



# YouWealth

## More about YouWealth

Other Material Information

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This document contains information about the way YouWealth works. YouWealth is an investment product and investment products can be complex. If you do not understand or are unsure of any of the information contained in this document, we recommend you seek financial advice before investing.

# Find out more about YouWealth

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

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

### In this document:

- ‘you’ and ‘your’ means you and any other persons who are, or who 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 (NAB) group. They are subject to investment risk, including possible delays in repayment. You could get less than the total contributed. No person (including the New Zealand Government) guarantees (either fully or in part) the performance or returns of YouWealth Funds or the repayment of amounts contributed. NAB, the ultimate owner of BNZ, is not a registered bank in New Zealand but a licensed bank in Australia and is not authorised to offer the products and services mentioned in this document to customers in New Zealand.

BNZ Investment Services Limited (BNZISL) uses the BNZ brand under licence from Bank of New Zealand, whose ultimate parent company is National Australia Bank Limited. No member of the FirstCape group (including BNZISL) is a member of the NAB group of companies (NAB Group). No member of the NAB Group (including Bank of New Zealand) guarantees, or supports, the performance of any member of FirstCape group’s obligations to any party.



# 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](https://bnz.co.nz/youwealth) to:

**1. Read the guide to identify which YouWealth Fund best suits you.**

**2. Try out the calculator.**

BNZ's YouWealth calculator can help you decide how much to invest by calculating how your balance might grow over your chosen investment timeframe.

# 2. About investments, withdrawals and more

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

YouWealth has been designed so you can invest or make withdrawal requests online at any time. To get started, you can download and use the 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, 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 BNZ Internet Banking
- use the BNZ app
- call BNZ on 0800 275 269
- visit any BNZ branch
- use your custodial platform if that is how you access YouWealth.

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(s) that you hold. When you make a withdrawal, the amount you receive will be calculated using the unit price of the Fund(s) you are withdrawing from, and adjusted for any fees, taxes, expenses or other deductions applicable. 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 amalgamate Funds

We may amalgamate any two or more Funds. If we choose to do this, it will be with prior approval from the Supervisor. Prior to any such amalgamation taking effect, you will be notified.

## Payment may be suspended

Payment of any withdrawal or switch from a Fund may be suspended if it would not be desirable, or would be prejudicial to the interests of YouWealth investors in that Fund generally.

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

## Your investment may be closed

Your YouWealth investment may be closed in certain circumstances to meet legal obligations, regulatory requirements or guidance, or if you have a zero balance. You will be given prior notice before this is done.

## Winding up

There are circumstances in which a particular Fund(s) or YouWealth 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



### Set a goal

### Set a goal

A key to investing successfully is understanding why you're investing and what you're aiming to achieve. Knowing these things will help you successfully navigate the ups and downs along the way.

Whether it's setting up a university fund, saving for your bucket list overseas trip or working out what to do with an inheritance, it's important to know what you want to achieve.



### Choose the right Fund for you

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YouWealth has a range of funds with different levels of growth and income assets. In general, funds with more growth assets are expected to achieve higher returns over long time periods than funds with more income assets.

However, funds with more growth assets are also expected to be more volatile in their returns. This means we expect bigger differences between the best and worst returns they achieve over short time periods than funds with more income assets.



### Choose how much to contribute

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Once you've set a goal and know the right fund for you, you can work out how much you might need to contribute to achieve your goal.

The BNZ YouWealth calculator helps you to understand how your balance might grow over time and might help you to set the right goal, choose the right Fund and contribute the right amount.

➔ To use the BNZ YouWealth calculator, visit [bnz.co.nz/youwealthcalculator](https://bnz.co.nz/youwealthcalculator)

## 3. More about your investment options

### Our investment approach

We are the Manager of YouWealth. Part of what we do is decide how to invest the assets of YouWealth (Funds). We appoint a range of underlying investment managers who ultimately choose the investments the Funds invest in.

The Funds can invest directly in securities or by investing in underlying investment funds managed by us or other underlying investment managers. The underlying investment managers can be added to, removed or changed at any time without prior notice.

- **You can find the current underlying investment managers for each asset class on [bnz.co.nz/youwealthmanagers](https://bnz.co.nz/youwealthmanagers)**

Each of the Funds also holds cash for operational purposes in an interest-bearing bank account with BNZ.

