



BNZ Term PIE

More about the BNZ Term PIE scheme

Other Material Information

Issued by BNZ Investment Services Limited – 26 April 2024

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



Find out more about BNZ Term PIE

This document tells you more about the BNZ Term PIE scheme (BNZ Term PIE or Scheme). The document goes into greater detail on:

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This document contains information about the way BNZ Term PIE works. BNZ Term PIE is an investment product and investment products can be complex. If you do not understand or are unsure of any of the information contained in this document, we recommend you seek financial advice before investing.

BNZ Term PIE is designed to provide investors an alternative that could be more tax-efficient than a BNZ term deposit. If you are unsure about whether BNZ Term PIE is tax efficient for you, we recommend you seek independent tax advice before investing.

This document should be read with the current Product Disclosure Statement and Statement of Investment Policy and Objectives (SIPO) for BNZ Term PIE, along with any other documents held on the Scheme and Offer Disclose Register entries at companiesoffice.govt.nz/disclose

In this document:

- ‘you’ and ‘your’ means you and any other persons who are, or who become investors in BNZ Term PIE
- ‘we’, ‘us’, ‘our’, and ‘BNZISL’ refer to BNZ Investment Services Limited, the Manager of BNZ Term PIE.

This information is provided as a guide only and is current as at the date of this document. It is not intended as a replacement for legal, tax, or financial advice. This information is subject to changes to the law and government policy, and changes to BNZ Term PIE, from time to time.

Investments made in BNZ Term PIE 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 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. Investing in BNZ Term PIE

When you invest in BNZ Term PIE, you are investing in a managed investment scheme that invests solely into a New Zealand dollar deposit at BNZ.

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.

You are able to choose:

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

Details about any restrictions on these investments are published on BNZ's website, or provided to you when you apply to invest.

When deciding on your rate of return and investment term when you apply, think about:

- your investment purpose
- investment timeframe
- how much to contribute
- when you are likely to require your returns
- how you feel about investment risk.

When you invest you will be issued units in BNZ Term PIE. These units have a price and represent your investment in BNZ Term PIE.

Your investment is locked in for the entirety of the investment term agreed when you make your application. You may make an early withdrawal request in some circumstances. A break fee may apply for an early withdrawal.

Units in BNZ Term PIE are only available to investors who are in New Zealand. BNZ Term PIE is not offered in any jurisdiction other than New Zealand.



2. About investments, withdrawals and more

Your accounts hold your units

Your units in BNZ Term PIE are represented by a BNZ Term PIE account in your name. A separate account is created for you for each holding of your units with a different maturity date and rate of return. You can choose to have separate accounts for holdings of units with the same maturity date and rate of return – you just need to tell BNZ when you apply.

Terms for joint applications

If you apply jointly for units with someone else, you hold the units with them as joint account holders. BNZ's Standard Terms for joint accounts and joint account holders apply.

Account adjustments

Your account can be adjusted to:

- add your returns
- deduct tax
- deduct any break fee
- remove units you withdraw from your account.

Tax efficiency

BNZ Term PIE is a Portfolio Investment Entity (PIE). The amount of tax you pay is based on your prescribed investor rate (PIR) which may be lower than your personal marginal tax rate. So, if you pay income tax at the top rates of 30%, 33%, or 39% you may pay less tax on your BNZ Term PIE returns because the maximum PIR is 28%.

If you are tax resident in a jurisdiction other than New Zealand, your situation may be different.

Your personal circumstances may affect the tax you will pay, we recommend you seek your own independent tax advice if you are unsure.

Cancelling your BNZ Term PIE account

You can cancel your account within the first seven calendar days after the start date. Your investment amount will be returned to you, without interest.

If you want to cancel your account after the first seven calendar days, you must get BNZ's permission for an early withdrawal, and a break fee may apply.

How your returns are distributed

When you apply, you choose how you want the returns of your account distributed (paid), after deductions for tax and any fees. Your instructions can be to either:

- reinvest the returns in your BNZ Term PIE account
- pay the returns to a specified bank account.

