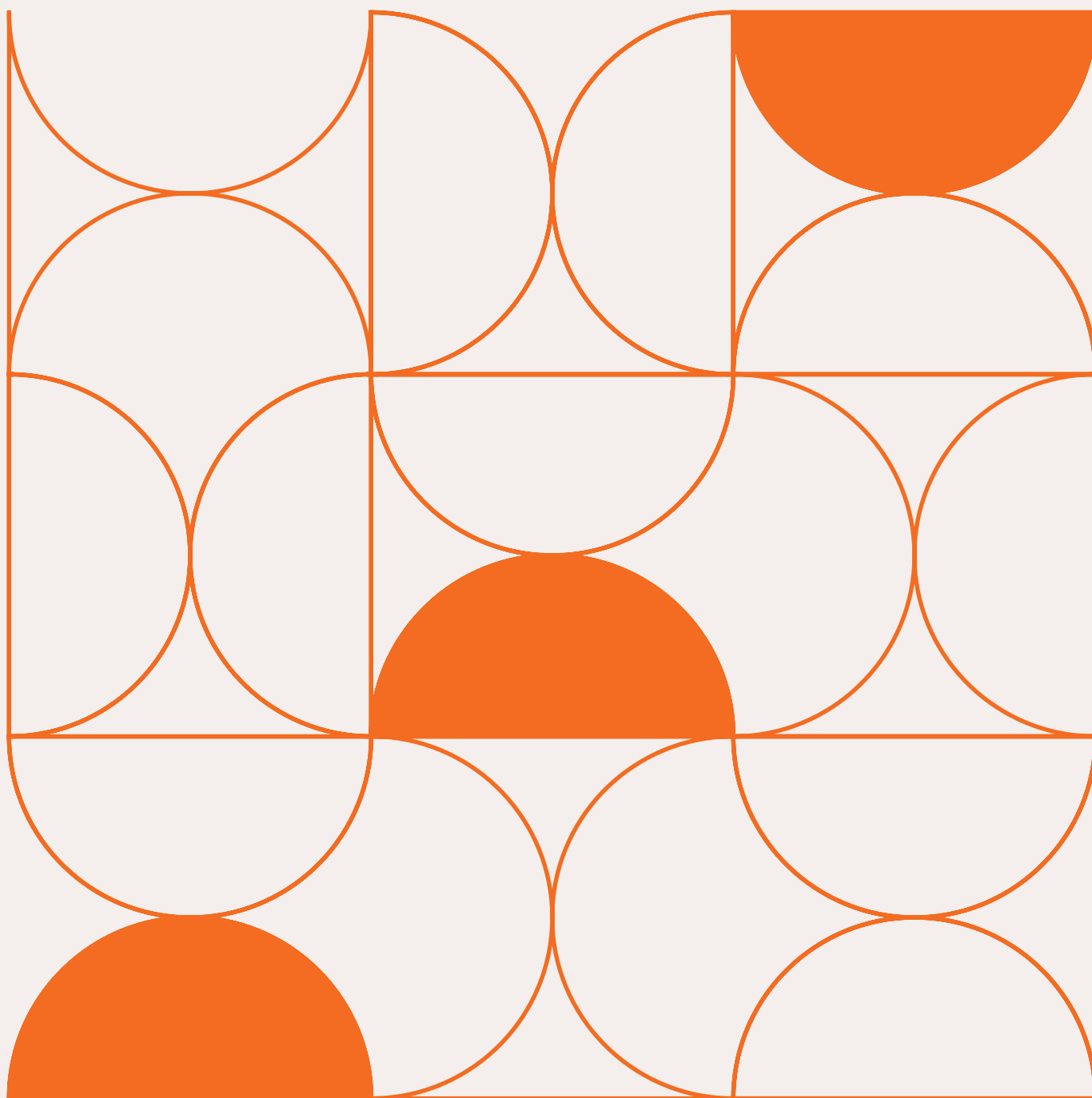
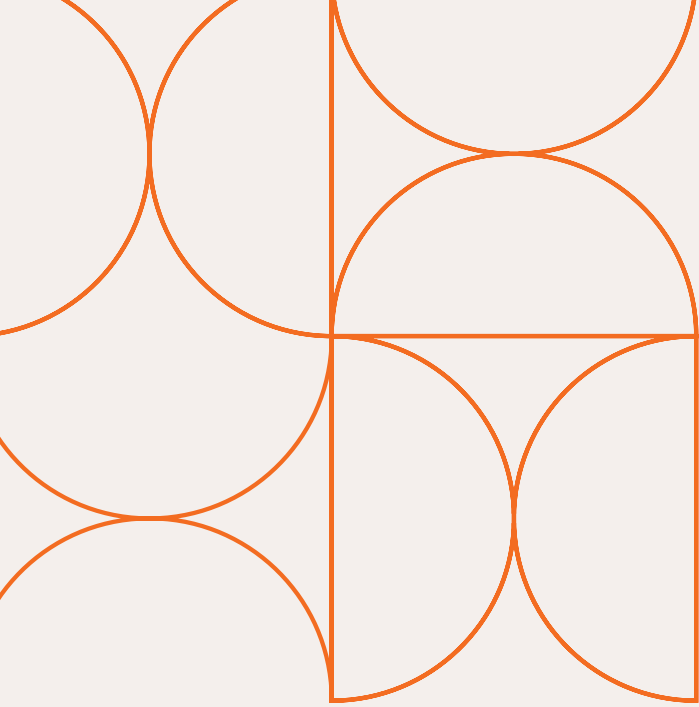


# Lifestages Portfolio Service

## Service Disclosure Statement



*This document gives you important information about this service to help you decide whether you want to invest using this service. Funds Administration New Zealand Limited, through its operating division, Lifestages, has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you decide if this service is appropriate for you.*



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## 1. What is this?

This is a discretionary investment management service (DIMS) provided by Funds Administration New Zealand Limited (FANZ). It provides the DIMS through Lifestages, an operating division of FANZ. In this document, references to “Lifestages”, “we”, “us” or “our” are references to FANZ as the provider of the DIMS. Under a DIMS, the provider invests your money on your behalf in financial products both directly and through managed funds, to gain exposure to New Zealand and international shares, cash and cash equivalents and fixed interest investments, and charges fees for the service.

You will hold the financial products through a custodian. The types of investments that we can invest your money in, and the fees, are described in the Investment Proposal attached to this document.

You will be relying on the investment decisions that we make. The value of the investments made for you may go up or down.

We offer three investment series for you to invest in. These are the Lifestages Portfolio Series, Lifestages PIE Portfolio Series, and Lifestages Direct Portfolio Series. You can combine portfolios from these investment series in different percentages so long as certain criteria are met. Prior to 1 December 2022, this DIMS was called the FANZ PW Investment Programme.

**This DIMS is called the Lifestages Portfolio Service (“Portfolio Service”).**

## 2. Who provides this service?

### Provider

FANZ provides the DIMS through its operating division, Lifestages, which was established in September 2001. FANZ is the funds management subsidiary of Southland Building Society.\*

**WHERE:** Level 18,  
125 The Terrace  
PO Box 10445  
Wellington

**PHONE:** 0800 727 2265

As at the date of this Service Disclosure Statement, the directors of FANZ are Gregory Mulvey, Michael Skilling, Anthony Dench, and Philip Ellison.

### Who else is involved?

	Name	Role
Administrator	FNZ Limited	FNZ Limited provides administration services, meaning it administers and reports on the investment portfolios managed on your behalf.
Custodian	FNZ Custodians Limited	FNZ Custodians Limited is the Custodian, meaning your investments are held in the name of FNZ Custodians Limited on your behalf.
Investment Consultant	Consilium NZ Limited (Consilium)	Consilium is an investment research company that provides Lifestages with investment research and advice.
Investment Consultant	Morningstar, Inc. (Morningstar)	Morningstar is an investment research company that provides Lifestages with investment research and data.

\*Investments in this Portfolio Service do not represent deposits or other liabilities of FANZ or its parent Southland Building Society, operating as 'SBS Bank' (or any other member of the SBS Bank group) and are subject to investment risk. The investment risk includes possible delays in repayment and loss of income or contributions invested. Historical returns are no guarantee of future performance.

The principal and returns of the financial products available through this Portfolio Service (including their capital value and performance) are not guaranteed or secured in any way by FANZ or by its parent SBS Bank (or any other member of the SBS Bank group), the Government, or any other person.

## 3. How the Lifestages Portfolio Service works

### Features of this service

- Aims to provide effective asset management through understanding your investment goals and aspirations;
- Your financial adviser (adviser) will spend time with you to understand what is important to you, and then design a specific set of investment recommendations aimed at achieving your goals;
- An advice process that requires a meeting(s) before your Investment Authority is confirmed and your DIMS account is established;
- An investment portfolio that offers three investment series that takes into account investment research, advice and data from Consilium and Morningstar; and
- We have the authority to make investment decisions, based on an agreed investment strategy, as to what financial products to acquire or dispose of on your behalf.

### Withdrawals

You can request withdrawals from your DIMS account to your nominated bank account at any time. Simply notify your adviser and we will give you a Withdrawal Form to fill out. Withdrawals will generally be paid within 10 business days under normal operating and market conditions. You can also set up regular withdrawals of \$400 or more from a portfolio, providing you maintain the minimum balance required for your chosen investment series (see “Minimum Investment”). Regular withdrawals can occur monthly or quarterly, and these are paid on the 15th of the month (or following business day should that day fall on a weekend or statutory holiday).

### Deposits

You can make deposits into your DIMS account from your nominated bank account at any time. Simply notify your adviser and we will give you an Additional Deposit Form to fill out. You can also make regular deposits of any amount and at any frequency via a direct debit. Ask your adviser for more information.

### Portfolio rebalancing

Rebalancing means adjusting portfolio holdings, either by buying or selling certain investments, to help you maintain your target asset allocation. A portfolio

rebalance is triggered when the balance in the cash account either moves below 1% of the total portfolio value due to withdrawals or payments, or above 9% due to deposits or cash distributions received. Your portfolio(s) are assessed annually (each July) to determine whether individual asset performances during the previous 12 months have been significant enough to warrant a rebalance. If a rebalance is required this will occur in August.

### Minimum investment

When you first sign up for the Portfolio Service, a minimum initial investment of \$300,000 is required.

Some of the investments in the portfolios have a minimum trade size. If your initial deposit does not meet these minimums, your investment may be delayed until such time that it can be aggregated with other investors’ trades. We may waive the minimum initial investment size at our discretion.

