



# Private Wealth Series

## More about Private Wealth Series

Other Material Information

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# Find out more about Private Wealth Series

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

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This document contains information about the way Private Wealth Series works. Private Wealth Series 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.

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

**In this document:**

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

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 Private Wealth Series, from time to time.

Investments in Private Wealth Series 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 back less than the total contributed. No person (including the New Zealand Government) guarantees (either fully or in part) the performance or returns of Private Wealth Series 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 authorized 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. 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. You'll be told if this changes.

## Buy/Sell spread

Whenever you contribute to 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/privatewealthspreads](https://bnz.co.nz/privatewealthspreads) and more information about spreads at [bnz.co.nz/buysellspreads](https://bnz.co.nz/buysellspreads)

Fund	Estimated spread ranges for applications and withdrawals
International Equity Fund	0 - 0.30%
Australasian Equity Fund	0 - 0.50%
International Fixed Interest Fund	0 - 0.30%
New Zealand Fixed Interest Fund	0 - 0.30%
Cash Fund	0.00%

## Fee rebates

We, at our sole discretion, may choose to offer fee rebates to one or more investors in the Funds from time to time. The level of any fee rebates will be determined by us alone.

BNZISL determines the form of the fee rebate, which may be:

- a cash payment to a bank account nominated by an investor
- a cash payment to a bank account nominated by a custodial service
- a payment resulting in the issue of additional units to an investor or custodial service
- any other form as determined by BNZISL.

We may change the amount, frequency or form of any fee rebate at any time, including starting or stopping fee rebates for any investor at any time.

## 2. 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 Private Wealth Series and the Funds. The table below is a summary of these 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 exchanges 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 countries, sectors, securities and styles of investing, to seek to reduce or manage this risk. Further, we can move away from the target foreign currency exposure for the Private Wealth Series International Equity Fund based on our assessment of the market environment.</p>
<b>Growth and income asset risk</b>	<p>The risk that Funds that invest in growth assets (such as equities) carry greater risk but offer the potential of higher returns than Funds that invest 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.</p>
<b>Concentration risk</b>	<p>The risk that the value of a Fund changes because it has a high exposure to an underlying investment fund or specialist investment manager, or to a 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.</p>
<b>Interest rate risk</b>	<p>Interest rate changes can have a negative impact on a Fund's investment returns. This is particularly relevant for the Private Wealth Series Cash Fund, Private Wealth Series NZ Fixed Interest Fund and Private Wealth Series International Fixed Interest Fund. These Funds invest exclusively in income assets (cash and fixed interest), which are particularly impacted by interest rate changes. The listed Funds invest in a wide range of cash and fixed interest investments across different markets, and maturing at different times, to seek to reduce or manage this risk.</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 you are not able to switch or withdraw your investment 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.</p>
<b>Manager risk</b>	<p>This is the risk that decisions made by us, and the underlying investment managers we choose to help us run Private Wealth Series, may positively or negatively affect the return on your investment. For example, our Responsible Investment Policy will influence the investments 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>

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 that the managers of the underlying investment funds are complying with their mandates, which include how derivatives are to be used.
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.
Legislative risk	New laws or changes to existing laws could have a significant impact on an investment in Private Wealth Series (including its returns), or on how we manage Private Wealth Series. 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 investors. This could affect the returns to investors. 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 Private Wealth Series after consulting with or providing notice to our 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 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) Private Wealth Series or one or more of the Funds. If we decided to stop providing Private Wealth Series 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</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 Private Wealth Series or a Fund is in wind up.</p>

Risk	Description and how we manage risk
<b>Responsible investment risk</b>	<p>We believe investing responsibly is in the best long-term interests of our investors, and we apply sector and security exclusions to our Funds as part of our Responsible Investment Policy. These exclusions reduce the investment opportunity set in which our Funds can invest. This may, in turn, reduce potential diversification benefits. Applying exclusions may also impact our Funds' performance in absolute terms and relative to their benchmark indices. Over time our approach to Responsible Investment will develop further and we may change the extent to which we include non-financial factors in our investment approach.</p> <p>We manage this risk by periodically reviewing our Responsible Investment Policy.</p>

### 3. More about your investment options

#### Our investment approach

We are the Manager of Private Wealth Series and our role is to decide how to invest the assets of Private Wealth Series (Funds). We appoint a range of underlying investment managers who ultimately choose the underlying investments the Funds invest in.

The Funds can invest directly in securities or by investing in underlying investment funds managed by us or 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 Fund on [bnz.co.nz/privatewealthmanagers](https://bnz.co.nz/privatewealthmanagers)**

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 Private Wealth Series invests in either income or 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

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 Private Wealth Series.

➤ **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 2 'More about investment risk'.**

## 4. How your investment is valued

### Value of the Fund

The market value of each investment and the net asset values of Private Wealth Series' 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 before 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 investors, and adjusted for buy/sell spreads (as applicable). Unit prices are generally calculated each business day.

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

## 5. Related parties and managing conflicts of interest

BNZ Investment Services Limited (BNZISL) is the Manager of Private Wealth Series. 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) may provide their services to us and to Private Wealth Series. These companies may also receive fees from us or Private Wealth Series 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. For example, directors and employees of FirstCape group companies may invest into Private Wealth Series from time to time. 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
<p>Banking services: BNZ provides banking services to Private Wealth Series, including transactional and foreign exchange services.</p>	<p>All Funds.</p>	<p>We may be influenced by our association with BNZ and NAB to use their banking services over other financial service providers.</p> <p>Where we use BNZ or NAB banking services, BNZ or NAB may receive commercial benefits.</p> <p>Banking services are provided on a commercial arm’s length basis.</p>
<p>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.</p>	<p>All Funds.</p>	<p>We may be influenced by our association with other companies within the FirstCape group or 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.</p> <p>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.</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>





## 6. The Governing Document made easy

The Governing Document contains the rules governing the management and administration of Private Wealth Series. 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 Private Wealth Series 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](https://companiesoffice.govt.nz/disclose)

## 7. Manufacturing and Distribution Agreement with BNZ

We have entered into a manufacturing and distribution agreement with BNZ which sets out the terms on which BNZ provides customer management and administrative services in relation to the Scheme.