When your returns are distributed

When you apply, you choose a frequency of returns – how often you want your returns distributed, during your investment term. This frequency is used to work out your distribution dates.

If you choose a frequency expressed as a number of months, the regular distribution dates are set to fall on the same day of the month as the date you opened your account. If any of those distribution dates fall on a weekend or public holiday, those specific distributions are rescheduled for the closest Business Day before the regular date. Adjusting the distribution dates like this can also change the return amount for that distribution, because it changes the number of days between distribution dates.

Special distributions

There is a special distribution for tax purposes on or around 31 March in each year. The amount of this return and your next-scheduled return (if any) might vary from your regular scheduled returns because it changes the number of days between distribution dates.

We can schedule a special distribution date at any other time if we determine that is necessary or desirable for tax purposes.

Maturity of your investment

Your account is locked in for the whole investment term you select when you apply, unless you withdraw some or all of your account balance early.

When you apply, you choose the investment term. Your maturity date is calculated based on the term and the date your account is opened. If the maturity date falls on a weekend or public holiday, it will be rescheduled to fall on the closest business day before that date and the investment term of your account will be adjusted to match.

On the maturity date, your balance is paid out or reinvested according to your instructions when you applied. If you do not provide any instructions, your account balance is paid into the bank account you nominated on your application form.

Payment may be suspended

Payment of your withdrawal amount may be suspended if it is reasonably decided that there is a good reason to. Payment may be suspended if the withdrawal may:

- not be desirable
- be against the interests of unit holders in BNZ Term PIE
- cause BNZ Term PIE to become ineligible as a PIE.

You will be notified if your withdrawal is suspended.

How your withdrawal is paid

The following approach is used to process the payment for your withdrawal.

- If you are withdrawing your entire account balance, all your units are redeemed – including any returns you are entitled to since the last distribution date.
- If you are withdrawing part of your account balance, your returns are not paid with the amount you withdraw.
- For each unit you withdraw, you are paid the lower of \$1 or the current unit value.
- You receive a cash payment for the proceeds of the withdrawal, less any applicable costs.
- The withdrawal amount is paid into the most recent bank account that you nominated.

Selling or transferring your units

If you want to sell or transfer your units to someone else, you need to let BNZ know. BNZ can, in certain instances, decline your request. For example, your request may be declined if you have not followed the relevant requirements, the transfer would result in an account having less than the minimum account balance or the transfer would result in BNZ Term PIE become ineligible as a PIE.

Transfer of units on your death

If you die or become bankrupt while you are invested in BNZ Term PIE, the person who becomes entitled to your account can be registered as the account holder.

Your investment may be closed

Your BNZ Term PIE investment may be closed in certain circumstances to meet legal obligations, regulatory requirements or guidance, or if you have a zero balance. You will be given prior notice before this is done.

Winding up

There are circumstances in which BNZ Term PIE may be wound up (closing the Scheme and selling all its assets). These circumstances (and the process that must be followed) are set out in the Governing Document.





3. More about fees

Break fee for early withdrawals

All requests for an early withdrawal should be made to BNZ. If BNZ agrees that you can make an early withdrawal, you may be charged a break fee. When you make an early withdrawal request you will be told your approximate break fee.

You will be charged the break fee that applies on the date your early withdrawal is processed, this may be different from the approximate amount. The break fee includes an interest rate adjustment, which may change from time to time - BNZ doesn't have to tell you when it does.

If the relevant break fee is a negative amount or zero, you will not be charged.

If you change your mind about going ahead with the early withdrawal, you must tell BNZ immediately that you are revoking your request before your withdrawal is processed.

For more information about the calculation and current interest adjustment, go to bnz.co.nz/earlywithdrawal

Fees and charges can apply

Fees and charges can be applied to your investment in BNZ Term PIE. These include entry and exit fees, management fees, switching fees, registry and accounting fees, although there are no such fees currently charged to investors. Fees relating to the termination of BNZ Term PIE can also be applied.

