

YouWealth

More about YouWealth

Other Material Information

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Find out more about YouWealth

This document tells you more about the YouWealth Scheme (YouWealth or Scheme) and its five funds (Funds). The document goes into greater detail on:

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It should be read with the current Product Disclosure Statement and Statement of Investment Policy and Objectives (SIPO) for the Scheme, along with any other documents held on the Scheme and Offer Disclose Register entries at companiesoffice.govt.nz/disclose

In this document:

- 'you' and 'your' means you and any other persons who are or become investors in YouWealth
- 'we', 'us', 'our' and BNZISL refer to BNZ Investment Services Limited, the manager of YouWealth.

This information is provided as a guide only and is current as at the date of this document. It is not intended as a replacement for legal, tax or financial advice. This information is subject to changes to the law and Government policy, and changes to YouWealth, from time to time.

Investments made in YouWealth are not bank deposits or other liabilities of Bank of New Zealand (BNZ) or any other member of the National Australia Bank Limited group. They are subject to investment risk, possible delays in repayment, possible loss of income and possible loss of principal invested. No person (including the New Zealand Government) guarantees (either fully or in part) the performance or returns of YouWealth Funds or the repayment of capital. National Australia Bank Limited, the ultimate owner of BNZ, is not a registered bank in New Zealand but a licensed bank in Australia and is subject to the supervision of the Australian Prudential Regulation Authority.

1. Investing in YouWealth

When you invest in YouWealth, you are investing in a range of markets across the globe. Income assets are generally lower risk investments, like fixed interest and cash. They are less likely to go up and down in value but may give you lower returns. Growth assets, on the other hand, are things like equities and property, which are typically considered higher risk investments. These tend to go up and down in value more often but are generally more likely to give you better returns over the long term.

When deciding which Fund to invest in, think about:

- your investment goals
- investment timeframe
- how much to contribute and how often

- when you are likely to withdraw
- how you feel about investment risk.

➔ Visit bnz.co.nz/youwealth to:

1. Understand which YouWealth Fund may suit you
Answer a few simple questions to identify which YouWealth Fund best suits.

2. Try out our calculator
Our balance calculator can help you decide how much to invest by calculating how your balance might grow over your chosen investment time frame.

2. About investments, withdrawals and more

What else should I consider when making an investment or withdrawal?

YouWealth has been designed for your convenience. You can invest or make withdrawal requests online at any time. To get started, you can download and use our BNZ app or log on to BNZ Internet Banking.

On occasions, it may be tempting to invest or withdraw due to market events. Focus on your investment timeframe and goals and avoid being distracted by short-term changes in your investment balance.

Making investments

Making additional or regular investments to YouWealth is easy. You can set up a regular investment into your account, on a weekly, fortnightly, monthly, quarterly, or yearly basis. You can change your regular investment at any time.

You can also make additional investments whenever you want to.

To make an investment:

- use Internet Banking
- use our app
- call us on **0800 275 269**
- visit us at any BNZ branch.

Your YouWealth account number can be found in BNZ Internet Banking.

More about withdrawals

To make a withdrawal, we will redeem units in the relevant Fund or Funds that you hold. When you make a withdrawal, the amount you receive will be calculated using the unit price of the Fund you are withdrawing from, and adjusted for any fees, taxes, expenses or other deductions applicable to your account. This unit price may go up or down between the date you submit your withdrawal request, the date on which it is approved or received, and the date on which the relevant units are actually redeemed.

Withdrawal payments will generally be made to your BNZ transaction account within 5 business days of receiving a valid request. However, it may take up to 10 business days to make a payment.

We may suspend payment

We may at any time suspend payment of any withdrawal or switch from a Fund if we think it would not be desirable, or would be prejudicial to the interests of YouWealth investors in that Fund generally.

If we suspend a withdrawal or switch request, the redemption unit price will be worked out on the first business day following the end of the period covered by the suspension notice.

We may close your account

We may choose to close your YouWealth account in certain circumstances to meet our legal obligations. We will contact you before we do this.

Winding up

There are circumstances in which a particular Fund(s) or the Scheme may be wound up (closing the Fund and selling all its assets). These circumstances (and the process we must follow) are set out in the Governing Document.

The first three things to do when you join YouWealth



Choose



Check



Get online

Choose

We'll invest your money in the Fund you choose. So it's important to do your research and choose the Fund that suits you best. You can make a choice based on your investment timeframe (how long before you'll use the money) and how you feel about investment risk.

- For help with choosing your Fund, visit bnz.co.nz/youwealthwhatfund

Check

It is important to review your PIR to ensure you pay the right tax. We recommend you review your PIR on an annual basis prior to 31 March.

