

# Bonus Bonds Scheme

Product Disclosure Statement | 19 August 2019

Scheme issuer and manager:  
**ANZ Investment Services (New Zealand) Limited**



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This product disclosure statement replaces the product disclosure statement dated 31 August 2018.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz). ANZ Investment Services (New Zealand) Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.



# 1. Key information summary

## What is this?

This is an offer of units in the Bonus Bonds Scheme (**scheme**). Your money will be pooled with other investors' money and invested. ANZ Investment Services (New Zealand) Limited (**ANZIS, we, us, our** or **the manager**) invests the money in assets, such as fixed interest assets, cash and cash equivalents, and takes fees.

Instead of earning interest or receiving investment gains, each eligible Bonus Bond you hold gives you one entry into the monthly prize draw. The types of investments, your chances of winning a prize and the fees and expenses paid from the scheme are described in this document.

There is a risk that you may lose some or all of the money you invest.

## Who manages this scheme?

ANZ Investment Services (New Zealand) Limited is the manager of the scheme.

See section 9 (About ANZIS and others involved in the scheme) on page 20 for more information.

## What are you investing in?

When you buy a Bonus Bond you invest in a managed investment scheme.

The scheme invests conservatively in fixed interest assets and cash and cash equivalents.

### **The scheme's investment objectives are to:**

- generate positive income from the scheme's assets while complying with the investment restrictions and guidelines set out in the statement of investment policy and objectives (**SIPO**),
- maintain the price of each Bonus Bond at \$1 (this includes maintaining a sufficient level of reserves), and
- maintain sufficient liquidity in the scheme.

## Key terms of the offer

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### **What is the scheme?**

The scheme is a managed investment scheme. Your money is pooled with other bondholders' money and invested in fixed interest assets and cash and cash equivalents. Instead of earning interest or receiving investment gains, each eligible Bonus Bond you hold gives you one entry into the monthly prize draw.

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### **What is a Bonus Bond?**

A Bonus Bond is a unit in the scheme.

Each eligible Bonus Bond you hold gives you one entry into the monthly prize draw. In order for a Bonus Bond to be eligible, you must hold it for at least one calendar month. For example, if you buy a Bonus Bond in March, that Bonus Bond won't be in the monthly prize draw in April, but it will be in any monthly prize draws from the first day of May onwards.

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### **How much does a Bonus Bond cost?**

Each Bonus Bond costs \$1.

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### **Who can buy Bonus Bonds?**

Any person can buy Bonus Bonds for themselves, for others, or jointly with other people. Companies, partnerships, incorporated clubs and societies, and trusts can't buy Bonus Bonds unless they were a bondholder on 13 September 2013 and still hold Bonus Bonds.

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### **How do you buy Bonus Bonds?**

#### ***Buying Bonus Bonds for yourself***

The first time you buy Bonus Bonds, you need to visit an ANZ Branch in New Zealand to register and provide information including proof of identity, proof of address and confirmation of your tax residency status.

If you are an existing ANZ customer, you may be able to complete registration online at [bonusbonds.co.nz](http://bonusbonds.co.nz) without visiting an ANZ branch.

Once you have a bondholding set up you can purchase Bonus Bonds:

- online at MyBonusBonds, a secure online service where bondholders can access and manage their Bonus Bonds. MyBonusBonds is available through the Bonus Bonds website at [bonusbonds.co.nz](http://bonusbonds.co.nz)
- at any ANZ branch
- by automatic payment or bill payment.

#### ***Buying Bonus Bonds for others as a gift***

You can buy Bonus Bonds as a gift for others at any ANZ branch in New Zealand. You can also create an account for another person online at MyBonusBonds if you are an existing bondholder.

You will be required to provide information that meets ANZ's policy requirements for identification, and other legal and regulatory requirements. The person receiving the gift will need to provide appropriate identification, proof of address and tax residency status before the Bonus Bonds can be redeemed.

We have the right to decline any application to buy Bonus Bonds, or freeze or close any bondholding, if it does not meet legal, regulatory or ANZ policy requirements. Full details of our personal identification and proof of address requirements can be found at [anz.co.nz/myid](http://anz.co.nz/myid) or by calling us on 0800 736 034.

