Executive Director	1 year, 6 months	Director, Norfolk Financial Management Ltd	9 years, 10 months
Craig Urquhart	Executive Director	1 year, 6 months	Managing Director, MBG Ltd	5 years, 2 months
Alastair Flett	Finance Director	1 year, 6 months	Chairman, Professional Mortgage Investment Managers Ltd	12 years

Further information

You can also obtain this information, the PDS for the Norfolk (No. 2) Trust and some additional information from the offer register at www.business.govt.nz/disclose

Notes

1. The Norfolk (No. 2) Trust acquired the mortgage portfolio of the Professional Mortgage Investment Trust (PMIT) a group investment fund also managed by the Manager, on 29 November 2016. Accordingly, the Manager reasonably considers that the performance of PMIT over the last five years provides a more accurate indication of the potential future volatility of the Trust than any other indicator. Accordingly, the Manager has used the returns of PMIT over this period to complete the Risk Indicator.
2. The fund commenced at 28 October 2016 but did not issue units until 29 November 2016. For the fee illustration, the period from issue of units has been used.