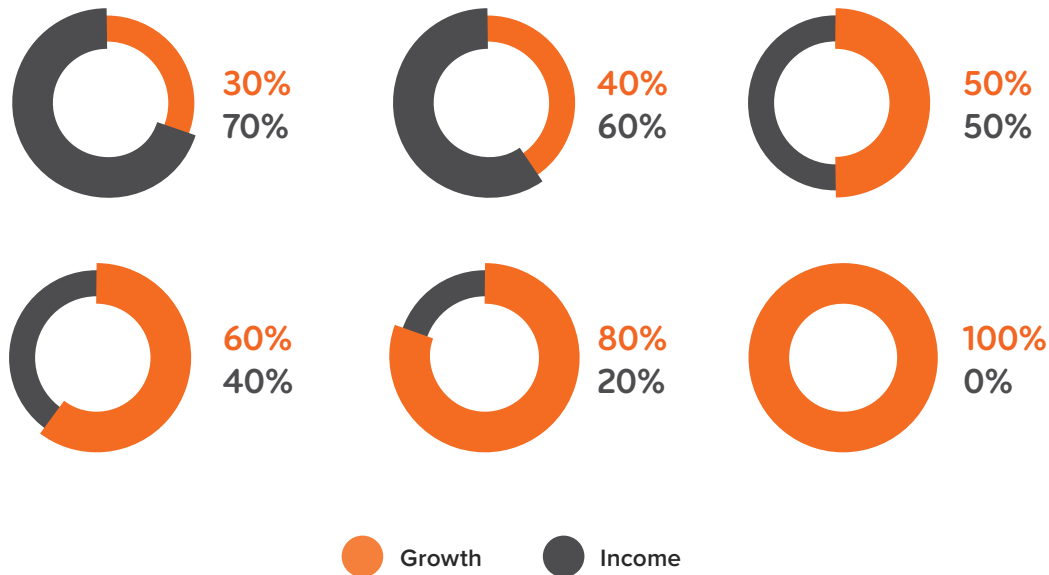
### Investment portfolio structure

Each series in the Portfolio Service offers a range of portfolios. Your adviser will help determine which type of portfolio or combination of portfolios is the most suitable for you and your goals.

They are designed to meet different client needs, risk profiles, and objectives. When you invest, your adviser will help you ensure that your money is invested in the portfolio that best meets your investment goals.

Portfolios are named on the basis of the split between growth assets (like equities and listed property) and income assets (like bonds and cash). Growth assets are generally considered more volatile and produce more capital growth, whereas income assets are considered more stable and generally produce more income. For example, a 30/70 portfolio has a mix (30% growth and 70% income) that is focused on assets that produce income as opposed to capital growth, whereas a 80/20 portfolio has a mix (80% growth and 20% income) that is focused on capital growth as opposed to income. The 60/40 portfolio has a more balanced mix of both growth and income assets.

## The range of risk profile portfolios on offer are:



Our goal is to ensure that the DIMS account we construct and maintain is suitable for you. When your adviser recommends a portfolio for you, your adviser will take into account all you have told them about your financial situation, financial needs (including your required income stream), financial goals, tolerance for risk, and other requirements.

Your adviser will create a portfolio for you based upon on the information you provide to them. Your adviser will periodically review your situation with you to ensure your portfolio remains a good fit for your financial goals. To ensure your current position still fits with your financial goals, it's essential to share any changes or important details you might have forgotten to mention.

The FANZ Investment Committee approves which investments to include in your portfolio(s), it may take into account research provided by Consilium and Morningstar.

We provide regular reporting so you can keep track of what is happening within your portfolio.

The portfolios that your money will be invested in (including the investment strategy to be applied to your portfolio) are described in the Investment Proposal attached to this document.

## How your investments are held

Investments are made on your behalf and held by FNZ Custodians Limited (or its nominee) as the Custodian.

We do not directly handle client funds, but rather, act on your behalf to instruct the Custodian to acquire, hold, and redeem investments on your behalf, on the terms described in this document.

In doing so, we take any actions we consider necessary or desirable to maintain the investment strategy you have selected. These actions include (but are not limited to):

- Selling or purchasing individual investments; and
- Making changes to the underlying investments within asset classes.

Any payments to or from the Custodian are made to or from your nominated bank account only.

The terms on which the Custodian performs its role is set out in an agreement between FNZ Limited and us. That agreement also contains the terms on which we can terminate the current custody agreement.

If we terminate the current custody agreement, we would appoint a new custodian that we consider would meet its legal obligations.

## Your cash account (account)

All cash transactions relating to your portfolio are effected through your account. Regular payments may be made out of your account, on a monthly or quarterly basis. You can select the amount and frequency of the regular withdrawal (subject to the requirements on page 5).

### Funds will be credited to your account when:

- You make a deposit;
- The investments held in your portfolio pay cash distributions (such as dividends or interest);
- Interest is credited on the balance of your account; and
- Investments held in your portfolio are redeemed or sold, and any manager rebates are received.

### Funds will be debited from your account when:

- You make a withdrawal;
- Fees, taxes and expenses are debited; and
- Investments are purchased.

**Please note:** Upon termination of your investment with us, your portfolio will be redeemed or sold and the proceeds returned to you in cash.

If necessary, investments will be realised from your portfolio in order to fund obligations payable from your account, such as fees.

## How to grant and terminate the investment authority

To invest, you must complete the application form for this Portfolio Service. By completing and signing the application form, you grant us the authority to make all decisions in relation to the investment of your DIMS account. The specific details of the authority you grant us are set out in the Investment Proposal and Investment Authority for this Portfolio Service. To terminate the Investment Authority, you must complete a Closure Form and send it to us at our email address stated in section 8 of this document. We will terminate your Investment Authority as soon as reasonably practicable after receiving the Closure Form. Please contact us if you require a copy of the Closure Form.

## Your rights and powers under the service

When you invest, you are accessing a range of portfolios, each managed for the benefit of a number of clients.

### That means you:

- Are unable to give instructions to exercise rights over the financial securities managed as part of your DIMS account, such as voting rights.
- Are unable to give instructions relating to the financial products in your DIMS account. Instead, we make these decisions for you.
- Do not have any right to be consulted on, or to countermand, the decisions we make in relation to your DIMS account. However, we will keep you informed through regular reporting, and you are always welcome to discuss the management or selection of your DIMS account with your adviser.

## Client Agreement

- The Client Agreement that you sign when investing governs your involvement in the Portfolio Service. The terms of the Client Agreement are contained in this Service Disclosure Statement, the Investment Proposal, and the application form for this service. The law requires that you enter into a client agreement at the same time as or before your Investment Authority is granted.
- When your Client Agreement is terminated, we will redeem or sell the assets in your portfolio(s) and return the cash to your nominated bank account. We currently do not offer in-specie transfers.
- You may terminate your Client Agreement by following the process for terminating your Investment Authority. There is no penalty for doing this.

## Fees

You will be charged fees to use this service, including percentage-based charges and individual action fees. Fees are detailed in Section 3 of the Investment Proposal.

## 4. Risks of using this service

Investing through this service has risks. Under this service, you give up control over investment decisions, and rely on our decisions.

All investments have a degree of risk. The value of your investments may go down as well as up. You may not achieve the returns you expect and may not receive all your investment back.

When investing in any combination of bond, property, and equity investments, you are exposed to varying degrees of risk. For this reason, investment returns over any particular period cannot be guaranteed. For short or even extended periods, portfolio returns can be negative, so it is important that you carefully consider your risk tolerance and investment time frame before investing.

The main risks that you may be exposed to under the Portfolio Service are:

### Market risk

The possibility that you may experience losses due to economic conditions or other factors that affect the overall performance of financial markets.

### Currency risk

The risk that the New Zealand dollar value of an investment denominated in a foreign currency is affected by the movement in the relevant exchange rate.

Currency hedging may reduce exposure to foreign currency fluctuations. You should be aware that hedging against currency fluctuations involves additional costs and implementation risks. Certain funds in the Investment Proposal will be hedged to the New Zealand dollar.

### Regulatory risk

The risk that future regulatory or taxation changes may affect the value of the securities held.

### Credit risk

The risk of any investment of the portfolio becoming insolvent and being placed in receivership, liquidation or statutory management, or being otherwise unable to meet its financial obligations. If this occurs, you may not recover the full amount of the investment made.

### Fund manager risk

You are exposed to our investment style and the relevant fund manager of any managed fund investment, and to the risk that decisions made by the fund manager may not turn out positively. As the managed funds in your portfolio generally invest across a diversified range of countries and markets, this risk is minimised but cannot be avoided altogether.

### Investment strategy risk

Each of the investment strategies have different levels of risk relating to the underlying investments and their management. Each strategy invests in different amounts of lower risk assets (bonds and cash) and higher risk assets (shares and property).

For example:

- A 30/70 portfolio invests in a greater proportion of lower risk assets that have smaller movements in value up and down.
- A 60/40 portfolio invests in a balanced mix of higher and lower risk assets and will have moderate movements in value up and down.
- A 100/0 portfolio invests in higher risk assets that have larger movements in value up and down.

### Counterparty risk

The risk that a party to a financial contract (including an investment contract) defaults or is otherwise unable to fulfil their obligations. If this occurs, the full amount of the investment may not be recovered. The underlying fund managers analyse counterparty creditworthiness by undergoing a due diligence process when selecting counterparties to transact with.

### Other risks

The summary above is not intended to be comprehensive. Refer to Section 4 of the Investment Proposal, titled "Risks" for more information. There may also be risks that are unknown at the date of this Service Disclosure Statement that may affect investments at a future point in time. If these risks eventuate, your portfolio could be adversely affected.



## 5. Lifestages' conflicts of interest

We are the issuer and manager of the Lifestages Investment Funds and these funds may be included in your Portfolio. We benefit from any investments in these funds through the management fees charged. Please refer to the table in this section for an overview of these fees. For further information about these fees please refer to Section 3 of the Investment Proposal. We manage conflict by ensuring that the managed funds are subject to the same investment and operational due diligence processes as other investments considered for inclusion in your portfolio(s). Investments will only be made if that fund satisfies the same stringent criteria all other funds are subject to.

At the date of this Service Disclosure Statement there are no other benefits that we, or any associated person, might receive that would or could reasonably

be expected to materially influence our choice of financial products to acquire or dispose of.

Portfolio	Associated Management Fee (P.A. Excluding GST)
Lifestages PIE 30/70	0.32%
Lifestages PIE 40/60	0.34%
Lifestages PIE 50/50	0.37%
Lifestages PIE 60/40	0.39%
Lifestages PIE 80/20	0.44%
Lifestages PIE 100/0	0.48%

## 6. Tax

Taxes may affect your returns under this service. Your tax obligations will differ according to the nature of the investments. You are responsible for meeting any tax obligations that arise. You should seek professional advice on your tax obligations.

Resident withholding tax, portfolio investment entity tax or other taxes may be deducted by the Custodian or an issuer from portfolio returns.