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**What is the minimum investment you can make?**

You must invest a minimum amount of \$20 each time you purchase new Bonus Bonds. We can change the minimum amount at any time.

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**What is the maximum investment you can make?**

There is no maximum investment.

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See page 12 for more information.

## How you can get your money out

You can cash-in some or all of your Bonus Bonds by submitting a request through MyBonusBonds or by submitting a completed cash-in request form at any ANZ branch.

MyBonusBonds is the secure online service where bondholders can access and manage their Bonus Bonds. MyBonusBonds is available through the Bonus Bonds website at [bonusbonds.co.nz](https://bonusbonds.co.nz).

You'll currently get \$1 for each Bonus Bond you cash-in. We can change this amount, but have never done so.

Normally, we pay out within two business days if your request is made through MyBonusBonds, or within five business days if you submit a cash-in request form at any ANZ branch.

There are no fees to cash-in your Bonus Bonds.

In limited circumstances, we have the right to suspend or delay cash-in requests.

We can set a minimum number of Bonus Bonds that you can withdraw at any one time. Currently there is no minimum.

Your investment in Bonus Bonds can be sold, but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment.

See page 13 for more information.

## Key drivers of returns

The key drivers of your returns are the odds of you winning a prize and the value of the prize you win. These are determined by:

1. The size of the prize pool: we determine the size of the prize pool, taking into consideration realised and unrealised scheme returns, fees, expenses, tax, and the level of reserves needed to maintain the price of a Bonus Bond at \$1.
2. The number of eligible Bonus Bonds: each eligible Bonus Bond you hold gives you one entry into the monthly prize draw. The prize draw randomly selects Bonus Bonds to win prizes.

Other than prizes, we don't distribute any interest or investment gains on your investment in the scheme.

## Key risks of this investment

Investments in managed investment schemes are risky. You should consider whether the degree of uncertainty about the scheme's future performance and returns is suitable for you.

We consider that the three most significant risks of investing in the scheme are:

- you may not win a prize and therefore won't receive a return on your investment
- reduced scheme returns may result in a smaller prize pool which will result in fewer or smaller prizes, and
- you may not get \$1 back for each Bonus Bond you cash-in.

This summary does not cover all of the risks. You should also read section 6 (Risks to returns from the scheme) on page 16 for more information.

## The scheme's financial information

### Prizes

The table below summarises selected financial information about the prizes awarded in each of the last five financial years.

The odds of winning a prize will impact your returns. See page 8 for more information on the odds of winning a prize.

Year ending 31 March	Number of eligible Bonus Bonds	Average in each monthly prize draw			
		Prizes awarded		Odds of winning a prize	Value of prizes awarded as a percentage of the scheme's assets*
		Number	\$000		
2019	3,171,589,672	98,230	3,304	1 in 32,296	1.20%
2018	3,276,514,812	121,918	3,823	1 in 26,875	1.34%
2017	3,373,920,421	134,942	4,109	1 in 25,003	1.39%
2016	3,132,903,189	158,782	4,635	1 in 19,731	1.69%
2015	3,072,452,705	176,100	5,024	1 in 17,447	1.88%

\* The figures shown illustrate the collective returns to all bondholders in the scheme; they do not represent your returns.

For most prize draws over the next year, we expect that the chance of any Bonus Bond winning a prize will range between 1 in 35,000 and 1 in 78,000. The governing document requires us to manage the prize pool so that the chance of each eligible Bonus Bond winning a prize is no better than 1 in 9,600.

The scheme's returns are determined by the performance of the scheme's assets. In general, when interest rates are lower the scheme's returns will also be lower.

### Reserves

The table below summarises selected financial information about the reserves in each of the last five financial years.

The size of the reserves impacts whether you will get \$1 back for each Bonus Bond you cash-in. See page 9 for more information on the reserves.

Year ending 31 March	Average at the end of each month		
	Bonus Bonds on issue* (\$000)	Reserves (\$000)	Reserves as a percentage of Bonus Bonds on issue*
2019	3,247,654	55,435	1.71%
2018	3,355,294	57,027	1.70%
2017	3,458,292	59,838	1.73%
2016	3,213,541	59,009	1.84%
2015	3,139,885	51,414	1.64%

\* These figures assume a \$1 issue price for each Bonus Bond.