Each of the Funds that are available in YouWealth has a different target mix of income and growth assets, with the exception of the High Growth Fund which aims to invest only in growth assets but will hold some cash for operational purposes. It is also allowed to invest in income assets should we choose to do this.

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

- Australasian equities
- International equities.

Income assets generally have lower levels of risk and potential returns and may 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).

Both active management (which aims to achieve a return that is higher than that of a market index) and passive management (which aims to achieve a return that is close to that of a market index) have a place in investment management. The degree to which each of the Funds uses active management and passive management varies.

- **You can find the benchmark index for each Fund in the SIPO found on [bnz.co.nz](https://bnz.co.nz) and the Disclose Register.**

We use active management where we believe it has the potential to produce higher returns after fees over time than passive management. However, this is not guaranteed, and passive management has the potential to outperform active management over time as well.

### Responsible investment

Responsible investment, including environmental, social, and governance considerations, is taken into account in the investment policies and procedures of YouWealth.

- **You can get an explanation of the extent to which responsible investment is taken into account in those policies and procedures at [bnz.co.nz/investingresponsibly](https://bnz.co.nz/investingresponsibly)**
- **For more information on how responsible investment may impact your investment, see section 5 'More about investment risk'.**

# 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 other underlying investment managers) or use BNZ bank accounts, we will pay the fees and expenses from the annual fund charges we receive. Under the Governing Document for YouWealth, we may charge to the Funds, all reasonable expenses in relation to the management or operation of the Funds. We will consult with the Supervisor where we do this.

## Buy/Sell spread

Whenever you contribute or withdraw from a Fund (including switches) the relevant unit price includes an adjustment for estimated transaction costs that the Fund may incur as a result of your transaction (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 investment.

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 are not capped and may increase or decrease at any time, without notice to you.

Buy and sell spreads are not a fee and they are not paid to us. They cover transaction costs that a Fund is expected to incur when it transacts. Any difference between spread costs charged and transaction costs incurred remains in the Fund and is reflected in the Fund(s) investment returns.

➔ You can locate the current buy/sell spreads at [bnz.co.nz/youwealthspreads](https://bnz.co.nz/youwealthspreads) and more information about spreads at [bnz.co.nz/buysellspreads](https://bnz.co.nz/buysellspreads)

Fund	Estimated spread ranges for applications and withdrawals (including switches)
High Growth Fund	0-0.30%
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
<b>Market Risk</b>	<p>The risk that the value of a Fund changes due to factors that affect a particular financial market or markets. This could include changes in things like: inflation, interest rates, credit availability, currency exchange rates, monetary policy by central banks, taxation and regulation, global politics or investor sentiment. Market performance cannot be accurately forecast in advance. You may get back less than you invested. 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, foreign currency exposures are actively managed through the use of currency hedging. Further, for each of the Funds, we can move away from their target investment mix or target currency hedging level (as set out in the SIPO), based on our assessment of the market environment.</p>
<b>Asset Allocation Risk</b>	<p>The risk that the allocation of a Fund's assets, across different asset classes, affects 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 SIPO), based on our assessment of the market environment.</p>
<b>Liquidity risk</b>	<p>The risk that investments of a Fund cannot be sold at the desired time or without having a significant impact on their value. This risk is more likely to occur during stressed market conditions. It may mean there is a significant impact to the price you can receive or that you are not able to switch or withdraw your investment when you want to, because liquidity risk management tools may be implemented such as withdrawal suspensions. 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.</p>
<b>Manager Risk</b>	<p>The risk that decisions made by us, and the underlying investment managers we choose to help us run YouWealth, may positively or negatively affect the return on your investment. For example, our Responsible Investment Policy will influence the investments that we hold. 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.</p>
<b>Derivative Risk</b>	<p>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 that the managers of the underlying investment funds are complying with their mandates, which include how derivatives are to be used.</p>