## 7. How to complain

**We have an internal complaints system.**

**WHO:** The Chief Executive Officer

**WHERE:** Funds Administration New Zealand Limited  
Level 18  
125 The Terrace  
Wellington 6011  
PO Box 10445  
Wellington 6140

**PHONE:** 0800 727 2265

**EMAIL:** [fanzcomplaints@sbsbank.co.nz](mailto:fanzcomplaints@sbsbank.co.nz)

Complaints can also be made through our external dispute resolution scheme run by the Banking Ombudsman. The Banking Ombudsman will not charge a fee to any complainant to investigate or resolve a complaint.

**The Banking Ombudsman can be contacted at**

**WHERE:** Banking Ombudsman  
Freepost 218002  
PO Box 25327  
Wellington 6140

**PHONE:** 0800 805 950

**EMAIL:** [help@bankomb.org.nz](mailto:help@bankomb.org.nz)

## 8. Where you can find more information

All key information about this Portfolio Service can be found or referenced in the Service Disclosure Statement, Investment Proposal, the Client Agreement, Entity Application Form, and Individual/Joint Application Form. We are required by law to provide you with quarterly and annual reports, which will be uploaded to your client login, where you may also access previous reports. You may also request a copy of previous reports by contacting us at our address stated in this document. There is no charge for the provision of previous reports or for responding to requests for information about your DIMS account.

### Custodial reporting

As the independent Custodian, FNZ Custodians Limited will regularly provide you with information about any money or property they hold on your behalf. This will include records of the balance of financial products held by the Custodian on your behalf, any transactions effected for you by the Custodian, and the amount of any fees charged by the Custodian in respect of money or property held on your behalf.

This information will be provided to you through bi-annual reports which will be posted to you and available on your client login.

**You can request this information by contacting your adviser or by emailing or writing to**

**WHO:** The Chief Executive Officer

**WHERE:** Funds Administration New Zealand Limited  
Level 18  
125 The Terrace  
Wellington 6011  
PO Box 10445  
Wellington 6140

**PHONE:** 0800 727 2265

**EMAIL:** [contact@lifestages.co.nz](mailto:contact@lifestages.co.nz)

There is no charge for this information.

## 9. How to enter into client agreement

In order to enter into the Client Agreement, you must complete and sign the appropriate application form for this Portfolio Service.

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## 10. Contact information

### All enquiries can be made by contacting

**WHO:** The Chief Executive Officer

**WHERE:** Funds Administration New Zealand Limited  
Level 18  
125 The Terrace  
Wellington 6011  
PO Box 10445  
Wellington 6140

**PHONE:** 0800 727 2265

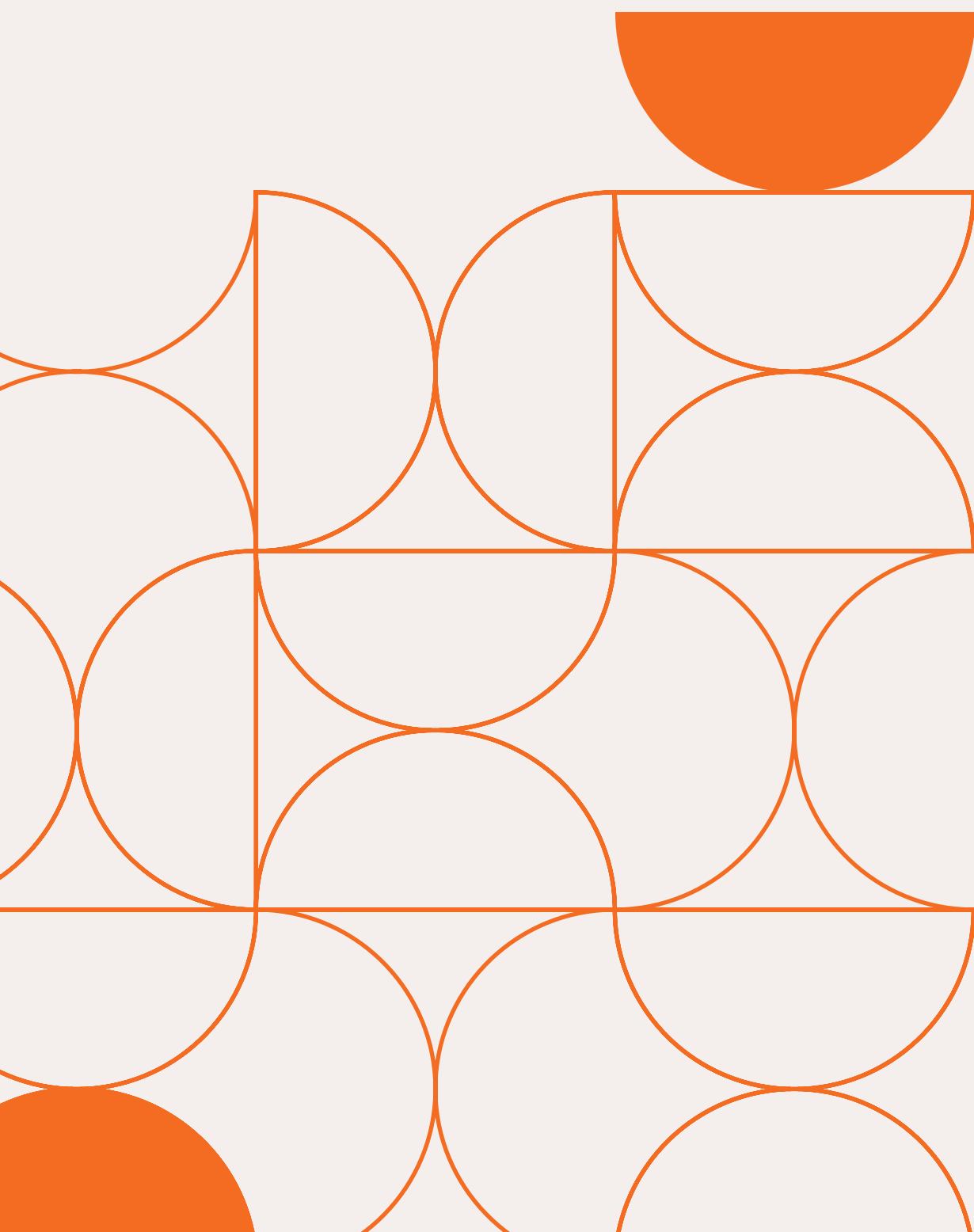
**EMAIL:** [contact@lifestages.co.nz](mailto:contact@lifestages.co.nz)

### The Custodian can be contacted at

**WHO:** The Managing Director

**WHERE:** FNZ Limited  
FNZ House  
Level 3  
29A Brandon Street  
Wellington 6011  
PO Box 396  
Wellington 6140

**PHONE:** (04) 803 9400



# Investment Proposal

## 1. Investment authority and strategy

### Investment authority

Subject to the terms of the Client Agreement that you enter into with us, you give us absolute discretion to invest your money in the relevant portfolio (identified in the application form attached to this document) in any investments and in any proportions that we think fit. The Investment Authority and the portfolio that you invest in may only be changed by written agreement between you and us.

### Investment choice

You are offered a choice of different portfolio options based on your preference for investment style, PIE tax compliant vehicles, risk, expected return and their time horizon. One of our advisers will guide you on the appropriate portfolio for your circumstances.

## Our investment philosophy

We believe in actively managing investments to take advantage of opportunities, key global themes, and to allow us to react in a responsible and environmentally friendly way. We believe in taking this approach, we are best positioned to prudently manage your investments.

The key principles in our investment philosophy are to:

- actively and prudently manage to create sustainable wealth for clients over the long-term;
- invest responsibly;
- balance performance and risk to an appropriate level for our clients; and
- exercise ethical practices.

## Our investment strategy

We aim to grow your investments sustainably over the long-term. To achieve this, we focus on building risk-efficient portfolios that are globally diversified, liquid, transparent and cost efficient.

Our strategy also considers local and global economic themes, such as climate change and digitalisation, to ensure we are investing for the future rather than for the past.

Each portfolio has its own investment objective and benchmark.

## Sustainable investment

We believe incorporating responsible investing allows us to enhance and preserve wealth for you. Our responsible investing principles are incorporated in several different ways – exclusion, research, integration, and engagement.

Exclusionary screens are used to exercise ethical practices, filtering out harmful investments.

External research is vital to help identify and measure sustainable investments.

We believe that integration of environmental, social and governance (ESG) characteristics can help promote more sustainable economic growth. We favour investments that are less carbon intensive and less involved in the fossil fuel industry than their peers.

Targeting specific sustainable characteristics makes it measurable, comparable, and easier to understand.

Some of the specific measures we use are outlined as follows.

## Environmental, Social, Governance (ESG) Risk Score

Measures the degree to which an investment securities economic value may be at risk driven by ESG factors. It is expressed on a 0 – 100 scale, lower scores are better.

## Carbon Intensity Emissions

The estimated or actual emissions of a company, or the asset-weighted average of underlying companies held within a portfolio of investments. It is expressed as metric tons of CO<sub>2</sub> / Mil USD Revenue.

## Fossil Fuel Involvement

Companies with fossil-fuel involvement are defined as those deriving at least 5% of their revenue from the following activities: thermal coal extraction, thermal coal power generation, oil and gas production, and oil and gas power generation. Companies deriving at least 50% of their revenue from oil and gas products & services are also included.

Our responsible investing approach may suit clients wanting to invest in line with personal ethical concerns, particularly around the environment and climate change.

We are a member of Responsible Investment Association Australasia (RIAA).



## Lifestages Portfolio Series investment objectives

This series is a range of six risk profiles, balancing potential return with projected volatility. The six portfolios target sustainable and active factor-based investments, diversified across asset classes, with complimentary investment styles and managers, in a cost-effective manner.

The investment objective of each of the portfolio options is to outperform the respective weighted average benchmark indices of the asset classes making up the portfolio, on a gross basis (so before tax, fees and other expenses have been taken into account) over the period of the minimum time horizon for which the portfolio is stated as being suitable.

Prior to 1 December 2022, this series was named the Smart Beta Sustainability Series.

## Lifestages PIE Portfolio Series investment objectives

This series is a range of six risk profiles, similar to the standard Lifestages Portfolio Series. The difference is that the investments target sustainable and active factor-based PIE tax compliant vehicles. Some of the underlying funds may be the same across both Lifestages Portfolio Series. This Series should be a core holding if your objective is a PIE tax compliant investment solution.

The investment objectives of each of the PIE portfolio options are:

- to outperform the respective weighted average benchmark indices of the asset classes making up the portfolio, on a gross basis (so before tax, fees and other expenses have been taken into account) over the period of the minimum time horizon for which the portfolio is stated as being suitable; and
- to provide a PIE tax compliant solution.

## Lifestages Direct Portfolios investment objectives

The Direct series is a range of single sector portfolios that target concentrated blue-chip investments directly via their local stock exchange, or megatrends via exchange traded funds.

The **Future Themes Portfolio** seeks to capture the potential performance premia promised by investing in underlying megatrends – structural trends that span across multiple sectors, business cycles, and geographies – whilst avoiding engaging in the speculative investment style that is common in this area of the market.

