

5 March 2018

This document provides information on conflicts of interest and how BNZ Investment Services Limited (BNZISL or we) will manage those conflicts for the Private Wealth Series (Private Wealth Series or Scheme). It should be read with the current Private Wealth Series Product Disclosure Statement (PDS), Statement of Investment Policy and Objectives (SIPO) and any other information held on the Private Wealth Series Disclose Register entry at disclose-register.companiesoffice.govt.nz/disclose

BNZISL is the Manager of the Scheme and is a member of the National Australia Bank Limited (NAB) group of companies and has directors who are senior executives of Bank of New Zealand (BNZ) and related companies. This gives rise to an inherent conflict of interest.

Description of conflict of interest	Affected Funds	Material influence on investment decisions of the manager
Banking services: BNZ provides banking services to the Scheme, including transactional and foreign exchange services.	All Scheme funds (Funds)	<p>We may be influenced by our association with BNZ to use their banking services over other financial services.</p> <p>Banking services are provided on a commercial arm’s length basis.</p>
Directors of BNZISL and employees of BNZ (the parent company of BNZISL), may invest in the Scheme (including via BNZ’s Model Portfolio Service) from time to time.	All Funds	<p>Decisions made by directors or employees may be influenced by their interest in the Scheme.</p> <p>BNZISL (and BNZ) have policies and procedures to identify and manage any conflicts of interest. The Conflict of Interest and Gifts Policy provides a framework for identifying, declaring, managing and monitoring conflicts of interest. Further, these policies and procedures require:</p> <ul style="list-style-type: none"> ▪ Directors and BNZ staff to disclose conflicts of interest (including gifts); and ▪ Directors and BNZ staff to refrain from making investment decisions regarding financial products for which they, personally, have a conflict of interest.
BNZISL is part of the NAB group. Some of the assets of the Scheme are invested in underlying funds that are managed by companies that are also part of the NAB group.	International Equity Fund	<p>We may be influenced by our association with other companies within the NAB group to prefer funds operated by related parties over those operated by independent third parties.</p> <p>BNZISL (and BNZ) have policies and procedures to identify and manage any conflicts of interest. The Conflict of Interest and Gifts Policy provides a framework for identifying, declaring, managing and monitoring conflicts of interest. Further, these policies and procedures require:</p> <ul style="list-style-type: none"> ▪ Directors and BNZ staff to disclose conflicts of interest; and ▪ Directors and BNZ staff to refrain from making investment decisions regarding financial products for which they, personally, have a conflict of interest. <p>BNZISL (as Manager) will select investments that it considers appropriately reflect the risk profile and investment strategy and objective of the relevant Fund and are consistent with BNZISL’s investment philosophy.</p>



<p>JANA Investment Advisers Pty Limited (JANA) provides asset consulting services to BNZISL in relation to the Scheme’s investment in international equities. JANA provides research and recommendations to BNZISL on the investment of Scheme assets, including underlying manager selection, portfolio construction and currency hedging. This relationship between BNZISL and JANA may broaden in the future.</p> <p>In 2017 the NAB group sold part of its interest in JANA, but retained a minority interest.</p>	<p>All Funds</p>	<p>We may be influenced by our association with other companies within the NAB group, or in which the NAB group has a financial interest, who we may engage to provide services to us, instead of independent third parties.</p> <p>BNZISL (and BNZ) have policies and procedures to identify and manage any conflicts of interest. The Conflicts of Interest and Gifts Policy provides a framework for identifying, declaring, managing and monitoring conflicts of interest. Further, these policies and procedures require:</p> <ul style="list-style-type: none"> ▪ Directors and BNZ staff to disclose conflicts of interest; and ▪ Directors and BNZ staff to refrain from making investment decisions regarding financial products for which they, personally, have a conflict of interest. <p>Despite the services provided, BNZISL (as Manager) will select investments that it considers appropriately reflect the risk profile and investment strategy and objective of the relevant Fund and are consistent with BNZISL’s investment philosophy.</p>
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Where relevant, BNZISL will complete a certificate prior to it entering into a transaction that will benefit a related party. The certificate confirms that section 174 of the Financial Markets Conduct Act 2013 (FMCA) applies to the transaction, so it is otherwise permitted under the FMCA (for example, because it is on arm’s length terms).

FMCA obligations

The FMCA also imposes statutory controls on conflicts of interest, including the following:

- We must, in exercising any power, or performing any duties, exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in those circumstances; act honestly in acting as a manager; act in the best interests of investors; and treat investors fairly.
- We must not make use of information acquired through being the manager in order to gain an improper advantage for ourselves or any other person or cause detriment to investors.
- Where we contract out functions to external parties, we must seek to ensure the persons we contract those functions to, perform them to the above standards as if we were performing them ourselves. We must monitor the performance of those functions.
- Where a related party transaction provides a related party benefit as described by the FMCA, we must notify the Supervisor and provide any certifications required by the FMCA.

This document has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013. Investments made in the Private Wealth Series do not represent deposits or other liabilities of Bank of New Zealand (BNZ) or any other member of the National Australia Bank Limited group, and are subject to investment risk, including possible delays in repayment and loss of income and principal invested. None of BNZ or any other member of the National Australia Bank Limited group, the Supervisor, any director of any of them, or any other person guarantees (either fully or in part) the performance or returns of the Private Wealth Series or the repayment of capital. National Australia Bank Limited, the ultimate parent of BNZ, is not a registered bank in New Zealand, but is a licensed bank in Australia and is therefore subject to the supervision of the Australian Prudential Regulation Authority. BNZ Authorised Financial Advisers’ Disclosure Statements are available on request and free of charge.