



## Fund Update

### Fund Update for period to 30 June 2018

This Fund Update was first made publicly available on 23 July 2018.

#### What is the purpose of this update?

This document tells you how the Balanced 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.

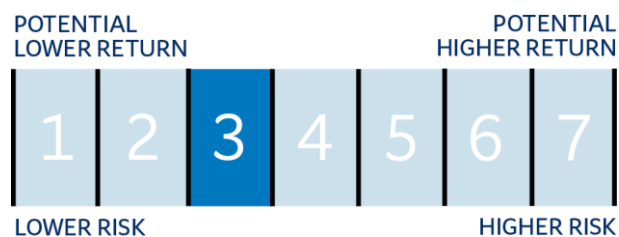
#### Description of this Fund

The Balanced Fund invests similar amounts in income assets which generally have lower levels of risk and return and growth assets which generally have higher levels of risk with the potential for higher returns. It aims to achieve a medium level of return over the medium to long term.

Total value of the Fund	\$946,660.49
Date the Fund started	26 March 2018

#### What are the risks of investing?

##### Risk indicator<sup>1</sup> for the Balanced 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](http://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 2013 to 30 June 2018. 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
<b>Annual return</b> (after deductions for charges and tax)	Not applicable
<b>Annual return</b> (after deductions for charges but before tax)	Not applicable
<b>Market index annual return</b> (reflects no deductions for charges and tax)	9.56%

An annual return is not available for this Fund as it has not been in existence for more than a 12-month period.

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 [disclose-register.companiesoffice.govt.nz](http://disclose-register.companiesoffice.govt.nz)

## What fees are investors charged?

Investors in the Balanced Fund are charged Fund charges. Based on the PDS dated 26 March 2018, these are expected to be (excluding GST):

	% of net asset value
<b>Total fund charges<sup>2</sup></b>	<b>1.30%</b>
<i>Which are made up of:</i>	
<b>Total management and administration charges</b>	<b>1.30%</b>
<i>Including:</i>	
Manager’s basic fee	1.25%
Other management and administration charges	0.05%
<b>Total performance-based fees</b>	<b>0.00%</b>

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 [disclose-register.companiesoffice.govt.nz](http://disclose-register.companiesoffice.govt.nz)

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

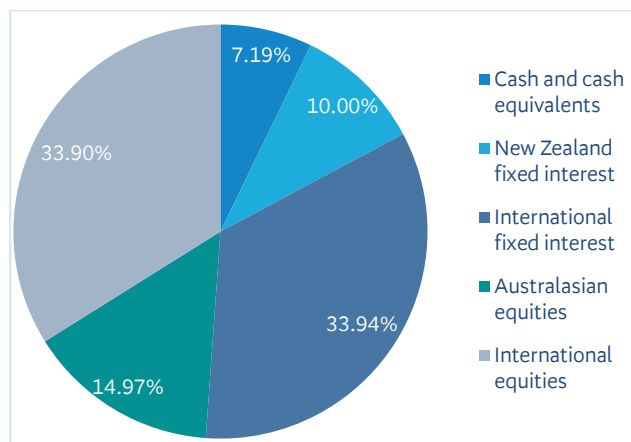
## Example of how this applies to an investor

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 and GST were deducted of \$824.00 (that is 8.24% of his initial \$10,000). John also paid \$0.00 in other charges. This gives John a total return of \$824.00 for the year.

## What does the Fund invest in?

This shows the types of assets the Fund invests in.

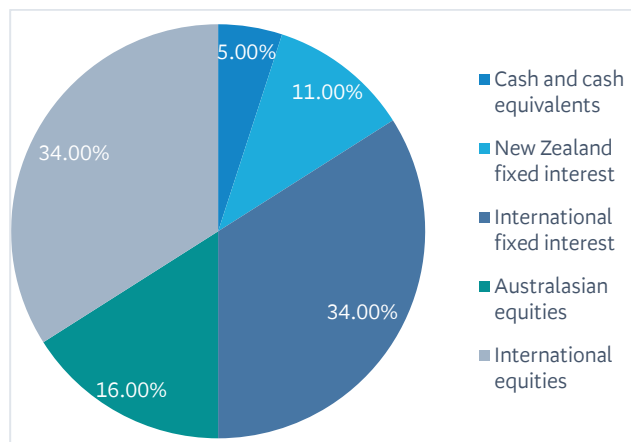
### Actual investment mix\*



\* 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 30 June 2018, 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 – 42% 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 [disclose-register.companiesoffice.govt.nz](http://disclose-register.companiesoffice.govt.nz)

## Top 10 investments

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	Russell Global Bond Fund	33.94%	International fixed interest	Australia	
2	Mint Core Equities Fund	7.49%	Australasian equities	New Zealand	
3	Nikko AM Wholesale Core Equity Fund	7.48%	Australasian equities	New Zealand	
4	Nikko AM Wholesale NZ Cash Fund Two	6.99%	New Zealand fixed interest	New Zealand	
5	AMP Capital NZ Fixed Interest Fund	5.00%	New Zealand fixed interest	New Zealand	
6	Harbour NZ Core Fixed Interest Fund	5.00%	New Zealand fixed interest	New Zealand	
7	Alphabet	0.66%	International equities	United States	
8	Facebook	0.60%	International equities	United States	
9	Nestlé	0.60%	International equities	Switzerland	
10	AUD cash deposit (National Australia Bank)	0.56%	Cash and cash equivalents	New Zealand	AA-

The top 10 investments make up 68.32% 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, 0 months	Non-Executive Director, BNZ Life Insurance Limited (current position)	14 years, 7 months
Shelley Ruha	Director, BNZ Investment Services Limited	6 years, 0 months	Chief Customer Officer, Partners, BNZ (current position)	4 years, 0 months
Christopher Reid	Director, BNZ Investment Services Limited	6 years, 0 months	Chief General Counsel, BNZ (current position)	9 years, 0 months
Xiaohui Zang	Director, BNZ Investment Services Limited	0 years, 4 months	Financial Controller, BNZ (current position)	1 year, 0 months

## Further information

You can also obtain this information, the PDS for YouWealth, and some additional information from the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## Contact details

If you have any question about this Fund or any of the YouWealth Funds, please contact a BNZ Authorised Financial Advisor. Alternatively, call us on 0800 275 269 or visit our website at [bnz.co.nz/youwealth](https://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. The annual fund charges for the Fund include a best estimate of 1) the costs and expenses charged by the underlying investment funds (other than the management fees of the underlying investment fund managers) into which the Fund invests; and 2) expenses which BNZ Investment Services Limited (as Manager) and The New Zealand Guardian Trust Company Limited (as Supervisor) may charge the Fund as permitted by the Governing Document. These estimates are based on the costs and expenses disclosed in the underlying investment fund offer documents, or where such offer documents do not exist, verification from the relevant underlying investment manager. The expenses incurred by BNZ Investment Services Limited and The New Zealand Guardian Trust Company Limited included in the annual fund charges are based on estimates provided by service providers or where these do not exist, a review of the expenses incurred by similar products for similar expenses. Actual expenses will vary.