Examples of megatrends include:

- Climate change, decarbonisation and resource scarcity;
- Demographic change and shifting economic power;
- Technological disruption/advancement;
- Innovation and developments in the Healthcare sector; and
- Rapid urbanisation.

The investment objective is:

- to seek to capture the potential performance premia promised by investing in underlying megatrends; and
- to outperform its benchmark.

The **Direct Global Equity Portfolio** and the **Direct Australasian Equity Portfolio** seek to capture the performance of their asset class via large capitalisation blue-chip stocks, blending a concentrated mix of stocks across different sectors.

The **Direct NZ Equity Income Portfolio** targets large capitalisation blue-chip NZ stocks that provide a regular dividend stream.

The **Direct NZ Bonds Portfolio** targets investment grade fixed term bonds, diversified by varying maturity dates, issuers and credit ratings.

All investments also consider responsible investing measures, and avoid engaging in the speculative investment style that is common in direct equity stock investing.

The investment objective is for each to outperform its benchmark.

## Benchmarks

As of the date of this Investment Proposal, the following benchmarks are used when reviewing underlying returns of asset classes and measuring performance for all the portfolios in this Investment Proposal.

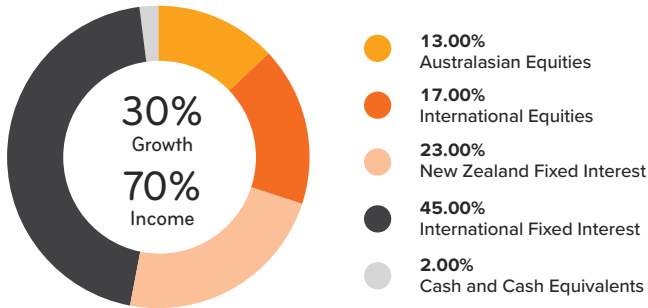
These are subject to change without notice as more appropriate benchmarks become available. When reviewing the performance of underlying investments other benchmarks may be used that more closely approximate the objective of the investment.

Asset Class	Index
Australasian Equities and NZ Equity Income	S&P/NZX 50 Gross Index
International Equities	MSCI World ex Australia Index (50% hedged to NZD, net div.) in NZD
New Zealand Fixed Interest and NZ Bonds	Bloomberg NZ Bond Composite 0+ Year Index
International Fixed Interest	Bloomberg Barclays Global Aggregate Bond Index (hedged to NZD)
NZ Cash	NZX NZ 90-day Bank Bill Index
Future Themes and Global Equities	MSCI World ex Australia Index in NZD

# Lifestages Portfolios composition

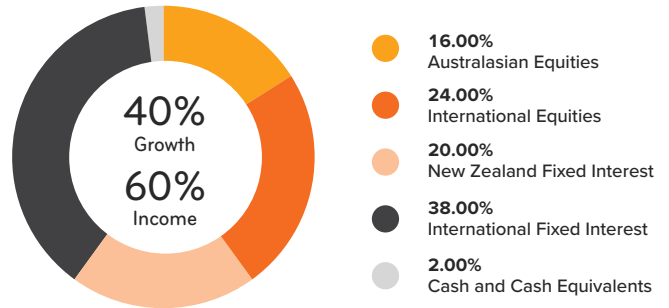
1 November 2023

## Lifestages 30/70 Portfolio



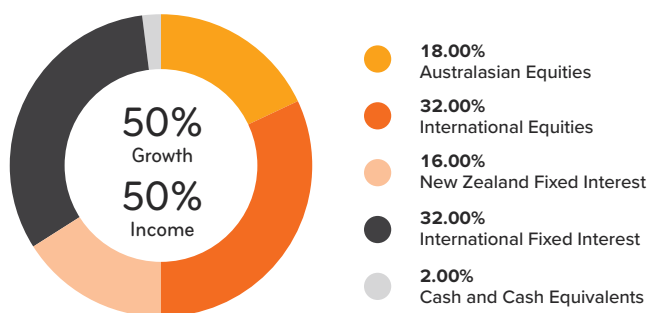
Suitable for clients with an investment time horizon of at least 3 years before seeking to spend large amounts of their portfolio. This portfolio has an emphasis on capital preservation and should suit clients able to accept a small amount of volatility.

## Lifestages 40/60 Portfolio



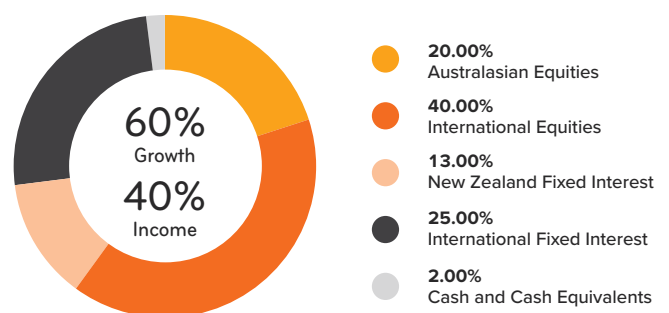
Suitable for clients with an investment time horizon of at least 4 years before seeking to spend large amounts of their portfolio. This portfolio has an emphasis on capital preservation with some growth and should suit clients able to accept a small amount of volatility.

## Lifestages 50/50 Portfolio



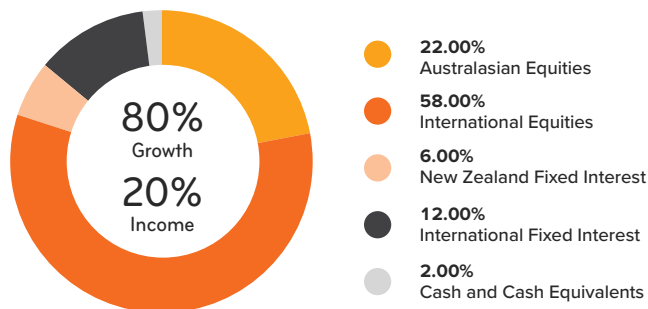
Suitable for clients with an investment time horizon of at least 5 years before seeking to spend large amounts of their portfolio. This portfolio has an emphasis on both capital preservation and moderate growth and should suit clients able to accept a moderate amount of volatility.

## Lifestages 60/40 Portfolio



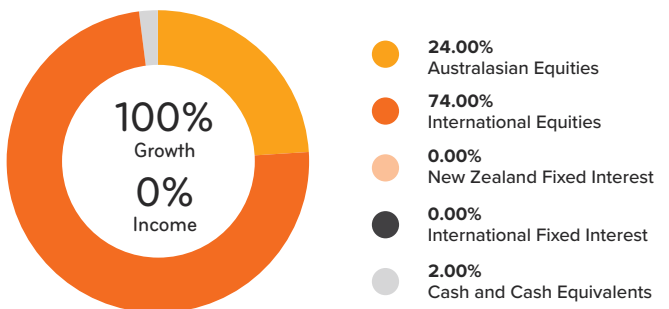
Suitable for clients with an investment time horizon of at least 6 years before seeking to spend large amounts of their portfolio. This portfolio is targeting moderate portfolio growth and should suit clients able to accept a moderate amount of volatility.

## Lifestages 80/20 Portfolio



Suitable for clients with an investment time horizon of at least 10 years before seeking to spend large amounts of their portfolio. This portfolio is targeting above average portfolio growth and should suit clients comfortable accepting high volatility.

## Lifestages 100/0 Portfolio



Suitable for clients with an investment time horizon of more than 15 years before seeking to spend large amounts of their portfolio. This portfolio is targeting high portfolio growth and should suit clients comfortable accepting very high of volatility.



## Lifestages Portfolios Top Holdings

As at 1 November 2023

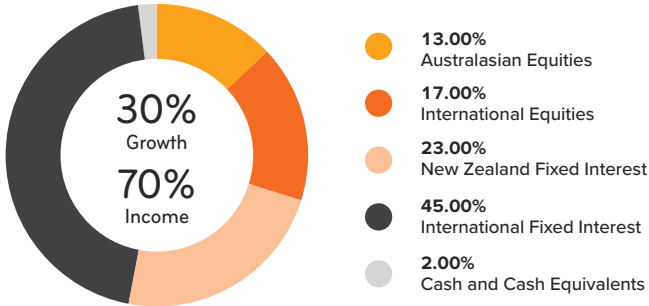
Top Holdings	Country of origin	Asset type	Hedge	Allocation					
				30/70	40/60	50/50	60/40	80/20	100/0
Harbour Sustainable NZ Shares Fund	New Zealand	Australasian equities		8.0%	5.0%	6.0%	5.0%		
Mint New Zealand SRI Equity Fund	New Zealand	Australasian equities			5.0%	6.0%	8.0%	14.0%	15.0%
Dimensional Australian Sustainability PIE Fund	New Zealand	Australasian equities	No	5.0%	6.0%	6.0%	7.0%	8.0%	9.0%
Dimensional Global Sustainability PIE Fund (NZD)	New Zealand	International equities	Yes	8.0%	12.0%	16.0%	20.0%	29.0%	37.0%
iShares MSCI World SRI UCITS ETF	Ireland	International equities	No	9.0%	12.0%	16.0%	15.0%	23.0%	30.0%
Schroder Emerging Markets Sustainable Fund	Australia	International equities	No				5.0%	6.0%	7.0%
Harbour NZ Core Fixed Interest Fund	New Zealand	New Zealand fixed interest		10.0%	10.0%	9.0%	8.0%	4.0%	
Nikko AM NZ Corporate Bond Fund	New Zealand	New Zealand fixed interest		13.0%	10.0%	7.0%	5.0%	2.0%	
Dimensional 2-Year Sustainability Fixed Interest Trust (NZD)	Australia	International fixed interest	Yes	12.0%	10.0%	9.0%	6.0%		
Dimensional Global Bond Sustainability Trust (NZD)	Australia	International fixed interest	Yes	16.0%	13.0%	10.0%	10.0%	8.0%	
Hunter Global Fixed Interest Fund	New Zealand	International fixed interest	Yes	17.0%	15.0%	13.0%	9.0%	4.0%	

**NOTE:** The investment mix shown for each investment portfolio is a target investment mix, and that the actual percentages may vary in response to market movements and timing of transactions. The list of top holdings represents the total holdings of the Lifestages Portfolios.