- If you need help to determine your PIR refer to bnz.co.nz/bankonline or ird.govt.nz/pir

Get online

View and manage your investments online, 24/7. You'll see your YouWealth investment alongside your other BNZ accounts.

3. More about your investment options

Each of the Funds that are available in YouWealth has a different mix of income and growth assets.

Growth assets generally have higher levels of risk with the potential for higher returns and include the following investments:

- Australasian equities
- International equities

An example of Australasian and International equities is company shares. Equities can also cover other securities types such as listed property. Australian equities can form part of the investment mix for both Australasian equities and International equities.

Income assets generally have lower levels of risk and potential returns and include the following investments:

- Cash
- Cash equivalents (for example, bank term deposits, bonds, bills and floating rate notes with a maximum term of 365 days)
- New Zealand and international fixed interest (for example, bonds with terms of more than 365 days).

4. More about fees

There are other fees and expenses that may be incurred.

Other fees and expenses

Where we invest in underlying funds (managed by us or by our underlying investment managers) or use BNZ bank accounts, we will pay the fees and expenses from the annual Fund charges we receive. Currently, there are no additional fees payable by you. We will let you know if this changes.

Buy/Sell spread

Whenever you make a change which requires you to buy or sell units in a Fund the estimated transaction cost the Fund incurs when it transacts will be reflected in the relevant unit price (known as a 'spread'). For example, spreads will generally apply when making an application, switching to a different Fund, or making a withdrawal or closing your account.

The indicative spread applied to the unit price for transactions is available in the Product Disclosure Statement. The table below sets out the range of our estimated transaction costs in normal market conditions.

The cost of buying or selling investments can change as market conditions change. The costs are more likely to move significantly when markets are stressed. Therefore, these spread ranges may increase or decrease at any time, without notice to you.

- 👉 You can locate the current buy/sell spreads at bnz.co.nz/youwealthspreads and more information about spreads at bnz.co.nz/buysellspreads

Fund	Estimated spread ranges for applications and withdrawals
Growth Fund	0-0.30%
Balanced Growth Fund	0-0.30%
Balanced Fund	0-0.30%
Moderate Fund	0-0.30%
Conservative Fund	0-0.30%

Fee rebates

Currently, we do not offer fee rebates. However if we do, they will be applied at our sole discretion. We may choose to offer fee rebates to one or more investors in the Funds from time to time. The level of any fee rebates offered will be determined by us alone.

5. More about investment risk

All investments involve risk. Risk is the likelihood of not getting all your money back or getting a different return than you expect. In addition to the risks set out in Section 4 of the Product Disclosure Statement, there are other risks that may affect YouWealth and the Funds. The table below is a summary of some of these other risks and how we seek to reduce or manage them.

Risk	Description and how we manage risk
Derivative Risk	A derivative is a financial instrument that has its value based on the value of an actual financial asset, index or rate (such as a particular currency, equity, or fixed interest investment). The performance of a derivative and the actual financial asset, index or rate it is based on may not be identical. In addition, where derivatives are used to increase the exposure to selected investments, gains or losses in the value of the derivative may be more than the gains or losses of the actual financial asset, index or rate. The use of, and exposure to, derivatives in the Funds, and the underlying investment funds in which they invest, is limited. Derivatives may be used to manage risks, make investments in a more efficient manner and/or enhance returns, but cannot be used to leverage the Funds. We regularly monitor derivatives positions to ensure that their implementation is consistent with the Statement of Investment Policy and Objectives.
Currency Risk	The risk that the value of a Fund changes due to ups and downs in the exchange rate between the New Zealand dollar and other currencies. This risk arises when a Fund has investments in countries other than New Zealand. The degree of currency risk within each Fund will depend on how much foreign currency exposure is hedged to the New Zealand dollar. Hedging seeks to reduce the effect of changes in the exchange rate between the New Zealand dollar and foreign currencies. We aim to fully hedge the international fixed interest foreign currency exposure, and the foreign currency exposure arising from the Australian equities held within the Australasian Equities asset class. We aim to hedge 60% of the international equity currency exposure, but from time to time we may target a different hedging position to this, based on our assessment of the economic and financial market environment.
Asset Allocation Risk	The risk that the allocation of a Fund's assets, across different asset classes, affect a Fund's returns. Funds that invest more in growth assets (such as equities) carry greater risk but offer the potential of higher returns than Funds that invest more in income assets (such as cash or fixed interest). Short-term ups and downs in the value of a Fund are common, particularly for Funds invested in growth assets. The value of income assets can go up and down as well but generally to a lesser extent than growth assets. We offer a range of Funds, with varying strategic allocations to income and growth assets, to cater for differing investor risk profiles. In addition, for each of the Funds, we can move away from their target investment mix (set out in the Statement of Investment Policy and Objectives), based on our assessment of the economic and financial market environment.
Manager Risk	The risk that decisions made by us, and the managers of the underlying investment funds we use, may positively or negatively affect the return on your investment. In-depth due diligence on the overall competence and experience of the managers of the underlying investment funds is carried out prior to their appointment. Ongoing monitoring of the outcomes of the decisions made by us, and the managers of the underlying investment funds, enables the early identification of potential risks associated with these decisions and the swift implementation of actions to mitigate these potential risks.
Market Risk	The risk that the value of a Fund changes due to factors that affect a particular financial market or markets. This could include things like changes in the inflation rate, changes in monetary policy by central banks, changes in taxation and regulation, global politics, changes in investor sentiment or a global pandemic. The Funds hold many investments across asset classes, countries, sectors, securities and styles of investing, to seek to reduce or manage this risk. In addition, for each of the Funds, we can move away from their target investment mix (set out in the Statement of Investment Policy and Objectives), based on our assessment of the economic and financial market environment.