Risk	Description and how we manage risk
Interest rate risk	Interest rate changes can have a negative impact on a Fund's investment returns. Funds with large amounts of cash and fixed interest investments, are particularly impacted by interest rate changes. To reduce or manage this risk, we invest in a wide range of cash and fixed interest investments across different markets, and maturing at different times.
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 YouWealth (including its returns), or on how we manage YouWealth. 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	Decisions that we, or our chosen underlying investment managers make may negatively affect the value of your investment or change the risk profile of your Fund choices. We may also make changes to the design of the product that do not meet your needs. 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 YouWealth after consulting with, or providing notice to, the Supervisor and if we deem a change to be material and adverse, you will be provided with advance notice before the change takes place.
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) YouWealth or one or more of the Funds. If we decided to stop providing YouWealth or a Fund, you will be notified. On wind-up, you may:</p> <ul style="list-style-type: none"> <li>• receive less than you have invested, depending on the performance of your investment, and</li> <li>• incur reasonable costs and fees as a result of the wind-up.</li> </ul> <p>No investments or withdrawals would be able to be made while YouWealth or a Fund is in wind up.</p>

Risk	Description and how we manage risk
Responsible investment risk	<p>We believe investing responsibly is in the best long-term interests of our investors. Decisions we make to invest responsibly, including the application of sector and security exclusions, may impact our Funds' performance against benchmark indices and can reduce diversification benefits. We manage this risk through:</p> <ul style="list-style-type: none"> <li>• Assessment of underlying investment managers during the appointment process for their alignment with our investment objectives and Responsible Investment Policy</li> <li>• Regular reviews of the underlying investment managers' performance, which includes outcomes of engagement with the companies we invest in, and other responsible investment metrics</li> <li>• Periodically reviewing our Responsible Investment Policy.</li> </ul> <p>For more information on responsible investment risk, please refer to our Responsible Investment Policy, which can be found at <a href="https://bnz.co.nz/investingresponsibly">bnz.co.nz/investingresponsibly</a></p>

## 6. How your investment is valued

### Value of the Fund

The market value of each investment and the net asset values of YouWealth Funds are calculated as set out in the BNZISL Unit Pricing and Valuation Policy and the 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, implementing changes to the target investment mix for a Fund) may require us to adjust the unit prices for that day. This allows us to pass on more accurate costs incurred to those transacting.

➤ **The unit price that applies to a Fund on any business day is available at [bnz.co.nz/youwealthunitprices](https://bnz.co.nz/youwealthunitprices) or by contacting BNZ.**



## 7. Related parties and managing conflicts of interest

BNZ Investment Services Limited (BNZISL) is the Manager of YouWealth. It is a wholly owned subsidiary of Harbour Asset Management Limited (Harbour) and part of a group of investment and advisory businesses ultimately owned by FirstCape Group Limited (FirstCape). FirstCape is jointly owned by NAB, Jarden Wealth and Asset Management Holdings Limited (Jarden) and funds managed by Pacific Equity Partners (PEP). NAB is a licensed bank in Australia and is the parent company of BNZ.

Related parties from the FirstCape group companies and the NAB group of companies (including BNZ) provide their services to us and to YouWealth. These companies may also receive fees from us or YouWealth for these services.

BNZISL manages its conflicts of interest by appointing independent directors to the Board.

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

Actual or perceived conflicts of interest for directors and employees of FirstCape group companies can arise from any competing interests.

Directors and Investment Review Committee members are required to disclose conflicts of interest and there are processes for recording and managing these conflicts.

FirstCape group companies' employees are required under the terms of their individual employment agreements to disclose and register potential or actual conflicts of interest to FirstCape so that these can be effectively managed.

### 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 YouWealth, including transactional and foreign exchange services.	All Funds.	We may be influenced by our association with BNZ and NAB to use their banking services over other financial service providers. Where we use BNZ or NAB banking services, BNZ may receive commercial benefits. Banking services are provided on a commercial arm's length basis.
BNZISL is part of a group of investment and advisory businesses owned by FirstCape, which is jointly owned by NAB, Jarden and funds managed by PEP.	All Funds.	We may be influenced by our association with other companies within the FirstCape group or the NAB group (including BNZ) to choose underlying investment managers that are part of the group. Harbour (our parent company) acts as one of our underlying investment managers. We manage this conflict through the appointment of an independent director to our investment review committee. This committee approves the appointment of underlying investment managers and monitors their ongoing performance. 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.

## 8. The Governing Document made easy

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 YouWealth including meetings of investors and how the Funds are distributed if they are wound up.

➔ A copy of the Governing Document is available at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose)

## 9. Manufacturing and Distribution Agreement with BNZ

A manufacturing and distribution agreement is in place with BNZ which sets out the terms on which BNZ provides customer management and administrative services in relation to the Scheme.



