

Fund Update

Fund Update for period to 31 December 2017

This Fund Update was first made publicly available on 25 January 2018.

What is the purpose of this update?

This document tells you how the International Equity 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.

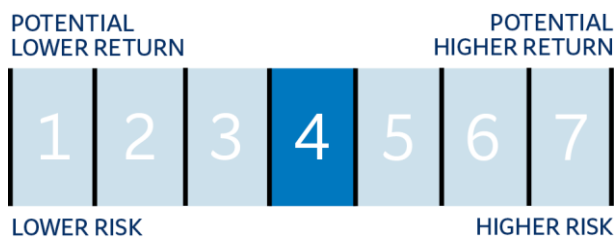
Description of this Fund

The International Equity Fund provides an exposure to international shares by primarily investing in a diversified portfolio of shares in developed markets, with the ability to invest to a lesser extent in emerging market countries. The International Equity Fund seeks to provide a gross return in excess of the MSCI All Country World Index (50% hedged to New Zealand dollars), over the long term.

Total value of the Fund	\$729,658,473.30
Date the Fund started	1 February 2017

What are the risks of investing?

Risk indicator for the International Equity Fund¹



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. 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 31 December 2012 to 31 December 2017¹. 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 Private Wealth Series product disclosure statement (PDS) for more information about the risks associated with investing in this Fund.

How has the Fund performed?

	Past year
Annual return (after deductions for charges and tax)	Not applicable
Annual return (after deductions for charges but before tax)	Not applicable
Market index annual return (reflects no deductions for charges and tax)	21.44%

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 return is based on the MSCI All Country World Index (50% hedged to New Zealand dollars). Additional information about the market index is available on the Scheme's Disclose Register entry at disclose-register.companiesoffice.govt.nz/disclose

What fees are investors charged?

Investors in the International Equity Fund are charged Fund charges. Based on the PDS dated 1 February 2017, these are expected to be:

	% of net asset value
Estimated Total Fund charges²	1.11%
<i>Which are made up of:</i>	
Total management and administration charges	1.11%
<i>Including:</i>	
Manager's basic fee	0.95%
Other management and administration charges	0.16%
Total Performance-based fees	0.00%

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 Private Wealth Series product disclosure statement for more information about these fees. This can be accessed from the Disclose register at disclose-register.companiesoffice.govt.nz/disclose

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

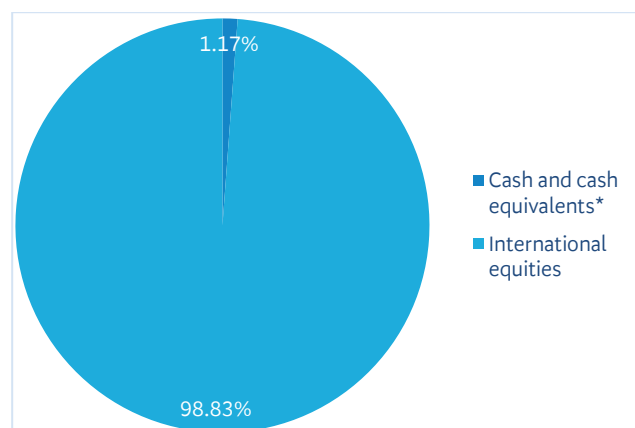
Example of how this applies to an investor³

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 were deducted of \$2,033.00 (that is 20.33% of his initial \$10,000). John also paid \$0.00 in other charges. This gives John a total return of \$2,033.00 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 may differ to those stated in the Top 10 investments table as they can include operating and fund accruals.

Target investment mix

This shows the mix of assets that the Fund generally intends to invest in.

Cash and cash equivalents	2.00%
New Zealand fixed interest	0.00%
International fixed interest	0.00%
Australasian equities	0.00%
International equities	98.00%
Listed property	0.00%
Unlisted property	0.00%
Commodities	0.00%
Other	0.00%

Currency hedging

Currency hedging may be used to mitigate the impact of currency movements on investments in foreign securities. The Fund's investments may be between 0% and 100% hedged to the New Zealand dollar.

Top 10 investments

	Name	% of Fund Net Assets	Type	Country	Credit Rating (if applicable)
1	AUD Cash Deposit (National Australia Bank) ⁴	2.31%	Cash and cash equivalents	Australia	AA-
2	Alphabet	1.90%	International equities	United States	
3	Nestlé	1.83%	International equities	Switzerland	
4	Facebook	1.57%	International equities	United States	
5	Visa	1.38%	International equities	United States	
6	NZD Cash Deposit (BNZ Bank)	1.24%	Cash and cash equivalents	New Zealand	AA-
7	AIA Group	1.20%	International equities	Hong Kong	
8	Heineken	1.11%	International equities	Netherlands	
9	HDFC Bank	1.11%	International equities	United States	
10	Taiwan Semiconductor Manufacturing Company	1.09%	International equities	Taiwan	

The top 10 investments make up 14.74% 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	4 years, 6 months	Non-Executive Director, BNZ Life Insurance Limited (current position)	14 years, 1 months
Shelley Ruha	Director, BNZ Investment Services Limited	5 years, 6 months	Director - BNZ Partners, BNZ (current position)	3 years, 6 months
Christopher Reid	Director, BNZ Investment Services Limited	5 years, 6 months	Chief General Counsel, BNZ (current position)	8 years, 6 months

Further information

You can also obtain this information, the PDS for Private Wealth Series, and some additional information from the offer register at disclose-register.companiesoffice.govt.nz/disclose

Contact details

If you have any question about this Fund or the Private Wealth Series, please contact your BNZ Private Banker or Wealth Specialist. Alternatively, call us on 0800 477 077 or visit our website at bnz.co.nz/private-banking.

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.
3. Because this Fund started operating on 1 February 2017, the Fund's market index return for the full year referred to in the section "How has the Fund performed" has been used in this example rather than the actual Fund return (which only exists for a partial year). The market index return referred to in the section "How has the Fund performed?" reflects no deductions for Fund charges, and so has been adjusted for the purposes of this example. This example generally illustrates how fees may affect an investor holding \$10,000 in the Fund for a year. It does not reflect the impact of buy/sell spreads that may apply when a person makes a new or additional contribution into the Fund, or withdraws from the Fund. For more information on buy/sell spreads, see the PDS for the Private Wealth Series.
4. This cash deposit is an asset of a related underlying fund that this Fund invests in and is held specifically to maintain exposures to international equity investments.