Risk	Description and how we manage risk
Interest rate risk	Interest rate changes can have a negative impact on a Fund's investment returns. This is particularly relevant for Funds with large amounts of cash and fixed interest investments. The Funds invest in a wide range of fixed interest investments across different markets, and maturing at different times, to seek to reduce or manage this risk.
Liquidity risk	The risk that investments of a Fund cannot be sold without having a significant impact on their value or cannot be sold at all. This risk is more likely to occur in times of market stress. You may not be able to withdraw some or all of your money when you want to, because withdrawals from one of more of the Funds that you invest in may be suspended. Liquidity risk is carefully considered as part of the Funds' design. The Funds' liquidity is maintained by investing in authorised investments that have significant levels of liquidity themselves and holding some operational cash to help pay redemptions and expenses. The Funds' liquidity characteristics, and those of the authorised investments, are monitored on a regular basis.
Credit risk	If the issuer of a bond or a registered bank doesn't pay what they owe to us, then a Fund's investment returns could be negatively impacted. For example, a government or corporate debt issuer might fail to make interest or principal payments, or a registered bank might not pay interest or honour a withdrawal request. The Funds invest in a wide range of fixed interest investments, which primarily have an investment-grade credit rating, to manage or reduce this risk.
Concentration risk	The risk that the value of a Fund changes because it has a high exposure to an underlying investment fund or specialist investment manager, specific company, sector, country, region, or financial market. We seek to manage and reduce this risk by ensuring that each Fund's investments are varied across companies, markets and managers.
Legislative risk	New laws or changes to existing laws could have a significant impact on an investment in the Scheme (including its returns), or on how we manage the Scheme. For example, the Government may change the rules about the amount of Portfolio Investment Entity (PIE) tax payable (see also 'tax risk', below). We manage this risk by regularly communicating with our regulators and by monitoring legislative change, so we can keep you up to date.
Operational risk (including third party supplier risk)	The value of your investment in our Funds could drop, or you may not be able to withdraw your investment, if we, or anyone used by us to provide services, fail to do what we, or they agree to do. Examples could include system failures, fraud, default or business disruption. We have policies and procedures in place to reduce or manage this risk.
Tax risk	If any Fund lost its PIE status, it would be taxed at the corporate tax rate of 28% instead of the prescribed investor rates of individual members. This could affect the returns to members. We have policies and procedures in place to manage our compliance with the PIE tax rules.
Product risk	When we make changes to YouWealth, they may negatively affect the value of your investment or change the risk profile of your Fund choices. For example, we may change the range of investments in a fund, the managers we use or the fees we charge. We only make changes to the Scheme after consulting with, or providing notice to, the Supervisor.
Suspension of payments	If we decide that paying withdrawals, or allowing switches for any Fund is not desirable, or would be prejudicial to the interests of investors in that Fund generally, then we may delay doing so. We would only do this in accordance with the law and the YouWealth Governing Document. We can only suspend withdrawals or switches for up to 60 business days unless the Supervisor approves a longer period. We actively monitor our Funds to maintain enough liquidity (assets that can easily be turned into cash) to meet forecast withdrawals and reduce the chance of needing to suspend payments.
Wind up	<p>We may decide to wind up (stop providing) the Scheme or one or more of the Funds. If we decided to stop providing the Scheme or Fund, we would let you know. On wind-up, you may:</p> <ul style="list-style-type: none"> • receive less than you have invested, depending on the performance of your investment, and • incur reasonable costs and fees as a result of the wind-up. <p>No investments or withdrawals would be able to be made while the Scheme or Fund is in wind up.</p>



6. How your investment is valued

Value of the Fund

The market value of each investment and the net asset values of the Scheme's Funds are calculated as set out in the Scheme's policies and Governing Document. The net asset value is the value of a Fund's assets less its liabilities.