Fees and charges can be changed at any time and new fees and charges can be applied. If this is done, you will be notified.

We pay other fees and expenses to third parties

We pay fees to the Supervisor, administration manager, and registrar. We also pay expenses for the ongoing administration and regulatory compliance of BNZ Term PIE.

While we do not currently do so, we may charge fees to BNZ Term PIE or seek reimbursement from BNZ Term PIE to cover:

- Any unexpected fees and expenses, where agreed with the Supervisor. There is no limit on these fees and expenses; and
- Reimbursements from BNZ Term PIE (to us or the Supervisor) for all expenses, losses, costs or liabilities (including any legal costs) incurred in managing or supervising BNZ Term PIE.

4. More about investment risk

All investments involve risk. Risk is the likelihood of not getting all your money back or getting a different return than you expect. In addition to the risks set out in Section 4 of the Product Disclosure Statement, the table below is a summary of some of the risks and how we seek to reduce or manage them.

Risk	Description and how we manage risk
BNZ counterparty risk	<p>The risk that BNZ, in breach of its manufacturing and distribution agreement, fails to pay the initial capital and/ or interest on funds deposited at the bank by BNZ Term PIE. This may mean you are not paid the returns agreed, or that there are delays in you receiving payment of your returns. BNZ Term PIE invests in deposits with BNZ which carry the same level of risk as a BNZ term deposit.</p> <p>BNZ's latest credit ratings (assessments of BNZ's financial strength and credit worthiness) are available in the BNZ disclosure statement at bnz.co.nz/about-us/governance/financials</p>
Tax risk	<p>If BNZ Term PIE loses its PIE status, it would be taxed at the corporate tax rate of 28% instead of the prescribed investor rates of individual members. This could affect the returns to members. We have procedures in place to manage our compliance with the PIE tax rules.</p> <p>We can take all steps needed to ensure that BNZ Term PIE stays eligible for its PIE status and keeps to the tax laws for portfolio investment entities. Our steps can include using our discretion to reject any applications and requests, and to withdraw your units.</p>
Illiquidity risk	<p>The risk that circumstances change over the agreed investment term, which results in your returns being less than what they could be. This may be because you incur a break fee on an early withdrawal or because available interest rates increase over the term of your investment.</p>
Legislative risk	<p>New laws or changes to existing laws could have a significant impact on an investment in BNZ Term PIE (including its returns), or on how we manage BNZ Term PIE. For example, the Government may change the rules about the amount of Portfolio Investment Entity (PIE) tax payable (see also 'tax risk', above). We manage this risk by regularly communicating with our regulators and by monitoring legislative change, so we can keep you up to date.</p>
Suspension of payments	<p>If we decide that paying withdrawals is not desirable, or would be prejudicial to the interests of investors in BNZ Term PIE generally, then we may delay doing so. We would only do this in accordance with the law and the BNZ Term PIE Governing Document. If withdrawals are suspended for longer than 14 days, we will notify all investors. If withdrawals are suspended more than six months, we will convene a meeting of all investors to determine whether the Scheme should be terminated and wound up. We actively monitor the Scheme to maintain enough liquidity (assets that can easily be turned into cash) to meet forecasted withdrawals and reduce the chance of needing to suspend payments.</p>
Wind up	<p>We may decide to wind up (stop providing) BNZ Term PIE. If we decided to stop providing BNZ Term PIE, we would let you know. On wind-up, you may:</p> <ul style="list-style-type: none"> • receive less than what you had agreed under the agreed rate of return, and • incur reasonable costs and fees as a result of the wind-up. <p>No investments or withdrawals would be able to be made while BNZ Term PIE is in wind up.</p>

Risk indicator

BNZISL has determined that the risk indicator for BNZ Term PIE should be 1, because of the fixed nature of returns on a BNZ Term PIE investment. BNZISL has not calculated and filled in the risk indicator in accordance with clause 6 of Schedule 4 to the Financial Markets Conduct Regulations 2014, and is instead relying on clause 8 of Schedule 4 to set the risk indicator at 1 to reflect the potential future volatility of the fund.

