

# Private Wealth Series

## Who manages my money?

Other Material Information

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# Find out more about how Private Wealth Series is managed

This document tells you more about how Private Wealth Series (PWS or Scheme) is managed. It describes:

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This document together with the current Product Disclosure Statement (PDS) and the Statement of Investment Policy and Objectives (SIPO) for the Scheme, and any other documents available, gives you information about the Scheme. This document, the PDS and SIPO are available at [bnz.co.nz/pws](https://bnz.co.nz/pws) or held on the Scheme and Offer Disclose Register entries at [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose)

#### **In this document:**

- ‘you’ and ‘your’ means you and any other persons who are or become investors of Private Wealth Series
- ‘we’, ‘us’, ‘our’ and BNZISL refer to BNZ Investment Services Limited, the manager of Private Wealth Series.

Investments in Private Wealth Series 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, possible delays in repayment, possible loss of income and possible loss of principal invested. No person (including the New Zealand Government) guarantees (either fully or in part) the performance or returns of Private Wealth Series Funds or the repayment of capital. NAB, the ultimate owner of BNZ, is not a registered bank in New Zealand but a licensed bank in Australia and is subject to the supervision of the Australian Prudential Regulation Authority.

NAB and Jarden Wealth and Asset Management Holdings Limited (Jarden Wealth) have conditionally agreed to combine their New Zealand advice and asset management businesses (BNZISL, JB Were NZ, Jarden Wealth, and Harbour Asset Management) under a newly formed entity called ‘FirstCape’ (Proposed Transaction). From a day to day perspective, BNZISL will continue to manage the Scheme and BNZ will continue to offer our wealth products and services. The Proposed Transaction is expected to be completed in 2024. You can find further information in the *Other Material Information – More about Private Wealth Series* document on the Disclose Register at [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose)

# 1. Our investment approach

We are the Manager of Private Wealth Series and our role is to decide how to invest the assets of the funds in the Scheme (Funds). We currently use the skills and experience of an investment consultant to choose a range of underlying investment managers who ultimately choose the underlying investments the Funds invest in.

The Funds can invest directly in securities or by investing in underlying investment funds managed by us or underlying investment managers.

Each of the Funds also holds cash for operational purposes in an interest-bearing bank account with the Bank of New Zealand (BNZ).

## We invest your money responsibly

We take responsible investment, including environmental, social, and governance considerations, into account in the investment policies and procedures of Private Wealth Series.

- You can get an explanation of the extent to which we take responsible investment into account in those policies and procedures at [bnz.co.nz/investingresponsibly](https://bnz.co.nz/investingresponsibly)

# 2. Summary of our underlying investment managers

Our current underlying investment managers for each asset class are set out below.

While we work hard to keep this information current, the underlying managers can be added to, removed or changed without prior notice.

Asset class	Underlying investment managers
Cash and cash equivalents	Nikko Asset Management New Zealand Limited
New Zealand fixed interest	Harbour Asset Management Limited
	Nikko Asset Management New Zealand Limited
International fixed interest	Columbia Threadneedle Investments
	State Street Global Advisors, Australia, Limited
Australasian equities	Castle Point Funds Management Limited
	First Sentier Investors Realindex Pty Ltd
	Mint Asset Management Limited
International equities	Antipodes Partners Limited
	C WorldWide Asset Management
	Intermede Investment Partners Limited

### 3. Details about our underlying investment managers

A brief description of each underlying investment manager follows. These descriptions have been provided to us by each underlying investment manager. For further information please refer to their websites.

All of our underlying investment managers have signed up to the Principles for Responsible Investment. More information is available at [unpri.org](https://unpri.org)

#### Antipodes Partners Limited (Antipodes)

Antipodes is a global asset manager offering a pragmatic value approach. The firm was founded in 2015 by former Deputy CIO of Platinum Asset Management, Jacob Mitchell, together with several likeminded value investors. Antipodes aspire to grow client wealth over the long-term by generating absolute returns in excess of the benchmark at below market levels of risk. Antipodes seek to take advantage of the market's tendency for irrational extrapolation, identify investments that offer a high margin of safety and build high conviction portfolios with a capital preservation focus.

Antipodes is majority owned by its seasoned investment team. Antipodes performance culture is underpinned by sensible incentives, a focused offering and the outsourcing of non-investment functions to minority partner Pinnacle Investment Management Limited, an Australian-based multi-affiliate investment firm.



#### Castle Point Funds Management Limited (Castle Point)

Castle Point is a New Zealand boutique fund manager, established in 2013 by its investment team, which comprises Richard Stubbs, Stephen Bennie, Jamie Young and Gordon Sims. Castle Point's investment philosophy is focused on long-term opportunities and investor alignment.

The team is experienced and the shared philosophy allows for robust, constructive debate. Portfolios are co-managed and all members of the team participate in company analysis and fund management duties.

The team uses a highly disciplined approach to identifying investment candidates based on an investment philosophy that focuses on long-term investment performance. Each candidate is then subjected to a thorough research process to identify only the best value, growth, and quality companies. Portfolios are then constructed around these companies to cater for the risk/return tolerances of different investor groups.