The assets held by the Funds are generally valued each business day based on the last market prices (or unit prices) available for that day. Our Unit Pricing and Valuation Policy allows us to use alternative asset valuation methods, including asset valuation estimates, where the valuation of an investment asset is not readily available or not considered appropriate. This is very infrequent, and we will discuss any alternative valuation method with the Supervisor prior to using it.

Understanding unit pricing

Calculating a unit price allows us to value your investment in a Fund. Each Fund's unit price is calculated by dividing the net asset value of that Fund by the number of units issued to members, and adjusted for buy/sell spreads (as applicable). Unit prices are generally calculated each business day.

In rare circumstances, specific transactions (for example, large transactions) may require us to adjust the unit price for that day. This allows us to pass on the costs incurred to those transacting.

➔ The unit price that applies to a Fund on any business day is available at bnz.co.nz/youwealthunitprices or by contacting us.

7. Related parties and managing conflicts of interest

BNZ Investment Services Limited (BNZISL) is the Manager of the Scheme. It is a wholly owned subsidiary of the Bank of New Zealand (BNZ) which is ultimately owned by the National Australia Bank Limited.

Several related parties from the BNZ and the National Australia Bank Limited group of companies provide their services to us and to the Scheme. These companies may also receive fees from us or the Scheme for these services.

BNZISL (and BNZ) have policies and procedures to identify and manage any conflicts of interest. The Conflict of Interest Policy and the Gifts Policy provide a framework for identifying, declaring, managing and monitoring conflicts of interest. These policies and procedures require Directors of BNZ companies and BNZ staff to:

- disclose conflicts of interest (including gifts)
- refrain from making investment decisions regarding financial products for which they, personally, have a conflict of interest.

We also must notify the Supervisor before we enter into any related party transactions and must carry out related party transactions in accordance with the terms of the Financial Markets Conduct Act 2013.

Managing people conflicts

BNZISL has directors, some of whom are senior executives of BNZ and may also be directors of other entities within the National Australia Bank Limited group. Directors of BNZISL and employees of BNZ may be investors in YouWealth from time to time. Decisions made by directors or employees may be influenced by their investment in the Scheme, their other directorships, or both. This affects all Funds.

We manage this conflict by having strong policies and procedures (as set out in the section above) to identify and manage actual and perceived conflicts of interest.

Managing related company conflicts:

Description of conflict of interest	Affected Funds	Why this may influence investment decisions and how we manage the conflict
Banking services: BNZ provides banking services to the Scheme, including transactional and foreign exchange services.	All Funds.	<p>We may be influenced by our association with BNZ to use their banking services over other financial services.</p> <p>Where we use BNZ banking services, BNZ may receive commercial benefits and could pass on the cost of negative interest rates should they arise.</p> <p>Banking services are provided on a commercial arm's length basis.</p>
<p>BNZISL is part of the Bank of New Zealand which is owned by the National Australia Bank Limited group.</p> <p>Some assets of the Scheme are invested in underlying funds managed or issued by companies that are also part of the Bank of New Zealand or National Australia Bank Limited group.</p>	All Funds.	<p>We may be influenced by our association with other companies within Bank of New Zealand or the National Australia Bank group to prefer funds operated by related parties over those operated by independent third parties.</p> <p>We manage this conflict by ensuring that any arrangement between us is on a commercial arm's length basis.</p> <p>Investments selected by us are chosen after a robust investment selection process. We select investments that we consider appropriately reflect the risk profile and investment strategy and objective of the relevant Fund and are consistent with our investment philosophy.</p>

8. The Governing Document made easy

Put simply, the Governing Document contains the rules governing the management and administration of YouWealth. Both we (as Manager) and the Supervisor must meet (and continue to meet) our obligations under the Governing Document.

The Governing Document details things like:

- how the Funds have been established, including the rules around issue, withdrawal or switching of units
- how both we and the Supervisor are appointed (and removed or replaced), our powers, duties and functions, and how we are paid for our services
- rules governing the administrative aspects of the Scheme including meetings of investors and how the Funds are distributed if they are wound up.

👉 A copy of the Governing Document is available at companiesoffice.govt.nz/disclose