# Lifestages PIE Portfolios Composition

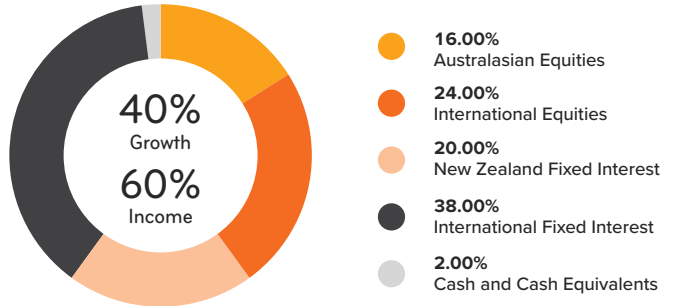
As at 1 November 2023

## Lifestages PIE 30/70 Portfolio



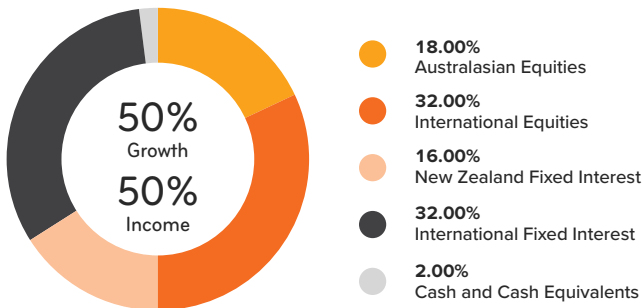
Suitable for clients with an investment time horizon of at least 3 years before seeking to spend large amounts of their portfolio. This portfolio has an emphasis on capital preservation and should suit clients able to accept a small amount of volatility.

## Lifestages PIE 40/60 Portfolio



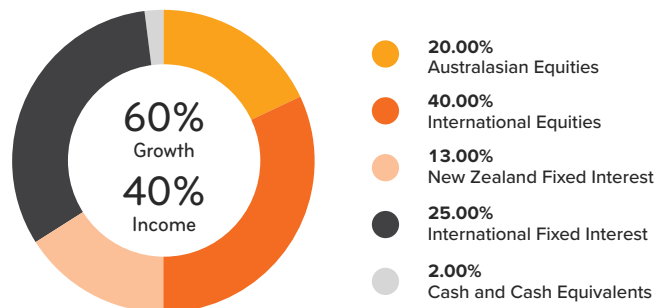
Suitable for clients with an investment time horizon of at least 4 years before seeking to spend large amounts of their portfolio. This portfolio has an emphasis on capital preservation with some growth and should suit clients able to accept a small amount of volatility.

## Lifestages PIE 50/50 Portfolio



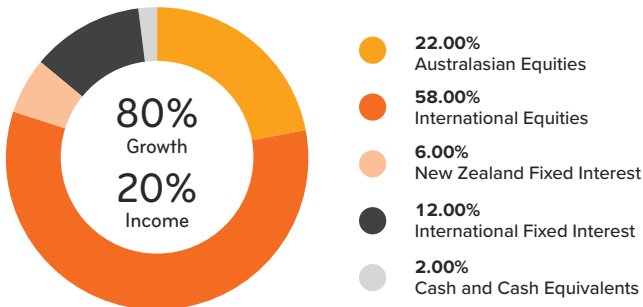
Suitable for clients with an investment time horizon of at least 5 years before seeking to spend large amounts of their portfolio. This portfolio has an emphasis on both capital preservation and moderate growth and should suit clients able to accept a moderate amount of volatility.

## Lifestages PIE 60/40 Portfolio



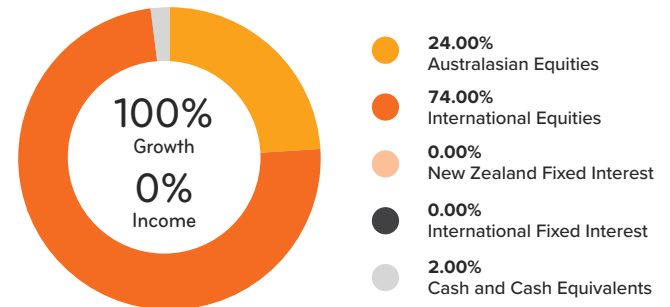
Suitable for clients with an investment time horizon of at least 6 years before seeking to spend large amounts of their portfolio. This portfolio is targeting moderate portfolio growth and should suit clients able to accept a moderate amount of volatility.

## Lifestages PIE 80/20 Portfolio



Suitable for clients with an investment time horizon of at least 10 years before seeking to spend large amounts of their portfolio. This portfolio is targeting above average portfolio growth and should suit clients comfortable accepting high volatility.

## Lifestages PIE 100/0 Portfolio



Suitable for clients with an investment time horizon of more than 15 years before seeking to spend large amounts of their portfolio. This portfolio is targeting high portfolio growth and should suit clients comfortable accepting very high volatility.

## Lifestages PIE Portfolios Top Holdings

As at 1 November 2023

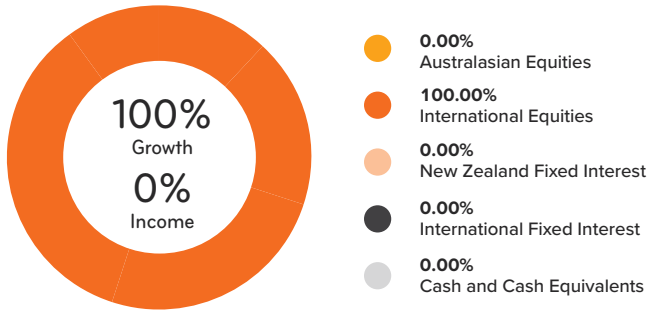
Holding	Country of origin	Asset type	Hedged?	Allocation					
				30/70	40/60	50/50	60/40	80/20	100/0
Lifestages Australasian Equity	New Zealand	Australasian equities	No	13.0%	16.0%	18.0%	20.0%	22.0%	24.0%
Lifestages World Equity	New Zealand	International equities	50%	17.0%	24.0%	32.0%	40.0%	58.0%	74.0%
Lifestages World Bond	New Zealand	International Fixed Interest	Yes	45.0%	38.0%	32.0%	25.0%	12.0%	
Harbour NZ Core Fixed Interest Fund	New Zealand	New Zealand fixed interest		10.0%	10.0%	9.0%	8.0%	4.0%	
Nikko AM NZ Corporate Bond Fund	New Zealand	New Zealand fixed interest		13.0%	10.0%	7.0%	5.0%	2.0%	

**NOTE:** The investment mix shown for each investment portfolio is a target investment mix, and that the actual percentages may vary in response to market movements and timing of transactions. The list of top holdings represents the total holdings of the Lifestages Portfolios.

# Lifestages Direct Portfolios

As at 1 November 2023

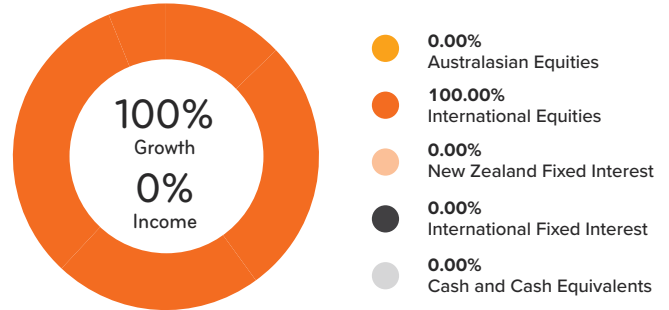
## Future Themes Portfolio



Suitable for clients with an investment time horizon of more than 15 years, targeting high portfolio growth through investing in large global future themes and megatrends. It should suit clients comfortable accepting very high volatility.

You may blend the direct portfolios to create a diversified mix to reduce the likely volatility. This would also reduce the investment time horizon.

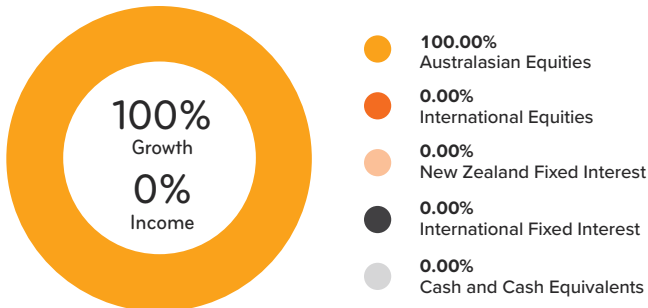
## Direct Global Equity Portfolio



Suitable for clients with an investment time horizon of more than 15 years, targeting high portfolio growth through investing directly in large capitalisation global blue-chip stocks. It should suit clients comfortable accepting very high volatility.

You may blend the direct portfolios to create a diversified mix to reduce the likely volatility. This would also reduce the investment time horizon.

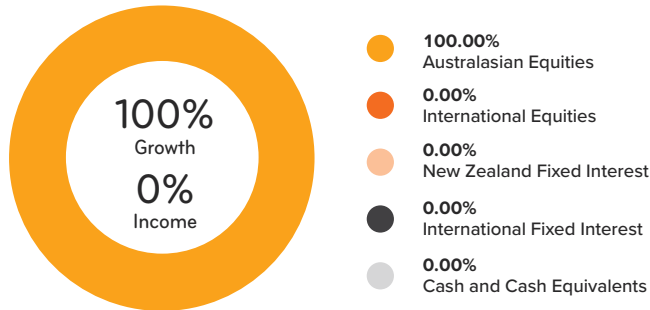
## Direct Australasian Equity Portfolio



Suitable for clients with an investment time horizon of more than 15 years, targeting high portfolio growth through investing directly in larger capitalisation New Zealand and Australian blue-chip stocks. It should suit clients comfortable accepting very high volatility.

You may blend the direct portfolios to create a diversified mix to reduce the likely volatility. This would also reduce the investment time horizon.

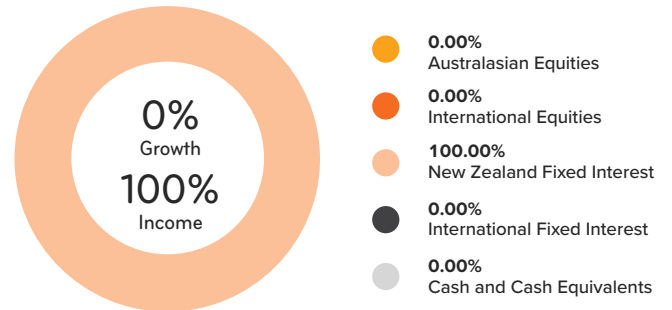
### Direct NZ Equity Income Portfolio



Suitable for clients with an investment time horizon of more than 15 years, targeting a regular income stream through investing directly in NZ high dividend yielding stocks. It should suit clients comfortable accepting very high volatility.

You may blend the direct portfolios to create a diversified mix to reduce the likely volatility. This would also reduce the investment time horizon.

### Direct NZ Bonds Portfolio



Suitable for clients with an investment time horizon of more than 5 years, targeting a regular income stream through investing directly in NZ fixed rate, fixed term bonds. It should suit clients comfortable with limited liquidity and rebalancing features, and accepting a small amount of volatility.

You may blend this portfolio with the other direct equity portfolios to create a diversified mix to reduce the likely volatility. This would also reduce the investment time horizon.