## What fees will you pay?

The table below summarises the fees and expenses that are charged to administer and manage the scheme. These are charged to the scheme.

<b>Fee or expense</b>		<b>Amount (per annum)</b>	<b>How it's charged</b>
Total estimated fees and expenses		0.95% of the net asset value ( <b>NAV</b> ) of the scheme.	
The total estimated fees and expenses are made up of:	Management fee	0.88% of the NAV of the scheme including GST (GST is calculated on only 10% of our fee).	Charged to the scheme, and paid to us.
	Supervisor's fee	0.03% of the NAV of the scheme plus GST of less than 0.005% (GST is calculated on 100% of the supervisor's fee).	Charged to the scheme, and paid to the supervisor.
	Estimated expenses	0.04% of the NAV of the scheme (for additional direct expenses, including postage, stationery, audit and legal fees).  This is an estimate based on what we expect expenses to be in the next year. These expenses vary each year.	Charged to the scheme as the expenses are incurred by us.

The following one-off fees may also be charged:

Manager's removal fee	<p>If we're removed as manager, we will receive an amount equivalent to the total fees we were paid in the 24 months leading up to the date we were removed.</p> <p>We can be removed as manager by the High Court, by special resolution of bondholders, or if the supervisor certifies that our removal is in the best interests of bondholders.</p>	Charged to the scheme, and paid to us.
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See page 17 for more information.

## How will your investment be taxed?

The scheme is not a portfolio investment entity (PIE). You do not have to pay income tax on any prizes you win from the scheme.

See page 19 for more information.

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## 2. How the scheme works

The scheme is a managed investment scheme. Your money will be pooled with other bondholders' money and invested in fixed interest assets and cash and cash equivalents. Instead of earning interest or receiving investment gains, each eligible Bonus Bond you hold gives you one entry into the monthly prize draw.

### Benefits of the scheme

An investment in the scheme has five main benefits:

1. *Monthly prizes:* each eligible Bonus Bond you hold gives you one entry into the monthly prize draw, including a chance to win the top prize of \$1 million.
2. *No income tax on prizes:* if you win a prize, you won't have to pay any income tax on it. See page 19 for more information.
3. *Conservatively managed:* the scheme's investments are conservatively managed, which reduces the risk that you'll receive less than you paid for your Bonus Bonds when you cash them in.
4. *Easy access to your investment:* it's easy to cash your Bonus Bonds in. See page 13 for more information.
5. *You're always connected:* keep up to date through MyBonusBonds, our secure online service that allows you to access and manage your Bonus Bonds.

### How prizes work

Each eligible Bonus Bond you hold gives you one entry into the monthly prize draw.

#### **Prize draws are every month**

Prize draws are held on the first business day of every month. We endeavour to notify all prize winners on or before the second Tuesday of the month. The prize draw results for all prizes of \$5,000.00 or more are published on [bonusbonds.co.nz](https://bonusbonds.co.nz).

A Bonus Bond is only eligible to be included in the prize draw after you have owned it for at least one calendar month. For example, if you buy a Bonus Bond in March, that Bonus Bond won't be in the monthly prize draw in April, but it will be in any monthly prize draws from the first day of May onwards.

A Bonus Bond remains eligible to win a prize in every monthly prize draw until it is cashed-in.

#### **How draws are made**

Prize-winning Bonus Bonds are selected at random, and all eligible Bonus Bonds have an equal chance of winning. The first eligible Bonus Bond selected wins the first prize, the second eligible Bonus Bond selected wins the second prize, and so on, down to the last prize.

#### **Prizes are paid from the prize pool**

The prizes are paid out of the prize pool. We determine the size of the prize pool, taking into consideration realised and unrealised scheme returns, fees, expenses, tax and the level of reserves needed to maintain the price of a Bonus Bond at \$1.

We are not obligated to distribute all of the income in prizes.

