

International Fixed Interest Fund

Private Wealth Series

Fund Update

For quarter ending 30 June 2021

This Fund Update was first made publicly available on 27 July 2021.

What is the purpose of this update?

This document tells you how the International Fixed Interest Fund (Fund) has performed and what fees were charged. The document will help you to compare the Fund with other funds. BNZ Investment Services Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

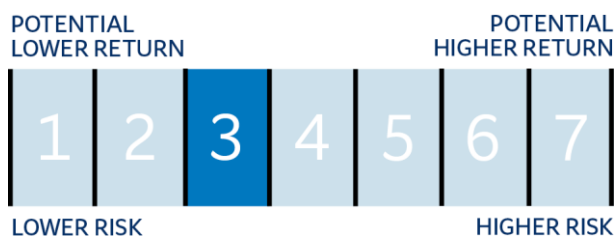
Description of this Fund

The International Fixed Interest Fund invests in international fixed interest securities, primarily investment-grade government and corporate bonds in developed markets, but with the ability to invest to a lesser extent in emerging market countries or sub investment-grade bonds. It aims to provide a gross return in excess of its benchmark index, over the medium term. The Fund invests primarily in investment-grade bonds, but may invest up to 20% in non-investment-grade bonds.

Total value of the Fund	\$535,575,091.28
Date the Fund started	2 March 2017

What are the risks of investing?

Risk indicator¹ for the International Fixed Interest Fund



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at sorted.org.nz

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 30 June 2016 to 30 June 2021. 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.

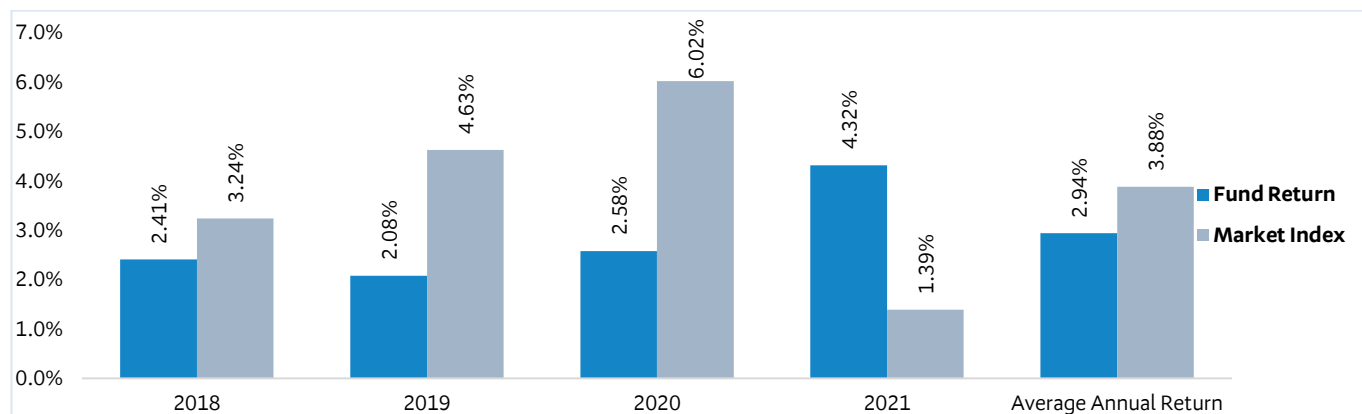
See the Private Wealth Series Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

How has the Fund performed?

	Past year
Annual return (after deductions for charges and tax)	1.37%
Annual return (after deductions for charges but before tax)	1.78%
Market index annual return (reflects no deductions for charges and tax)	0.02%

The market index (benchmark) return is based on the Bloomberg Barclays Global Aggregate Index (100% hedged to New Zealand dollars), as described in the Statement of Investment Policy and Objectives (SIPO). Additional information about the benchmark is available on the offer register (search for Private Wealth Series) at companiesoffice.govt.nz/disclose

Annual return graph



The graph shows the return after Fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the average annual return since the Fund started, up to 30 June 2021.

Important: This does not tell you how the Fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

Market index returns do not include Fund charges or deductions for tax.

Example of how this applies to an investor

John had \$10,000 in the Fund at the start of the year and did not make any further contributions. At the end of the year, John received a return after Fund charges were deducted of \$137.00 (that is 1.37% of his initial \$10,000). John also paid \$0.00 in other charges. This gives John a total return of \$137.00 for the year.

What fees are investors charged?

Investors in the International Fixed Interest Fund are charged Fund charges. In the year to 31 March 2021 these were (excluding GST):

	% of net asset value
Total fund charges*	0.59%
<i>Which are made up of:</i>	
Total management and administration charges	0.59%
<i>Including:</i>	
Manager's basic fee	0.54%
Other management and administration charges ²	0.05%
Total performance-based fees	0.00%

* The figure used for 'other management and administration charges' is an estimate.