As at 1 November 2023

Future Themes Portfolio: Top Holdings	Country of origin	Asset type	Hedge	Allocation
				100/0
iShares Healthcare Innovation ETF	Ireland	International equities	No	30.0%
iShares Digitalisation ETF	Ireland	International equities	No	20.0%
iShares Automation & Robotics ETF	Ireland	International equities	No	18.0%
Global X Artificial Intelligence & Technology ETF	US	International equities	No	10.0%
iShares Self-Driving EV & Tech ETF	US	International equities	No	10.0%
iShares Global Clean Energy ETF	Ireland	International equities	No	10.0%

Direct Global Equity Portfolio: Top Holdings	Country of origin	Asset type	Hedged?	Allocation
				100/0
Apple Inc	US	International equities	No	10%
Microsoft Corp	US	International equities	No	10%
Alphabet	US	International equities	No	7%
NVIDIA Corp	US	International equities	No	7%
United Health Group Inc	US	International equities	No	7%
JP Morgan Chase & Co	US	International equities	No	7%
Procter & Gamble	US	International equities	No	7%
Toyota Motor Corp	Japan	International equities	No	7%
Novo Nordisk	Denmark	International equities	No	6%
Roche Holdings	Switzerland	International equities	No	6%

**Note:** The investment mix shown for each investment portfolio is a target investment mix, and that the actual percentages may vary in response to market movements and timing of transactions.

Direct Australasian Equity Portfolio: Top Holdings	Country of origin	Asset type	Hedged?	Allocation
				100/0
Fisher & Paykel Healthcare	NZ	Australasian equities	No	8%
Spark NZ	NZ	Australasian equities	No	8%
Meridian Energy	NZ	Australasian equities	No	8%
CSL	AUS	Australasian equities	No	8%
Commonwealth Bank of Australia	AUS	Australasian equities	No	6%
Infratil	NZ	Australasian equities	No	6%
Contact Energy	NZ	Australasian equities	No	6%
Auckland International Airport	NZ	Australasian equities	No	5%
EBOS Group	NZ	Australasian equities	No	5%
Fortescue Metals Group	AUS	Australasian equities	No	5%

Direct NZ Equity Income Portfolio: Top Holdings	Country of origin	Asset type	Hedged?	Allocation
				100/0
Spark NZ	NZ	Australasian equities	No	15.0%
Kiwi Property Group	NZ	Listed Property	No	15.0%
Contact Energy	NZ	Australasian equities	No	10.0%
Meridian Energy	NZ	Australasian equities	No	10.0%
Fletcher Building	NZ	Australasian equities	No	10.0%
Chorus	NZ	Australasian equities	No	10.0%
Precinct Properties NZ	NZ	Listed Property	No	10.0%
Freightways Group	NZ	Australasian equities	No	10.0%
Heartland Group	NZ	Australasian equities	No	10.0%

**Note:** The investment mix shown for each investment portfolio is a target investment mix, and that the actual percentages may vary in response to market movements and timing of transactions.

Direct NZ Bonds Portfolio: Top Holdings	Credit Rating	Country of origin	Asset type	Allocation
				100/0
Goodman Property Trust (GMB040) 31/05/2024	BBB+	NZ	New Zealand fixed interest	8.0%
Christchurch City Holdings (CCH020) 27/11/2024	AA	NZ	New Zealand fixed interest	12.0%
Auckland Council (AKC120) 10/07/2025	AA	NZ	New Zealand fixed interest	12.0%
Kiwi Property Group (KPG040) 12/11/2025	BBB+	NZ	New Zealand fixed interest	8.0%
ASB Bank (ABB090) 04/05/2026	AA-	NZ	New Zealand fixed interest	12.0%
Auckland International Airport (AIA240) 17/11/2026	A-	NZ	New Zealand fixed interest	12.0%
SBS Bank (SBS010) 18/03/2027	BBB+	NZ	New Zealand fixed interest	8.0%
Westpac NZ Ltd (WZN1T2) 16/09/2027	A-	NZ	New Zealand fixed interest	10.0%
Contact Energy (CEN070) 11/04/2028	BBB	NZ	New Zealand fixed interest	8.0%
Meridian Green Bonds (MEL060) 20/09/2028	BBB+	NZ	New Zealand fixed interest	10.0%

**Note:** The investment mix shown for each investment portfolio is a target investment mix, and that the actual percentages may vary in response to market movements and timing of transactions.



# Methodology for Developing and Amending the Investment Strategy

## Portfolio Construction

Once the list of approved funds/securities is decided we determine strategy weights by asset class, and then blend those asset classes to create the overall portfolios.

### Key concepts of asset class investing include:

- In liquid markets prices reflect all the available information;
- Diversification is essential to reduce unnecessary risks and enhance reliability.

Academic research has identified factors that explain systematic differences in equity returns over time that are sensible, persistent across time periods, pervasive across markets, robust to alternative specifications and cost effective to capture in well diversified portfolios. We seek to capture these factors.

The factors we target in equity or fund selection include the market factor, value, size, quality, momentum and the profitability factor.

### Key considerations include:

- Growth/income split
- Expected fund returns based on their ability to capture risk factors
- Expected risk levels of funds, and correlations between funds
- Strategy level risk factor exposures
- Sustainability factors
- Home bias
- Developed markets/emerging markets split
- Property and infrastructure allocation
- New Zealand dollar hedging for foreign assets
- Activeness of underlying fund managers

### Examples of actions we, or the funds/securities we invest in, may take include (but are not limited to):

- Altering the proportion invested in each security or asset class
- Altering the manner in which a Portfolio is exposed to each security or asset class
- Investing directly or indirectly using collective investment vehicles
- Using specialist investment managers
- Taking foreign currency positions.

## Fund Selection

We build portfolios out of funds and securities that satisfy our rigorous due diligence process.

### Approved funds and direct securities for Lifestages portfolios are identified by screening the investible universe with numerous filters, including:

- Investment class and security type
- Investment style and philosophy
- Fund size and age
- Liquidity
- Fees and expenses
- PIE tax compliant
- Diversification
- Consistency of risk exposure
- Performance since inception versus benchmark
- Ownership structure/major shareholders
- Reporting/service quality
- Rated by Independent Research Company
- Stable investment team.

## Process For Reviewing Underlying Investments

The review amongst other things, looks at the underlying investment strategy, and monitors the underlying fund/security investment performance.

An underlying fund or security may be placed on an “extended due diligence” list, and subjected to a higher degree of scrutiny, for any of the following reasons:

- A change in the primary portfolio manager
- A significant change in the fund management company’s majority owner or ownership structure
- A more than 25% fall in the fund’s assets under management over a rolling one year period (due to outflows, not market movement)
- Total fund assets falling below our minimum fund size thresholds at any time
- A change in the fund’s investment style, diversification and/or risk factor tilting
- An increase in the fund’s fees
- The fund shows persistent under performance against a relevant benchmark. Persistent under performance is defined as performance below benchmark on a rolling three year basis, minus fees and allowing a volatility threshold appropriate for each fund
- An extraordinary event which, in the opinion of the FANZ Investment Committee, may impact on the manager’s ability to comply with the fund mandate in future.

## Extended Due Diligence Process

Each quarter our Investment Committee will review all recommended investments to ensure no portfolio has breached the established monitoring thresholds. In general, if a portfolio has breached any threshold, the committee will undertake an analysis and written review.

The decision to retain or terminate a manager cannot be determined by a formula. Selecting underlying funds with above average performance over previous periods provides no increased likelihood of improving performance over subsequent periods. The committee’s confidence in the manager’s ability to consistently deliver in accordance with the underlying fund mandate in the future will play a part in the decision to retain or replace a fund.

Once an underlying fund has been reviewed in relation to a specific threshold breach, then, assuming the fund retains its recommended status, it will only be re-reviewed with respect to that breach in 12 months’ time (not every subsequent quarter).

However, if the fund subsequently breaches any other threshold in the interim, this will prompt a new review in relation to that breach.

## 2. Historic Performance Of The Investment Strategy

Portfolio <sup>1</sup>	12 Month Return (1 October 2022 – 30 September 2023)		5 Year Return (1 October 2018 – 30 September 2023)	
	*	**	*	**
LIFESTAGES 30/70	3.80%	5.50%	1.35%	3.05%
LIFESTAGES 40/60	4.94%	6.65%	1.93%	3.64%
LIFESTAGES 50/50	6.10%	7.81%	2.78%	4.49%
LIFESTAGES 60/40	6.66%	8.38%	2.97%	4.69%
LIFESTAGES 80/20	9.21%	10.94%	4.33%	6.06%
LIFESTAGES 100/0 <sup>2</sup>	11.39%	13.11%	5.56%	7.28%
LIFESTAGES PIE 30/70	3.30%	5.09%	0.37%	2.16%
LIFESTAGES PIE 40/60	4.66%	6.46%	1.23%	3.03%
LIFESTAGES PIE 50/50	5.52%	7.33%	1.39%	3.20%
LIFESTAGES PIE 60/40	6.62%	8.43%	2.06%	3.87%
LIFESTAGES PIE 80/20	9.18%	11.01%	4.18%	6.01%
LIFESTAGES PIE 100/0	11.29%	13.14%	7.44%	9.29%
Future Themes	2.79%	4.59%	5.05%	6.85%
Direct Global Equity	34.01%	35.38%	24.55%	25.92%
Direct Australasian Equity	7.16%	8.53%	13.49%	14.86%
Direct NZ Equity Income	1.88%	3.25%	5.75%	7.12%
Direct NZ Bonds	1.15%	2.52%	-0.54%	0.83%

The table above shows hypothetical returns for the model portfolio that this investment strategy is based on (and does not reflect trading in actual accounts). It is based on a single hypothetical portfolio of \$500,000 opened on 1 October 2018. Returns are after fees but before tax.

Hypothetical performance of the portfolios is provided using performance data based on a stated date of 30 September 2023.

**Note:** Returns are in New Zealand dollars and the five year return has been annualised. Returns assume all dividends and distributions have been reinvested.

\* Portfolio returns are net of estimated trading expenses (assuming annual rebalancing) and **net of the maximum level of fees** (including fund management fees, custodial, administration and adviser fees) but before tax.

\*\* Portfolio returns in these columns are net of estimated trading expenses (assuming annual rebalancing) **but before all other fees** (including fund management fees, custodial, administration and adviser fees) and before tax.

1 Prior to 1 December 2022, the Lifestages 30/70, 40/60, 50/50, 60/40, 80/20, and 100/0 portfolios were named the “Smart Beta Sustainability Series”.

2 The returns that are shown in respect of this investment portfolio are based on a target asset allocation of 98% growth and 2% income. From 1 September 2020, that target changed to 100% growth and 0% income.

**Amounts are indicative of returns, but the actual returns experienced by clients will vary depending on many factors, including:**

- The exchange rate of the New Zealand dollar
- The return of funds and underlying asset classes
- New Zealand interest rates
- The timing and amount of investment/client cash flows into and out of the portfolio
- The overall cost of transactions The timing and amount of rebalancing trades
- The fee paid to the financial adviser.