### ***The number of prizes depends on the size of the pool***

Once the total size of the monthly prize pool is calculated, we set the number and size of the prizes available in the monthly draw as long as we meet the following minimums:

Up to the first \$2,500,000 of the prize pool, there must be at least:

- one prize of \$1,000,000
- one prize of \$100,000
- one prize of \$50,000

For each remaining complete \$100,000 of the prize pool, there must be at least:

- one prize of \$5,000
- one prize of \$500
- one prize of \$100
- 100 prizes of \$50
- 3,050 prizes of \$20

For each remaining complete \$10,000 of the prize pool, there must be at least:

- one prize of \$500
- one prize of \$100
- 20 prizes of \$50
- 375 prizes of \$20

When less than \$10,000 is left in the prize pool, we divide the remaining amount into \$500 prizes until less than \$500 is left. We divide the rest into \$20 prizes until less than \$20 is left.

The prize structure can be changed; however, changing it would require authorisation by the Governor-General.

### ***Your odds of winning a prize***

For most prize draws over the next year, we expect that the chance of any Bonus Bond winning a prize will range between 1 in 35,000 and 1 in 78,000. The governing document requires us to manage the prize pool so that the chance of each eligible Bonus Bond winning a prize is no better than 1 in 9,600.

See page 15 for more information on the average value of prizes awarded, and the average number of eligible Bonus Bonds in the past five years.

### ***How prizes are paid***

If you win a prize, we'll either email or write to you and then:

- pay the prize in cash to the bank account you've given us (we'll only pay into one account), or
- send you a cheque if you have selected that payment method
- issue extra Bonus Bonds instead of paying a cash prize if:
  - you've asked us to do so
  - you've not met our identification or other legal and regulatory guidelines requirements
  - your nominated bank account is incorrect or no longer open
  - we've sent you a cheque, based on instructions you've given to us in the past, and you haven't cashed it in within six months.

We make every effort to contact you if you've won a major prize (\$50,000 and over). If your name, address or bank account changes, you must let us know so that we can update the register.

Prizes won by bondholders under seven years of age will be paid to the parent or legal guardian.

## We hold reserves

We hold reserves to:

- maintain the \$1 price of each Bonus Bond
- manage the prize pool.

When deciding the appropriate level of reserves, we consider market conditions and investment prospects, bondholder interests and tax requirements. The reserves are invested with the rest of the scheme's assets.

When you sell your Bonus Bonds, you have no right to a share of the reserves.

## Nature of your interests

When you buy Bonus Bonds, you invest in the scheme. Your investment is pooled with the investments of other bondholders.

You jointly own the assets of the scheme with every other bondholder, and each individual Bonus Bond represents an equal share of the scheme's assets.

Unlike a typical managed investment scheme, a Bonus Bond will not earn interest or receive investment gains. Rather, each eligible Bonus Bond you hold gives you one entry into the monthly prize draw. We determine the size of the prize pool, taking into consideration realised and unrealised scheme returns, fees, expenses, tax and the level of reserves needed to maintain the price of a Bonus Bond at \$1. A Bonus Bond does not entitle you to any specific assets of the scheme.

## Legal structure

The scheme is a trust, registered under the Financial Markets Conduct Act 2013 as a managed investment scheme. The scheme is governed by the governing document, which details the requirements for how the scheme will be managed.

## Related party benefits

In the two years before the date of this product disclosure statement (PDS), the scheme invested a proportion of the scheme's assets in a combination of bank bonds, deposits on call, term deposits, floating rate notes and bank certificates of deposit with members of the ANZ Group. ANZ Group and its subsidiaries are related parties of ours.

### 3. What the scheme invests in

The scheme invests conservatively in fixed interest assets and cash and cash equivalents.

#### Summary of the scheme's investment policy and objectives

The statement of investment policy and objectives (**SIPO**) details the investment strategy and objectives of the scheme.

##### **Investment strategy**

The scheme's investment strategy is to:

- invest conservatively in fixed interest assets, cash and cash equivalents, and
- ensure that at least 15% of the scheme's assets can be liquidated quickly at, or very close to, their prevailing market values.

