

Fund Update

For quarter ending 30 June 2021

This Fund Update was first made publicly available on 27 July 2021.

What is the purpose of this update?

This document tells you how the Conservative Fund (Fund) has performed and what fees were charged. The document will help you to compare the Fund with other funds. BNZ Investment Services Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

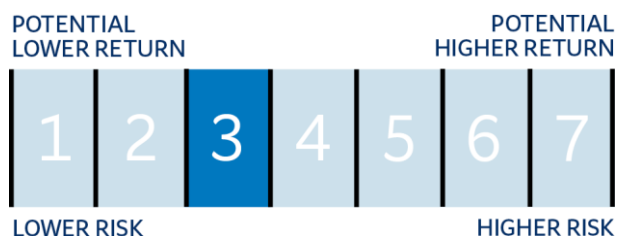
Description of this Fund

The Conservative Fund invests mostly in income assets, which generally have lower levels of risk with the potential for lower returns. It also has a modest allocation to growth assets, which generally have higher levels of risk and potential returns. It aims to achieve relatively stable returns over the short to medium term.

Total value of the Fund	\$44,403,822.32
Date the Fund started	21 May 2018

What are the risks of investing?

Risk indicator¹ for the Conservative 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 (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 sorted.org.nz

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 30 June 2016 to 30 June 2021. 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.

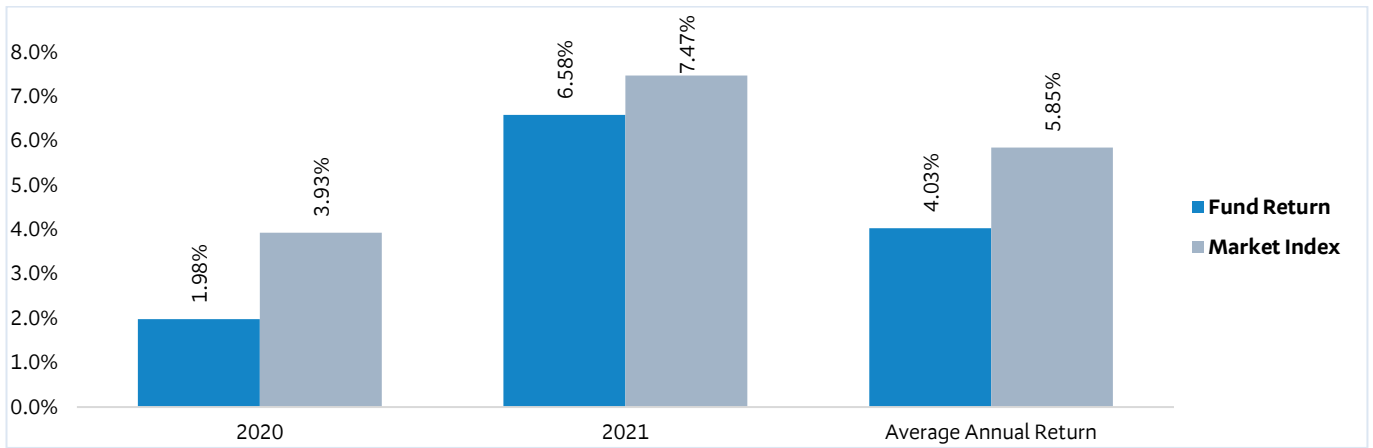
See the YouWealth Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

How has the Fund performed?

	Past year
Annual return (after deductions for charges and tax)	3.49%
Annual return (after deductions for charges but before tax)	3.60%
Market index annual return (reflects no deductions for charges and tax)	4.29%

The market index (benchmark) return is based on a composite index made up of asset class market indices that represent the target investment mix (including currency hedging, where relevant), as described in the Statement of Investment Policy and Objectives (SIPO). Additional information about the benchmark is available on the offer register (search for YouWealth) at companiesoffice.govt.nz/disclose

Annual return graph



The graph shows the return after Fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the average annual return since the Fund started, up to 30 June 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.

Market index returns do not include Fund charges or deductions for tax.

Example of how this applies to an investor

John 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, John received a return after Fund charges were deducted of \$349.00 (that is 3.49% of his initial \$10,000). John also paid \$0.00 in other charges. This gives John a total return of \$349.00 for the year.

What fees are investors charged?

Investors in the Conservative Fund are charged Fund charges. In the year to 31 March 2021 these were (excluding GST):

	% of net asset value
Total fund charges	0.78%
<i>Which are made up of:</i>	
Total management and administration charges	0.78%
<i>Including:</i>	
Manager's basic fee	0.78%
Other management and administration charges	0.00%
Total performance-based fees	0.00%

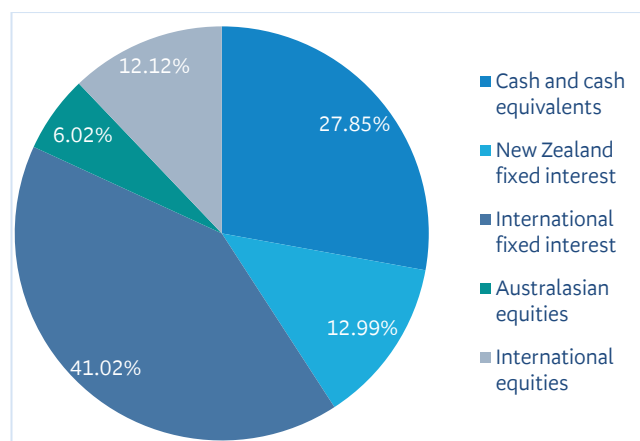
See the YouWealth PDS for more information about these fees. This can be accessed from the Disclose Register at companiesoffice.govt.nz/disclose

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

What does the Fund invest in?