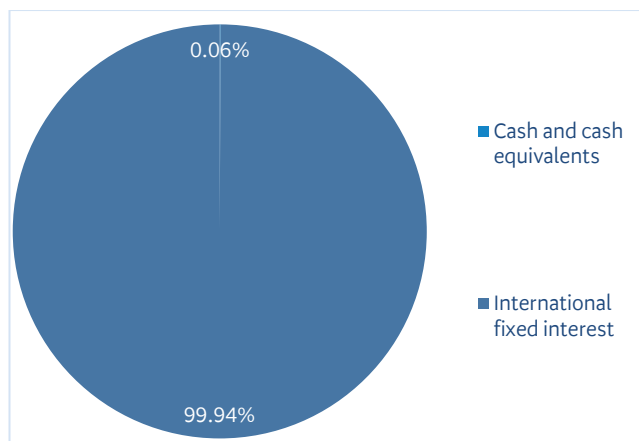
See the Private Wealth Series PDS for more information about these fees. This can be accessed from the Disclose Register at companiesoffice.govt.nz/disclose

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

What does the Fund invest in?

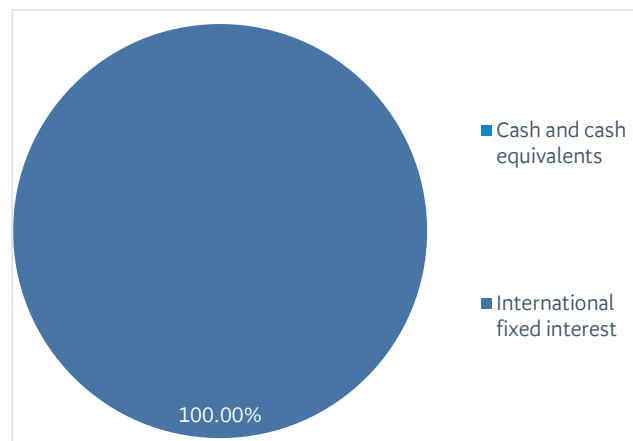
This shows the types of assets the Fund invests in.

Actual investment mix³



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

Target investment mix



Currency hedging

Currency hedging may be used to mitigate the impact of currency movements on investments in foreign securities. As at the date of this Fund Update, the Manager applies the following currency hedging ratio:

- International fixed interest – 100% hedged to NZD

The Statement of Investment Policy and Objectives (SIPO) sets out the policy for our currency hedging strategy in Section 5 and is available on the Scheme’s Disclose Register entry at companiesoffice.govt.nz/disclose

Top 10 investments⁴

	Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1	Russell Global Bond Fund Class D	99.15%	International Fixed Interest	New Zealand	
2	Bank of New Zealand Bank Account NZD	1.14%	Cash and cash equivalents	New Zealand	AA-

The top 10 investments make up 100.29% of the net asset value of the Fund⁵.

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	8 years, 0 months	Non-Executive Director, BNZ Life Insurance Limited (current position)	17 years, 7 months
Richard Ansell	Director, BNZ Investment Services Limited	2 years, 4 months	Member, BNZ Investment Review Committee (current position)	2 years, 4 months
Hayley Cassidy	Director, BNZ Investment Services Limited	2 years, 2 months	Executive, Chief General Counsel, BNZ (current position)	0 years, 4 months
Paul Richardson	Director, BNZ Investment Services Limited	1 year, 7 months	Managing Director, Carina Capital Limited (current position)	2 years, 11 months
Daniel Huggins	Director, BNZ Investment Services Limited	0 years, 11 months	Executive - Customer Products & Services, BNZ (current position)	1 year, 3 months

Further information

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

Contact details

If you have any questions about this Fund or the Private Wealth Series, please 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, we have used a mix of actual and market index returns for the 5-year period to 30 June 2021 to calculate the risk indicators. Therefore, the risk indicators may provide a less reliable indicator of the potential future volatility of the Fund. The inception date for the Fund was in March 2017. We have calculated the risk indicators using market index returns from 1 July 2016 to 31 March 2017 and actual returns from 1 April 2017 until 30 June 2021.
2. The total fund charges uses an estimate for 'other management and administration charges' which reflects the costs and expenses charged by Russell Investment Management Limited, the underlying manager of the Fund. The estimate is based on verification from the underlying manager to BNZ Investment Services Limited as manager of the Fund.
3. The percentage of cash and cash equivalents in this graph may differ to those stated in the Top 10 investments table as they can include operating and fund accruals.
4. Investor flows not yet unitised, unsettled trades, currency hedging gains (or losses) and any operating accruals are excluded from the Top 10 investments.
5. Net asset value of a fund is calculated using the value of the fund's assets less liabilities. This can lead to the situation where the value of the top 10 assets stated as a percentage of the net asset value of a fund is greater than 100%.