**Important:**

Hypothetical results have limitations. Hypothetical returns are only indicative of the actual trading performance. Because the portfolio includes trades that represent simulated historical performance and not actual trades, the results may have under-compensated or over-compensated for the impact of trading expenses and market factors like lack of liquidity.

Past returns (whether hypothetical or actual) do not tell you how the investment strategy will perform in the future.

## Disclosure year returns

These are the official disclosure year returns for the portfolios and reflect the fact that the end of the disclosure year was changed from 30 June to 30 September in 2021, resulting in a 15 month disclosure year for that reporting period.

There are no actual performance returns for the full disclosure year for portfolios in the Direct Australasian Equity Portfolio, Direct NZ Equity Income Portfolio and Direct NZ Bonds Portfolio.

Portfolio	12 Month Return (1 July 2019 – 30 June 2020)		15 Month Return (1 July 2020 – 30 September 2021)		12 Month Return (1 October 2021 – 30 September 2022)		12 Month Return (1 October 2022 – 30 September 2023)	
	*	**	*	**	*	**	*	**
LIFESTAGES 30/70	2.81%	4.46%	8.38%	10.03%	-11.29%	-9.61%	3.80%	5.50%
LIFESTAGES 40/60#					-11.22%	-9.52%	4.94%	6.65%
LIFESTAGES 50/50#					-11.57%	-9.88%	6.10%	7.81%
LIFESTAGES 60/40	1.89%	3.57%	18.81%	20.49%	-11.68%	-9.97%	6.66%	8.38%
LIFESTAGES 80/20	0.89%	2.59%	26.98%	28.68%	-11.50%	-9.77%	9.21%	10.94%
LIFESTAGES 100/0	0.09%	1.80%	35.18%	36.89%	-10.91%	-9.18%	11.39%	13.11%
LIFESTAGES PIE 30/70##							3.30%	5.09%
LIFESTAGES PIE 40/60##							4.66%	6.46%
LIFESTAGES PIE 50/50##							5.52%	7.33%
LIFESTAGES PIE 60/40##							6.62%	8.43%
LIFESTAGES PIE 80/20##							9.18%	11.01%
LIFESTAGES PIE 100/0##							11.29%	13.14%
Future Themes#					-17.85%	-15.99%	2.79%	4.59%
Direct Global Equity###							34.01%	35.38%
Direct Australasian Equity###								
Direct NZ Equity Income###								
Direct NZ Bonds###								

# This portfolio was created on 1 September 2020

## This portfolio was created on 1 April 2022.

### This portfolio was created on 1 October 2023. Therefore no portfolio returns are available.

**Note:** Returns are in New Zealand dollars and the five year return has been annualised. Returns assume all dividends and distributions have been reinvested.

\* Portfolio returns are net of estimated trading expenses (assuming annual rebalancing) and **net of the maximum level of fees** (including fund management fees, custodial, administration and adviser fees) but before tax.

\*\* Portfolio returns in these columns are net of estimated trading expenses (assuming annual rebalancing) **but before all other fees** (including fund management fees, custodial, administration and adviser fees) and before tax.

### 3. Fees and Costs

You will be charged fees for investing using this Portfolio Service. Fees are deducted from your holdings and will reduce your returns. If we invest in managed funds, those funds may also charge fees.

The total fees you pay are made up of two main types of fees:

- Regular service charges. Small differences in these fees can have a big impact on your investment over the long term.
- Individual action fees. These are one-off fees charged for transactions, or for other specific actions you take. You will also pay fees for trading, specifically, entry and exit costs payable to fund providers and brokerage for direct securities to a broking house. These fees are detailed in the section entitled Individual Action Fees.

#### Percentage-Based Charges

Regular service charges are calculated based on a percentage of the total portfolio value

#### Administration fee

The percentage fee will be charged monthly as outlined in the following table when the total portfolio(s) value reaches the dollar levels specified. The charged percentage fee applies only to the portion of the portfolio value within the dollar range specified. These fees are not charged on cash held in your account.

Portfolio Size	Administration Fee (P.A.)*
\$0 to \$500,000	0.22%
\$500,001 to \$1,000,000	0.12%
\$1,000,001 to \$5,000,000	0.08%
\$5,000,001 plus	0.05%

\*GST not applicable

This means that, based on an assumed portfolio size of \$750,000, a monthly administration fee of \$116.67 will be payable to us as the DIMS licence holder. This fee also covers the cost of FNZ Limited's services.

#### Adviser fee

We will charge a tiered advice fee (Adviser fee) as outlined in the following table on the total DIMS Account. The charged percentage fee applies only to the portion of the portfolio(s) value within the dollar range specified. The fee is deducted from your holdings monthly in arrears, calculated on your daily DIMS Account value.

Portfolio Size	Adviser Fee (P.A. Excluding GST)	Adviser Fee (P.A. Inclusive GST)
\$0 to \$500,000	1.00%	1.15%
\$500,001 to \$1,000,000	0.85%	0.98%
\$1,000,001 to \$2,000,000	0.70%	0.81%
\$2,000,001 to \$5,000,000	0.55%	0.63%
\$5,000,001 plus	0.40%	0.46%

## Total percentage-based fees

The total percentage-based fees that will apply to your DIMS Account will vary, depending on the size of your portfolio(s), the type of portfolio(s) chosen and the level of the adviser fee you have agreed with your adviser.

For a portfolio up to \$500,000, the total annual percentage-based fee will be 1.37% of the portfolio. This is the aggregate of the administration fee and the ongoing adviser fee, and assumes a maximum adviser fee of 1.15% applies. It includes applicable GST, but excludes investment management fees, as well as individual action fees and adviser implementation fees.

For larger portfolios, a lower total percentage-based fee will apply, given the sliding scale of the administration fee and the adviser fee.

For a portfolio of \$750,000, the total annual percentage-based fee will be 1.28% of the portfolio, based on the sliding scale.

Your actual fees may vary, as may the extent of GST applied to the administration and adviser fees in the future.

## Associated Management Fee

An associated management fee is an investment management fee that you are charged when investing in a fund issued by us. The portfolios below include funds issued by us, and as such, an estimate of the investment management fee charged by these funds is provided in the associated management fees table below. This fee, if applicable, is included in the investment management fees table below.

Portfolio	Associated Management Fee (P.A. Excluding GST)
Lifestages PIE 30/70	0.32%
Lifestages PIE 40/60	0.34%
Lifestages PIE 50/50	0.37%
Lifestages PIE 60/40	0.39%
Lifestages PIE 80/20	0.44%
Lifestages PIE 100/0	0.48%

## Investment Management Fees

Investment management fees comprise management fees, associated management fee, expense recoveries and indirect costs of all the underlying fund managers weighted accordingly.

As a result, these figures are estimates only and the actual costs incurred may differ.

Portfolio	Weighted Average Investment Management Fee (P.A. Excluding GST)
LIFESTAGES 30/70	0.33%
LIFESTAGES 40/60	0.34%
LIFESTAGES 50/50	0.34%
LIFESTAGES 60/40	0.35%
LIFESTAGES 80/20	0.36%
LIFESTAGES 100/0	0.35%
LIFESTAGES PIE 30/70	0.42%
LIFESTAGES PIE 40/60	0.43%
LIFESTAGES PIE 50/50	0.44%
LIFESTAGES PIE 60/40	0.44%
LIFESTAGES PIE 80/20	0.46%
LIFESTAGES PIE 100/0	0.48%
Future Themes	0.43%
Direct Portfolios	0.00%

Brokerage costs will be charged. Refer to Individual Actions Fees below for further information.

### Individual Action Fees

You will be charged individual action fees based on actions made within your DIMS portfolio. These types of fees include trading expenses and currency conversion charges.

When securities are bought or sold due to a deposit, withdrawal or reinvestment, these fees will apply as a percentage of the transaction amount. These fees are payable directly to the fund provider/broker. Transaction costs vary across each underlying security or fund.

As at the stated date of this document these range from a minimum of 0% to a maximum of 0.48% of the value of the securities bought or sold.

Information about these costs is contained in the Transaction Costs document which your adviser will make available to you.

A currency conversion administration fee will apply if a conversion from one currency to another is required to buy securities, or if FNZ Limited is instructed to convert money from one currency to another.

Portfolios consist of New Zealand dollar (NZD), Australian dollar (AUD), United States Dollar (USD), Pound sterling (GBP), Swiss Franc (CHF) Euro (EUR) assets. To convert NZD to AUD or EUR the charge is 0.0025 NZD per NZD sold. For example, to sell NZD and purchase \$10,000 AUD at an exchange rate of 0.94, you will pay approximately \$27 NZD.

There is no fee payable for increasing, decreasing or terminating your investments other than the individual action fees.

Individual action fees will be deducted from the transaction amount when the action occurs.

## Other charges

Money held in your cash management account earns interest from being held in an interest bearing bank account. FNZ Limited will deduct and retain an administration fee from that interest. The deduction of a fee by FNZ Limited means that the interest that you receive on your cash balance will be less than that which is paid to FNZ Limited on your behalf. The interest rate you receive is the official cash rate minus 0.25% per annum. FNZ Limited also collect a margin when they are instructed to convert money from one currency to another. This margin may be up to 1.00% of the transaction and the amount collected is disclosed to you in your regular reporting. Information about these fees is contained in the FNZ Disclosure Statement, which your adviser will make available to you.

## The fees can be changed

Fees payable as part of the Portfolio Service are reviewed annually and are subject to change. Likewise, management fees and transaction costs are subject to change by the individual managers. We must give you regular information showing the fees and expenses actually charged. Information regarding changes in fees and the fees of the underlying investment managers will be made available to you in regular reports.



## 4. Risks

Details of the risks of investing are covered in Section 4 of the Service Disclosure Statement, titled “Risks of using this service.” Here we describe the volatility level, or up and down movements, that may be experienced by the portfolios.

### Volatility risk

Volatility, or up and down movement, is measured using standard deviation. Standard deviation is a statistical measure that provides the portfolio’s average annual movement from its long term average return. A larger movement means a portfolio’s returns in any one year are less certain and more volatile.

Each portfolio has a different level of volatility. Portfolios that have a greater exposure to growth assets tend to have greater volatility. This is because the prices of growth assets, eg. equities, may move more widely than income assets, eg. bonds.

This is the portfolio volatility we expect over the long term. This does not necessarily equate to the volatility the portfolios would have experienced during the last 5 years of hypothetical returns or the actual volatility experienced during the last year of actual returns for the disclosure year ending 30 September 2023.

**Note:** These numbers are based on hypothetical portfolios using 5 year data as at 30 September 2023. Past returns and volatility levels (whether hypothetical or actual) do not tell you how the investment strategy will perform in the future.