#### Columbia Threadneedle Investments (Columbia Threadneedle)

Columbia Threadneedle manages investments for institutions, pension funds, sovereign wealth funds, and endowments and foundations. Columbia Threadneedle has expansive reach, currently represented in 17 countries with a global team of 2,500 people working together. Expertise is diverse with more than 650 investment specialists sharing global perspectives across all major asset classes, markets and with the capability to create bespoke solutions matched to clients' specific requirements.

Over 200 Research Associates are dedicated to finding original, actionable insights that are shared and debated with portfolio managers. Columbia Threadneedle believes well-managed companies that look to the future are better positioned to navigate the risks and challenges inherent in business and achieve sustainable performance and long-term value creation. Responsible Investment (RI) principles are an important factor, and it has developed proprietary tools that provide a robust RI framework and better analysis for portfolio managers to enhance their decision-making.

An independent Investment Consultancy & Oversight team ensures the integrity of an investment strategy. The team works in partnership with its portfolio managers to foster continuous improvement and ensure strategies are managed consistent with client expectations and their desired outcome. The contracting party for Columbia Threadneedle is Threadneedle Asset Management Limited.





## C WorldWide Asset Management (CWW AM)

CWW AM is a boutique global equity asset manager established in 1986. CWW AM invests principally in the common stock of companies with market capitalisations of at least USD 10 billion at the time of acquisition that are identified as “compounders” by CWW AM. A company is considered a “compounder” if, in CWW AM’s view, it is expected to experience sustainable growth and compound its earnings over the long-term.

In seeking to identify companies for its global equity strategy, CWW AM conducts qualitative assessments of companies, including, among other criteria, each company’s business model, management, and financial and valuation metrics. CWW AM seeks to identify what it believes to be high-quality companies with consistent, recurring revenues, stable free cash flows and sustainable returns on invested capital. CWW AM aims to construct a portfolio of companies exposed to diverse structural growth themes. The investment process results in a portfolio of 25-30 companies and, from time to time, may result in more substantial investments in particular countries, regions or sectors. Country, region and sector allocations are the outcome of CWW AM’s stock selection process.

CWW AM’s assessment of a company’s business practices includes a consideration of environmental, social and governance (“ESG”) factors. In incorporating ESG factors into the investment process, CWW AM seeks to identify sustainable growth companies that follow good business practices. The key ESG considerations may vary depending on the industry, sector, geographic region or other factors and the business of each issuer.

CWW AM’s approach is based on fundamental research informed by visiting companies, participating in investment workshops and seminars, generating proprietary research and reviewing third-party research. CWW AM’s fundamental evaluation of stocks is dependent on a combination of factors, including risk return considerations, market sentiment and economic data.

CWW AM maintains a long-term investment horizon. CWW AM monitors investments for changes in the factors above, which may trigger a decision to sell a security, but does not require such a decision. CWW AM also may consider selling a security if alternative investment ideas have been developed.

## First Sentier Investors Realindex Pty Ltd (Realindex Investments)

Realindex Investments was established in 2008 and is a wholly owned investment management subsidiary of First Sentier Investors (FSI). Realindex Investments is focused on partnering with clients to provide systematic equity solutions utilising its index and intelligent implementation, smart beta and active quantitative equity capabilities.

As at 31 December 2023 Realindex Investments managed approximately AUD 28 billion across Australia and New Zealand, global and emerging market shares. It has a dedicated team of portfolio managers, quantitative analysts, and product and client specialists responsible for the research, construction, portfolio management, trading and institutional sales and service of its underlying strategies. As a part of FSI, Realindex Investments benefits from the IT systems, back office and administration, legal, dealing, compliance and distribution support from a strong parent company.



## Harbour Asset Management Limited (Harbour)

Established in December 2009, Harbour is a highly rated New Zealand-based funds management firm. Harbour manages Australasian equities and New Zealand fixed interest securities, as well as multi-asset solutions.

Harbour's clients include large government institutions, corporate superannuation funds, community trusts, charities, family offices, philanthropic groups, iwi, KiwiSaver providers and retail investors. Years of experience as a team and lessons learned over many market cycles have helped Harbour craft robust and disciplined investment processes for equities and fixed interest securities.

Environmental, social and governance (ESG) considerations play a key role in Harbour's investment decisions.

As part of a proposed transaction between NAB and Jarden Wealth to combine their New Zealand advice and asset management businesses, BNZISL and Harbour Asset Management Limited (alongside JB Were NZ and Jarden Wealth) will be owned by a newly formed entity called "FirstCape". See page 2 for further information.

## Intermede Investment Partners Limited (Intermede)

Intermede was founded in 2014 to deliver a global equity strategy applying a fundamentally orientated investment approach followed by Barry Dargan (Senior Portfolio Manager and CEO) since he began managing international and global equity portfolios at MFS Investment Management in 2001. In addition to Barry,

Intermede's investment team consists of experienced sector specialists. The team maintains a significant personal investment in the global strategy.