5. Related parties and managing conflicts of interest

BNZ Investment Services Limited (BNZISL) is the Manager of BNZ Term PIE. We are 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 NAB, Jarden Wealth and Asset Management Holdings Limited (Jarden) and funds managed by Pacific Equity Partners (PEP). NAB is a licensed bank in Australia and is the parent company of BNZ.

Related parties from the FirstCape group and the NAB group of companies (including BNZ) provide their services to us and to BNZ Term PIE. These companies may also receive fees from us or BNZ Term PIE for these services.

BNZISL manages its conflicts of interest by appointing independent directors to the Board.

We also must notify the Supervisor before we enter into any related party transactions and must carry out related party transactions in accordance with the terms of the Financial Markets Conduct Act 2013.

Managing people conflicts

Actual or perceived conflicts of interest for directors and employees of FirstCape group companies can arise from any competing interests. For example, directors and employees of FirstCape group companies may invest into 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.

Managing related company conflicts:

Description of conflict of interest	Why this may influence investment decisions and how we manage the conflict
Banking services: BNZ provides banking services to BNZ Term PIE.	We use BNZ banking services and therefore BNZ receives commercial benefits. Banking services are provided on a commercial arm's length basis.

6. The Governing Document and BNZ Terms

The Governing Document contains the rules governing the management, administration and supervision of BNZ Term PIE. Both we (as Manager) and the Supervisor must meet (and continue to meet) our obligations under the Governing Document.

The Governing Document details things like:

- how the Scheme was established, including the rules around issue, withdrawal or transfer of units
- how both we and the Supervisor are appointed (and removed or replaced), our powers, duties and functions, and how we are paid for our services
- rules governing the administrative aspects of BNZ Term PIE including meetings of investors and how the Scheme assets are distributed if the Scheme is wound up.

📄 [A copy of the Governing Document is available at companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose)

The following terms also apply to the BNZ Term PIE:

- BNZ's Standard Terms – in particular all of Part 1, and the sections of Part 2 on telephone and video banking, and joint, partnership, and estate and trust accounts
- BNZ's Internet Banking Terms and Conditions (if you use the BNZ app or BNZ Internet Banking).

📄 [Copies of the BNZ's Standard Terms and BNZ's Internet Banking Terms and Conditions are available at bnz.co.nz](https://bnz.co.nz)

If there is any conflict between the terms applying to BNZ Term PIE, the terms of the Governing Document will prevail over BNZ's Standard Terms and BNZ's Internet Banking Terms and Conditions.

Where the BNZ Standard Terms refer to 'BNZ', or 'Account Operating Authority', these include the following meanings.

- 'BNZ' includes us, as Manager of BNZ Term PIE – and any limitations of liability also apply to us.
- An 'Account Operating Authority' includes any authorities you give when investing in BNZ Term PIE.

7. Manufacturing and Distribution Agreement with BNZ

We have entered into a manufacturing and distribution agreement with BNZ which sets out the terms on which the Scheme will deposit the Scheme's funds into an interest-bearing deposit at BNZ, how BNZ will pay interest on the deposit and the procedures for the Scheme to withdraw its deposit.

The manufacturing and distribution agreement also sets out the terms on which BNZ provides customer management and administrative services in relation to the Scheme.

8. Changes we can make

We may make the following changes to BNZ Term PIE without requiring your prior consent:

- changing how the break fee is calculated (including the interest rate adjustment, which is a component of the break fee);
- introducing new fees, expenses or charges to the Scheme;
- the minimum investment amount and minimum Account balance;
- the primary investment of the Scheme;
- the SIPO (with the Supervisor's consent);
- changing the Governing Document

BNZ may change their standard terms and conditions at any time. The latest terms are available at bnz.co.nz/standardterms

Changes we won't make, unless required by law

We will not change the rate of return or the investment term on any existing account if the change is adverse to you. We only make the change if both we and the Supervisor consider we must, to comply with any law. However, we can change fees or introduce new fees – see section 3.