Portfolio	Annualised Standard Deviation
LIFESTAGES 30/70	5.30%
LIFESTAGES 40/60	6.45%
LIFESTAGES 50/50	7.69%
LIFESTAGES 60/40	8.92%
LIFESTAGES 80/20	11.36%
LIFESTAGES 100/0	13.68%
LIFESTAGES PIE 30/70	4.89%
LIFESTAGES PIE 40/60	5.99%
LIFESTAGES PIE 50/50	6.63%
LIFESTAGES PIE 60/40	7.40%
LIFESTAGES PIE 80/20	9.97%
LIFESTAGES PIE 100/0	14.32%
Future Themes	15.53%
Direct Global Equity	16.37%
Direct Australasian Equity	13.40%
Direct NZ Equity Income	14.87%
Direct NZ Bonds	3.44%

Some of the things that may cause your portfolio's value to move up and down are:

### **Changes in the value of the New Zealand dollar**

All portfolios utilise a currency strategy to seek to reduce the volatility in our portfolios due to currency exchange rate changes. Portfolios, approximately 40-60% of growth assets and 100% of income assets are hedged in New Zealand dollars. This insulates portfolios from large movements in value when currency exchange rates change. The percentage of growth assets not hedged in New Zealand dollars will increase in value when the New Zealand dollar weakens and will decrease in value when the New Zealand dollar strengthens.

### **Stock selection**

The active management style is based on the assumption that fund managers including us, will outperform the index over the medium to long term. Depending on investment markets, this may not happen during the term of your investment.

### **Risk factor tilting**

Our approach is based on extensive academic evidence that, over long periods of time, portfolios with factor tilts have higher expected returns. These additional returns may not be realised during the term of your investment, particularly if you withdraw large amounts of your portfolio earlier than our recommended minimum time frame for each portfolio.

### **Sustainability factor tilting**

Our approach to sustainable investing is based on extensive analysis based on ESG factors, carbon emissions and fossil fuel consumption. These factor tilts may not be realised during the term of your investment.

### **Thematic investing**

The Future Themes portfolio's approach is based on extensive analysis around megatrends and thematic investing, an investment style that seeks to capture the potential performance premia promised from structural trends in underlying megatrends. The potential impact of individual megatrends and themes may not be realised during the term of your investment.

### **Equities**

Equities generally have a higher expected risk and return profile than fixed interest investments, with equities in some countries performing better than others. As a general rule, equities have a greater potential for capital growth over the medium to longer term than cash and fixed interest investments. The volatility of this asset class is relatively high, although some shares and securities are more stable than others.

### **Fixed interest**

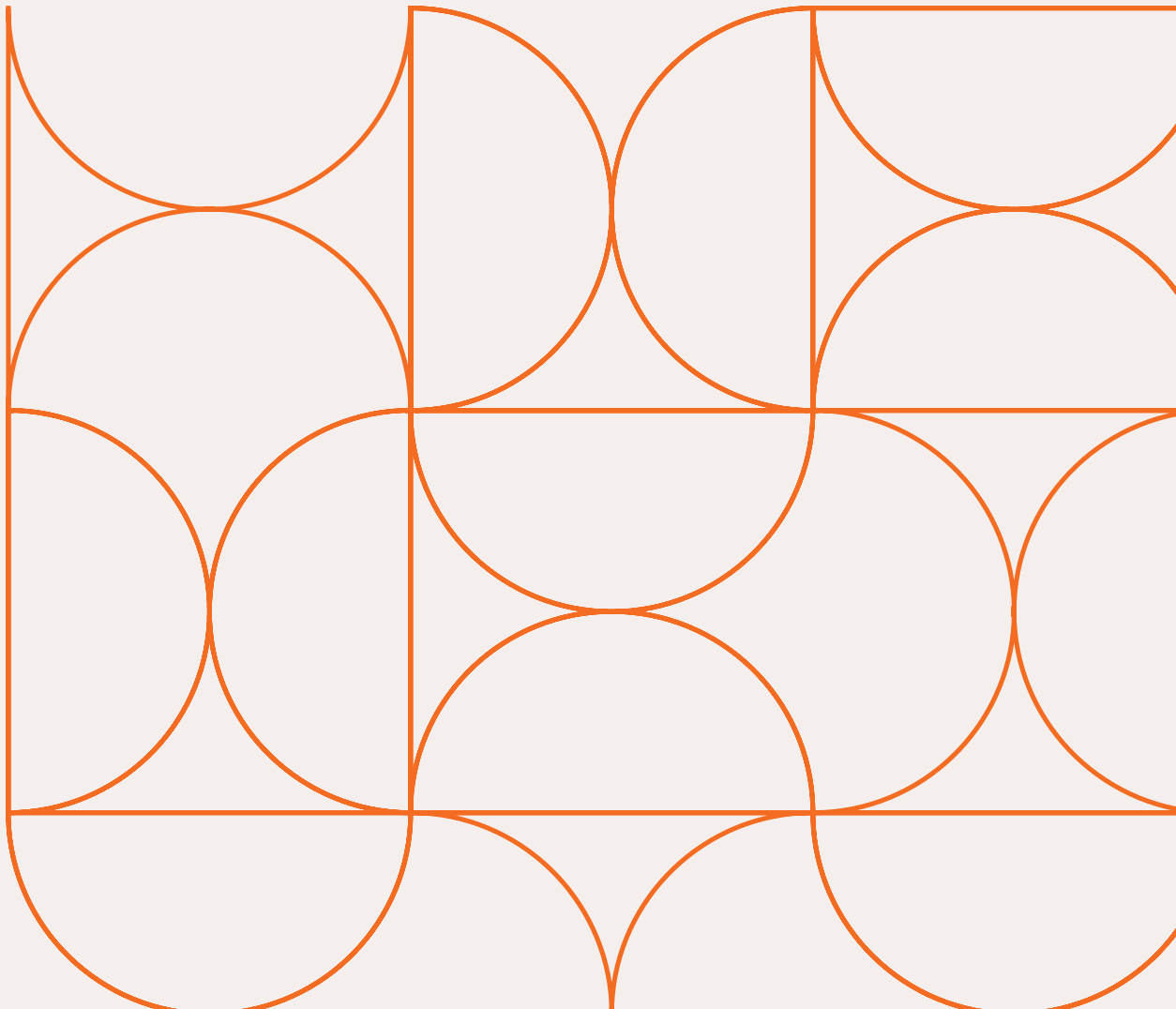
Fixed interest investments have differing risks and return profiles. At the lower risk end of the fixed interest investments are high quality government bonds. Also regarded as lower risk are high quality corporate bonds. You can generally expect a steady income stream to be derived from fixed interest investments. The capital value of a fixed interest investment will change as economic and market conditions change, meaning that in some circumstances a capital loss could arise, especially if a fixed term investment needs to be realised before maturity.

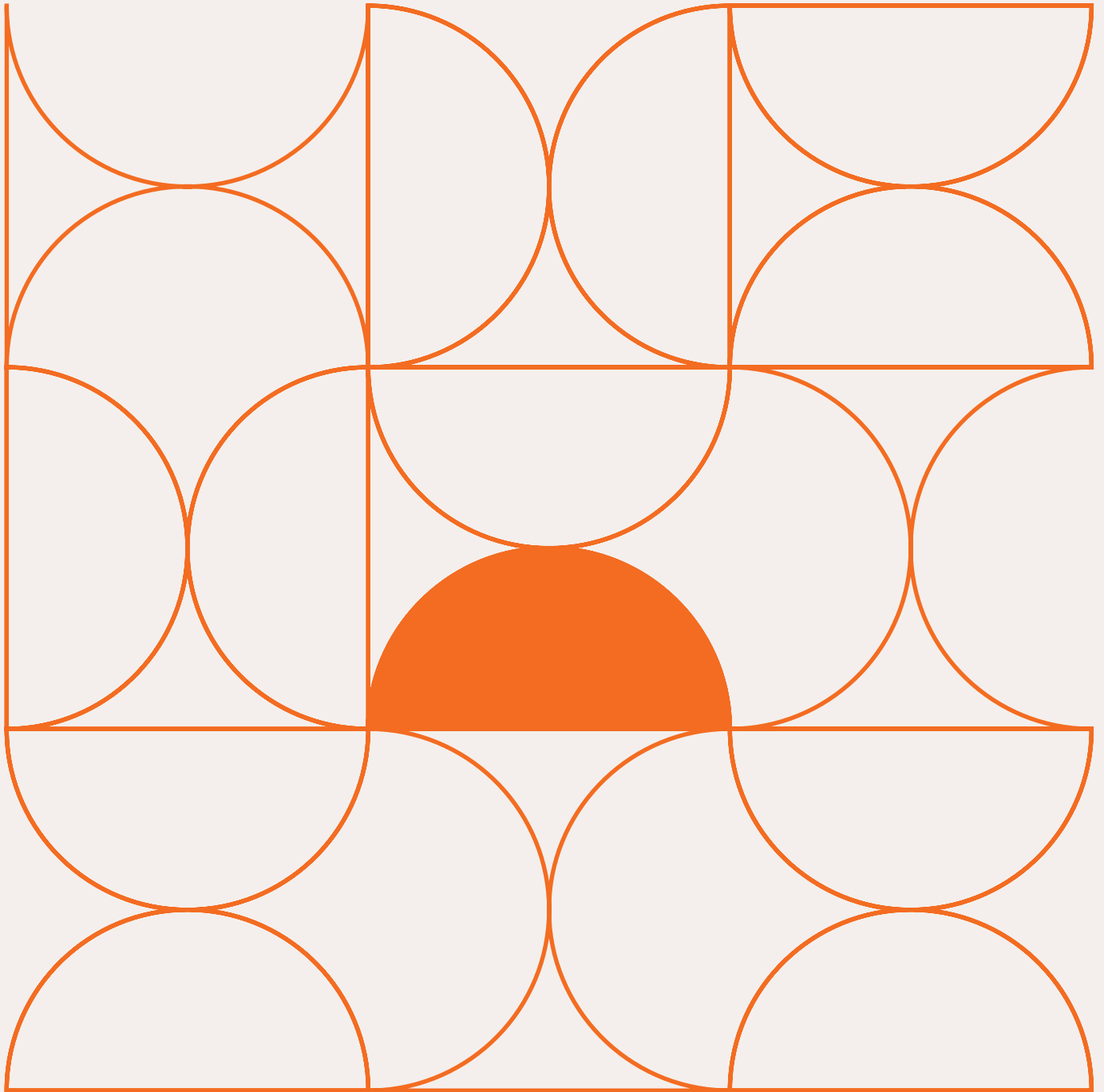
### **Cash**

Cash has the lowest volatility of all of the asset classes, and provides the lowest level of liquidity risk. Cash is highly susceptible to short term changes in cash rates, and offers the lowest potential for capital growth. At times returns may not exceed inflation.

### **Listed Property**

The performance of listed property investments tends to reflect the performance of the wider property market over the long-term. Over shorter investing durations listed property investments are not as susceptible to a lack of liquidity as direct property investments, but they can experience some volatility. There are also management and other costs associated with listed property investments.





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