



BNZ Term PIE

Statement of Investment Policy and Objectives

Issued by BNZ Investment Services Limited - 26 April 2024

This document applies to applications made on or after 1 May 2024.



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Investments in BNZ Term PIE (BNZ Term PIE or Scheme) 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 BNZ Term PIE 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. The SIPO describes our policies and objectives for the Scheme

BNZ Term PIE is a registered Managed Investment Scheme (MIS) under the Financial Markets Conduct Act 2013 (FMCA).

The Statement of Investment Policy and Objectives (SIPO) sets out the way BNZ Investment Services Limited (BNZISL, we, us or our) governs and manages investments held in the BNZ Term PIE.

It includes information on the investment strategy and objectives and authorised investments for the BNZ Term PIE.

2. BNZISL invests BNZ Term PIE's assets

BNZISL, the manager of BNZ Term PIE, is responsible for investing BNZ Term PIE's assets. Our responsibilities include:

- maintaining the investment governance (oversight of how BNZ Term PIE is managed) framework and ensuring that effective investment policies and processes are in place
- setting BNZ Term PIE's investment strategies, objectives and guidelines
- approving the investments that BNZ Term PIE is allowed to invest in
- reviewing and approving changes to this SIPO and ensuring it is adhered to.

BNZ Term PIE's overall investment performance is not monitored but the return of each BNZ Term PIE Account is monitored (via reconciliations and other checks) to ensure the returns match the terms agreed on application.

BNZISL is currently a wholly owned subsidiary of BNZ. However, on 1 May 2024 BNZ expects it will finalise the sale of its interest in BNZISL. On and from that date (which is when applications for investment in BNZ Term PIE under this PDS become available) we will be 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 National Australia Bank (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.

3. Investment philosophy

We believe it's important to offer investors tax efficient investment options that closely align with the risk and return characteristics of a BNZ term deposit.

4. BNZ Term PIE’s strategy and objective

BNZ Term PIE’s objective is to provide an investment similar to BNZ term deposits in a structure that may be more tax efficient for an investor.

BNZ Term PIE’s strategy is to invest the assets of BNZ Term PIE into a New Zealand dollar interest-bearing deposit with BNZ.

When an investor applies for units in BNZ Term PIE they can choose:

- their investment term and the maturity date
- the frequency of their returns
- what to do with their account balance at the maturity date.

BNZ publishes details about any restrictions on the investment options through bnz.co.nz/termpie, or tells you when you apply to invest.

No appropriate market index

All assets of BNZ Term PIE are invested into a New Zealand dollar interest-bearing deposit at BNZ. As such, BNZ Term PIE does not have an appropriate market index as there is no broad-based securities index that can be used to assess movements in the market in relation to the returns from the BNZ bank deposits in which BNZ Term PIE invests.

BNZISL has also not identified a suitable peer group index. We are not aware of any widely recognised or used index that tracks the performance of similar funds or schemes to BNZ Term PIE. Further, even if such an index existed, such an index would likely not be useful to an investor as an investor’s return in BNZ Term PIE (like similar products in the market) is not determined by rates of return and investment terms we have agreed with other investors in the past.

Asset class	Target investment mix (%)	Allowable investment ranges (%)	Market index
New Zealand dollar interest-bearing deposit at BNZ	100	100	There is no appropriate market index as explained above.

5. BNZ Term PIE investments

Bank deposits at BNZ are the only authorised investment

We have entered into an agreement with BNZ, in which BNZ Term PIE agrees to invest all of its assets into a New Zealand dollar interest-bearing deposit with BNZ.

BNZ, on a daily basis, credits BNZ Term PIE’s bank account with sufficient interest (before PIE tax liabilities and break fees, and after rounding) to ensure that there are sufficient funds to pay investors all returns that BNZ Term PIE is required to pay investors on any given day. BNZ Term PIE is not authorised to invest in any other asset.

BNZ acts as BNZ Term PIE’s bank, and is not engaged as an underlying manager.

Units issued in BNZ Term PIE are represented by BNZ Term PIE accounts. There is a separate account for each holding of units with a different maturity date and rate of return. Returns on an account will depend on the maturity date and rate of return agreed when the investment is made.



6. BNZISL manages the BNZ Term PIE

We maintain several policies and processes relevant to BNZ Term PIE. A summary of these follows.

Responsible investment

Due to the nature and features of BNZ Term PIE, BNZISL's responsible investment policy does not apply to BNZ Term PIE.

BNZ has, however, made various general commitments with regards to sustainability in the operation of its business. You can obtain more information about BNZ's sustainability commitments at: bnz.co.nz/about-us/sustainability

We manage conflicts of interest

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 BNZ Term PIE from time to time. Directors 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.

We may use related parties to provide services to BNZ Term PIE, including staffing services, and banking facilities.

We conduct all transactions with related parties of BNZ Term PIE on arms' length commercial terms (as if the parties were independent) and follow the rules on related party transactions that apply to Managed Investment Schemes under the FMCA.

For more information on related-party transactions under the FMCA go to: fma.govt.nz/library/guidance-library/related-party-transactions-under-the-financial-markets-conduct-act-2013/

The Scheme may borrow for operational purposes

Subject to any requirements of the governing document, BNZ Term PIE may borrow for the purposes of conducting the management or operations of BNZ Term PIE, including the payment of redemptions to or in respect of investors.

We maintain liquidity

An investment is liquid when it is quick and easy to convert to cash without having a significant impact on its value. It is important for BNZ Term PIE to maintain an appropriate level of liquidity to be able to meet its cash flow requirements (which includes payment of returns to its investors).

BNZ Term PIE's BNZ deposit is fully redeemable on any day subject to any early withdrawal fees.

7. When we monitor and review

Reviewing the SIPO

We review this SIPO at least every year.

We may also carry out an ad-hoc review due to:

- a change to BNZ Term PIE's investment strategy and objective
- material changes in market conditions
- a change in law or regulation
- any other reason where it considers it necessary and appropriate.

When we review the SIPO, we consider our investment philosophy and BNZ Term PIE's investment strategies and objectives. Any changes are approved in accordance with our internal processes. This may include approval by internal committees. We may also consult with the Supervisor prior to approving any changes to the SIPO and provide written notice of the changes to the Supervisor before the changes take place. Any material changes to the SIPO will be outlined in BNZ Term PIE's annual report.

The current version of this SIPO is available on the Scheme's Disclose Register. Find this at companiesoffice.govt.nz/disclose

Approving and reviewing authorised investments

We approve BNZ Term PIE's authorised investments in accordance with Section 5 of this SIPO.

We review BNZ Term PIE's authorised investments at least once a year, or more often if necessary to make sure they remain appropriate and meet the requirements of this SIPO.

Monitoring and reporting

We regularly monitor (via reconciliations and carrying out other checks) the investment performance of each investment account to ensure the returns match the terms agreed on application.