Intermede's investment approach is grounded in detailed fundamental analysis of individual businesses. The investment process identifies companies with durable competitive advantages that are capable of sustaining long term growth in earnings and cash flows. Strict valuation discipline ensures that we acquire these businesses at prices that reflect significant discounts to our estimates of intrinsic value. The global portfolio typically consists of approximately 40 positions, and is constructed on a benchmark agnostic basis. Positions are typically held for the long term, with portfolio turnover since inception implying an average holding period of around 5 years.

## Mint Asset Management Limited (Mint)

Mint is an independent, boutique fund manager established in 2006 and based in Auckland, New Zealand. The business looks to provide investors with access to a team of experienced and successful investment professionals. Mint sees the key strengths of its business as its size, structure and independence.

Mint is an active manager and uses its own research to invest in companies it believes to be undervalued. Once invested, these positions are monitored continuously to ensure the fundamentals behind the decision to invest have not changed. As a result, the portfolios reflect its best investment ideas and are structured to provide sustainable income and capital growth, with a strong emphasis on risk management.



## Nikko Asset Management New Zealand Limited (Nikko AM NZ)

Nikko AM NZ is a wholly owned subsidiary of Nikko Asset Management International Limited, which in turn is a wholly owned subsidiary of Nikko Asset Management Co. Limited (Nikko AM), headquartered in Tokyo, Japan. Nikko AM is a dedicated global asset manager with approximately 200 investment professionals across the world's major financial centres. As one of the largest investment managers in New Zealand, Nikko AM NZ believes investments are best managed by sector specialists within a comprehensive risk management framework. Nikko AM NZ manages the investment of cash and cash equivalents and New Zealand fixed interest from its Auckland office.

## State Street Global Advisors, Australia, Limited (State Street)

Established in 1978, State Street Global Advisors Limited (SSGA) is the asset management arm of State Street Corporation, an indexing pioneer and the creator of the world's first ETFs. The State Street Australian office (State Street Global Advisors, Australia, Limited), opened in 1991, is a wholly owned subsidiary of SSGA.

For four decades, SSGA has been committed to helping clients, and those who rely on them, achieve their investment objectives. SSGA have partnered with many of the world's largest, most sophisticated investors and financial intermediaries, helping them to reach their goals through a rigorous, research-driven investment process spanning both indexing and active disciplines. SSGA's scale and global reach offer clients unrivaled access to markets, geographies and asset classes, and in delivering thoughtful insights and innovative solutions.

SSGA's heritage as an ESG investing leader goes back more than 35 years, having launched the first ESG mandate in 1985. As an early leader in low-carbon investing and a signatory of the United Nations Principles for Responsible Investing (UNPRI) since 2012, SSGA integrates ESG across all investment teams and is a recognised leader in asset stewardship and corporate governance. Effective asset stewardship lies at the heart of SSGA's fiduciary responsibility. A robust and extensive asset stewardship program is a key pillar in the overall ESG approach and this program is designed to promote long-term sustainable returns on behalf of its clients.



## 4. Benchmark indices

Each Fund's performance is measured against a benchmark index (also referred to as a market index). All market indices exclude fees and expenses. The S&P/NZX 50 Index includes the value of imputation credits. These are tax credits that a company can attach to its dividends, which reduces the amount of income tax the recipient needs to pay.

Asset class	Market index	Description	More information
International Equity Fund	MSCI All Country World Index (60% hedged to New Zealand dollars)	This index is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed and emerging markets.	<a href="http://www.msci.com/acwi">www.msci.com/acwi</a>
Australasian Equity Fund	S&P/NZX 50 Index (including imputation credits)	This index is designed to measure the performance of the 50 largest, eligible equities listed on the Main Board (NZSX) of the NZX by float-adjusted market capitalisation.	<a href="http://spglobal.com/spdji/en/indices/equity/sp-nzx-50-index/#overview">spglobal.com/spdji/en/indices/equity/sp-nzx-50-index/#overview</a>
International Fixed Interest Fund	Bloomberg Global Aggregate Index (100% hedged to New Zealand dollars)	This index is a flagship measure of global investment grade debt from 24 local currency markets. This multi-currency index includes treasury, government-related, corporate and securitised fixed-rate bonds from both developed and emerging market issuers.	<a href="http://bloomberg.com/quote/LEGATRUU:IND">bloomberg.com/quote/LEGATRUU:IND</a>
New Zealand Fixed Interest Fund	Bloomberg NZBond Composite 0+ Years Index	This index is designed to measure the performance of the New Zealand debt market. It constitutes a composite of Treasury, Local Government, Supra/Sovereign and Credit instruments.	<a href="http://bloomberg.com/quote/BNZCM0:IND">bloomberg.com/quote/BNZCM0:IND</a>
Cash Fund	Bloomberg NZBond Bank Bill Index	This index is designed to measure the performance of the New Zealand money market by representing a passively managed short-term money market portfolio.	<a href="http://bloomberg.com/quote/BNZBIL:IND">bloomberg.com/quote/BNZBIL:IND</a>

The market indices and the web pages disclosed above may change or may be renamed or replaced from time to time without prior notice to you.