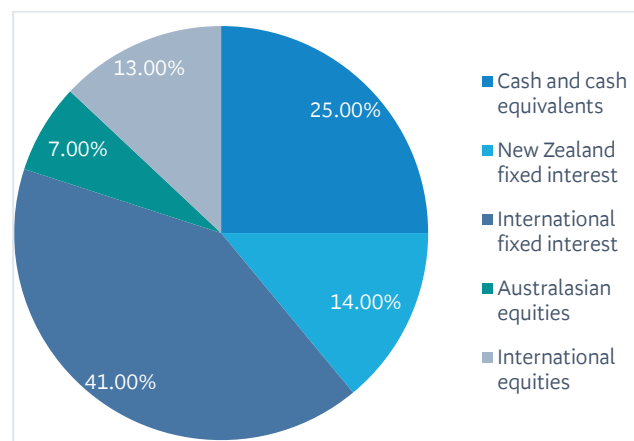
This shows the types of assets the Fund invests in.

Actual investment mix^{2,3}



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

Target investment mix



Currency hedging

Currency hedging may be used to mitigate the impact of currency movements on investments in foreign securities. As at the date of this Fund Update, the Manager applies the following currency hedging ratios:

- 100% of the Fund's international fixed interest exposure
- 40% of Fund's international equities exposure
- 100% of the Fund's Australian equities exposure

The Statement of Investment Policy and Objectives (SIPO) sets out the policy for our currency hedging strategy in Section 5 and is available on the Scheme's Disclose Register entry at companiesoffice.govt.nz/disclose

Top 10 investments⁴

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	BNP Paribas Bank Account USD	1.95%	Cash and cash equivalents	United States	A+
2	ASB Bank Ltd Enhanced +8bps 26/08/2021	1.85%	Cash and cash equivalents	New Zealand	AA-
3	BNP Paribas Bank Account NZD	1.74%	Cash and cash equivalents	New Zealand	A+
4	NZ Government Bond 0.5% 15/05/2024	1.42%	New Zealand fixed interest	New Zealand	AAA
5	Bank of New Zealand (BNZ) Registered Certificate of Deposit 05/08/2021	1.36%	Cash and cash equivalents	New Zealand	AA-
6	Hongkong & Shanghai Banking Co Floating Rate Note 26/11/2021	1.34%	New Zealand fixed interest	New Zealand	AA-
7	New Zealand Local Government Funding Agency Ltd PNote 13/09/2021	0.99%	Cash and cash equivalents	New Zealand	AAA
8	Federal National Mortgage Association 2%	0.95%	International fixed interest	United States	AA+
9	NZ Government Bond 3% 20/04/2029	0.89%	New Zealand fixed interest	New Zealand	AAA
10	IRD Deposit Tax Traders 1% 27/07/2021	0.89%	Cash and cash equivalents	New Zealand	

The top 10 investments make up 13.38% of the net asset value of the Fund.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the Fund.

Name	Current position	Time in current position	Previous or other position	Time in previous position
Richard Morath	Director, BNZ Investment Services Limited	8 years, 0 months	Non-Executive Director, BNZ Life Insurance Limited (current position)	17 years, 7 months
Richard Ansell	Director, BNZ Investment Services Limited	2 years, 4 months	Member, BNZ Investment Review Committee (current position)	2 years, 4 months
Hayley Cassidy	Director, BNZ Investment Services Limited	2 years, 2 months	Executive, Chief General Counsel, BNZ (current position)	0 years, 4 months
Paul Richardson	Director, BNZ Investment Services Limited	1 year, 7 months	Managing Director, Carina Capital Limited (current position)	2 years, 11 months
Daniel Huggins	Director, BNZ Investment Services Limited	0 years, 11 months	Executive - Customer Products & Services, BNZ (current position)	1 year, 3 months

Further information

You can also obtain this information, the PDS for the YouWealth, and some additional information from the offer register at companiesoffice.govt.nz/disclose

Contact details

If you have any questions about this Fund or any of the YouWealth Funds, please call us on 0800 275 269 or visit our website at bnz.co.nz/youwealth

Notes

1. As the Fund has been operating for less than five years, we have used a mix of actual and market index returns for the five-year period to 30 June 2021 to calculate its risk indicator. This means it may provide a less reliable indicator of the potential future volatility of the Fund. The inception date for the Conservative Fund was 21 May 2018. The Conservative Fund's risk indicator is based on market index returns from 1 July 2016 to 31 May 2018 and actual returns from 1 June 2018 to 30 June 2021.
2. The calculation of cash and cash equivalents within the actual investment mix allocation may include investor flows not yet unitised, liquidity cash and fund accruals but excludes cash and cash equivalents held by our investment managers for operational and hedging purposes which are categorised within the asset class to which they apply.
3. Australasian equities and international equities may include an allocation to listed property securities.
4. Investor flows not yet unitised, unsettled trades, currency hedging gains (or losses) and any operating accruals are excluded from the Top 10 investments.