

Fund Update

Fund Update for period to 31 March 2019

This Fund Update was first made publicly available on 1 May 2019.

What is the purpose of this update?

This document tells you how the Balanced Growth 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.

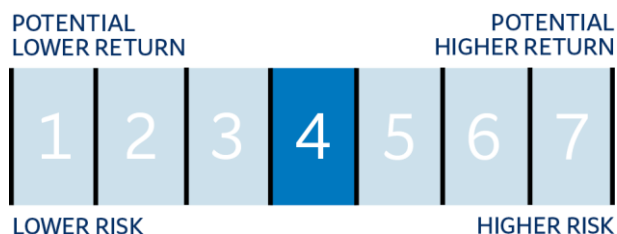
Description of this Fund

The Balanced Growth Fund invests primarily in growth assets which generally have higher levels of risk with the potential for higher returns. It also has an allocation to income assets which generally have lower levels of risk and return. It aims to achieve medium to high levels of return over the long term.

Total value of the Fund	\$5,474,532.01
Date the Fund started	29 March 2018

What are the risks of investing?

Risk indicator¹ for the Balanced Growth 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 31 March 2014 to 31 March 2019. 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)	Not applicable
Annual return (after deductions for charges but before tax)	Not applicable
Market index annual return (reflects no deductions for charges and tax)	9.00%

An annual return is not available for this Fund as it has not been in existence for more than a 12-month period. Contributions were first accepted into the Fund on 21 May 2018.

The market index (benchmark) return is based on a composite index made up of related market indices that represent the target investment mix (including currency hedging where relevant). Additional information about the market index is available on the Scheme's Disclose Register entry at companiesoffice.govt.nz/disclose

What fees are investors charged?

Investors in the Balanced Growth Fund are charged Fund charges. Based on the PDS dated 29 March 2018, these are expected to be (excluding GST):

	% of net asset value
Total fund charges	1.35%
<i>Which are made up of:</i>	
Total management and administration charges	1.35%
<i>Including:</i>	
Manager's basic fee	1.35%
Other management and administration charges	0.00%
Total performance-based fees	0.00%

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). Investors are not currently charged individual actions fees.

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.

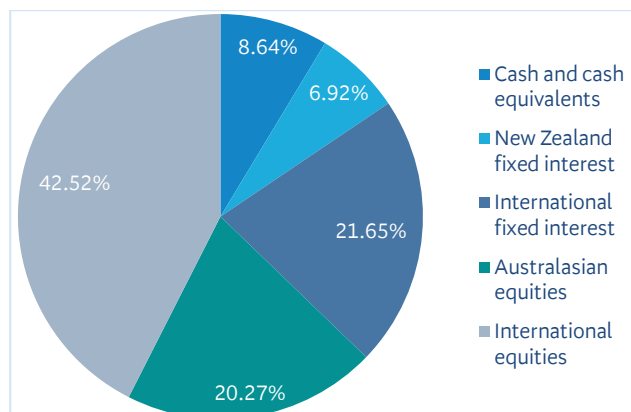
Example of how this applies to an investor²

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 \$763.00 (that is 7.63% of his initial \$10,000). John also paid \$0.00 in other charges. This gives John a total return of \$763.00 for the year.

What does the Fund invest in?

This shows the types of assets the Fund invests in.

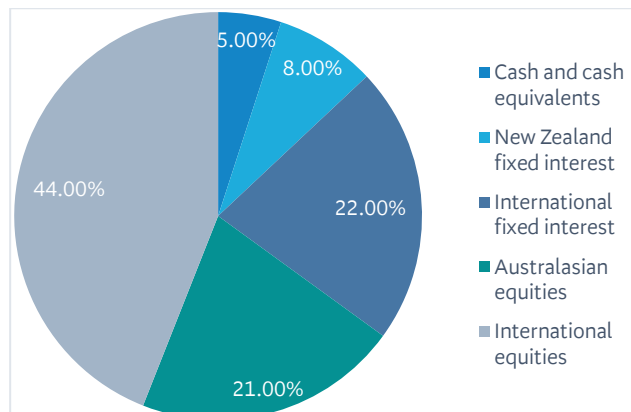
Actual investment mix*



* The percentage of cash and cash equivalents in this graph may differ to those stated in the Top 10 investments table as they can include operating and fund accruals.

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 31 March 2019, currency hedging is as follows:

- International fixed interest – 100% hedged to NZD
- International equities – 40% hedged to NZD (target 50%)
- Australian equities within the Australasian equity investment mix – 46% hedged to NZD (range between 0 - 100%)

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 investments

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	Russell Global Bond Fund Class D	21.65%	International fixed interest	Australia	
2	Mint Core Equities Fund	10.36%	Australasian equities	New Zealand	
3	Nikko AM Wholesale Core Equity Fund	9.91%	Australasian equities	New Zealand	
4	Nikko AM Wholesale NZ Cash Fund Two	6.74%	Cash and cash equivalents	New Zealand	
5	AMP Capital NZ Fixed Interest PIE	3.47%	New Zealand fixed interest	New Zealand	
6	Harbour NZ Core Fixed Interest WHS	3.45%	New Zealand fixed interest	New Zealand	
7	NZD Cash Deposit (BNZ Bank)	2.00%	Cash and cash equivalents	New Zealand	AA-
8	Nestle SA	0.87%	International equities	Switzerland	
9	Alphabet Inc	0.83%	International equities	United States	
10	AUD Cash Deposit (National Australia Bank) ³	0.76%	Cash and cash equivalents	Australia	AA-

The top 10 investments make up 60.04% 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	5 years, 9 months	Non-Executive Director, BNZ Life Insurance Limited (current position)	15 years, 4 months
Xiaohui Zang	Director, BNZ Investment Services Limited	1 year, 1 month	Financial Controller, BNZ (current position)	1 year, 9 months
Peter Forster	Director, BNZ Investment Services Limited	0 years, 4 months	General Manager Wealth, BNZ (current position)	0 years, 7 months
Richard Ansell [New]	Director, BNZ Investment Services Limited	0 years, 1 month	Chair, BNZ Investment Review Committee (current position)	0 years, 1 month

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 question about this Fund or any of the YouWealth Funds, please contact a BNZ Financial Advisor. Alternatively, call us on 0800 275 269 or visit our website at bnz.co.nz/youwealth.

Notes

1. As the Fund has not been in existence for 5 years, a combination of actual returns and market index returns have been used to calculate the Fund's risk indicator. The risk indicator, therefore, may provide a less reliable indicator of the potential future volatility of the Fund.
2. Because this Fund started operating on 29 March 2018, the Fund's market index return for the full year referred to in the section "How has the Fund performed" has been used in this example rather than the actual Fund return (which only exists for a partial year). The market index return referred to in the section "How has the Fund performed?" reflects no deductions for Fund charges, and so has been adjusted for the purposes of this example (inclusive of GST). This example generally illustrates how fees may affect an investor holding \$10,000 in the Fund for a year. It does not reflect the impact of buy/sell spreads that may apply when a person makes a new or additional contribution into the Fund or withdraws from the Fund. For more information on buy/sell spreads, see the PDS for YouWealth.
3. This cash deposit is an asset of a related underlying fund that this Fund invests in and is held specifically to maintain exposures to international equity investments.