The scheme is only permitted to invest in fixed interest assets and cash and cash equivalents, issued in New Zealand dollars by the types of issuers listed in the SIPO. Typically these investments include:

- for fixed interest assets, debt securities issued in New Zealand by a government, corporation, local authority or bank, and
- for cash and cash equivalents, deposits, short-term debt securities, or floating rate notes issued by New Zealand registered banks.

##### **Investment objectives**

The scheme's investment objectives are to:

- generate positive income from the scheme's assets while complying with the investment restrictions and guidelines set out in the SIPO
- maintain the price of each Bonus Bond at \$1 (this includes maintaining a sufficient level of reserves), and
- maintain sufficient liquidity in the scheme.

##### **We can change the SIPO**

We can make changes to the SIPO (including the investment strategy) after consulting with the supervisor, without letting you know. Material changes to the SIPO will be included in the scheme's annual report.

The current SIPO is available on the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz) (Click on 'Search Offers' and search Bonus Bonds Scheme – Offer Number OFR11095).

## Key personnel responsible for managing the scheme property

We have appointed ANZ Investments to act as investment manager of the scheme's property. ANZ Investments' key personnel responsible for managing the scheme's property are:

<b>Name</b>	<b>Position</b>	<b>Position description</b>
Paul Huxford	Chief Investment Officer	Manages ANZ's investment management team.
Iain Cox	Australasian Head of Fixed Interest and Cash	Manages ANZ Investments' Australasian fixed interest and cash portfolios, including the assets of the scheme.

See section 9 (About ANZIS and others involved in the scheme) on page 20 for more information about ANZ Investments.

## Aspects that have the most impact on the financial performance of the scheme

The scheme's returns (or financial performance) are most impacted by:

<b>Aspect</b>	<b>Impact</b>	<b>Strategies to manage impact</b>
Investment decisions	The scheme's returns are impacted by the performance of the scheme's assets. The investment manager decides which assets to invest in.	Our investment manager, ANZ Investments, has successfully applied a consistent investment strategy over a number of years.
Market interest rates	The scheme invests in fixed interest assets and will therefore be impacted by changes in market interest rates. For example, high market interest rates may improve the scheme's returns over time (including the size of the prize pool).	The scheme's investments are conservatively managed according to the SIPO, and are selected based on a consistent and disciplined process.
An issuer's ability to meet their obligations	If an issuer fails to meet its contractual obligations, for example to repay a bond, the scheme's returns could be impacted.	Our investment manager, ANZ Investments, mitigates this risk by taking into account the financial strength of issuers based on credit ratings and internal credit research.

For more information on how the scheme's assets are invested see the current SIPO, available on the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz) (Click on 'Search Offers' and search Bonus Bonds Scheme – Offer Number OFR11095).

You should be aware that the scheme returns are not the same as your returns. This is because Bonus Bonds do not earn interest or receive investment gains. Instead, investors receive returns if they win a prize in the monthly prize draw. The scheme returns do, however, impact your returns, as they have an effect on the size of the prize pool, which impacts your odds of winning a prize.

See page 3 for more information about the key drivers of returns.

## 4. Terms of the offer

<b>What is the scheme?</b>	The scheme is a managed investment scheme. Your money is pooled with other bondholders' money and invested in fixed interest assets and cash and cash equivalents. Instead of earning interest or receiving investment gains, each eligible Bonus Bond you hold gives you one entry into the monthly prize draw.
<b>What is a Bonus Bond?</b>	<p>A Bonus Bond is a unit in the scheme.</p> <p>Each eligible Bonus Bond you hold gives you one entry into the monthly prize draw. In order for a Bonus Bond to be eligible, you must hold it for at least one calendar month. For example, if you buy a Bonus Bond in March, that Bonus Bond won't be in the monthly prize draw in April, but it will be in any monthly prize draws from the first day of May onwards.</p>
<b>How much does a Bonus Bond cost?</b>	<p>Each Bonus Bond costs \$1.</p> <p>We can change this price, but have never done so.</p>
<b>Who can buy Bonus Bonds?</b>	Any person can buy Bonus Bonds for themselves, for others, or jointly with other people. Companies, partnerships, incorporated clubs and societies, and trusts can't buy Bonus Bonds unless they were a bondholder on 13 September 2013 and still hold Bonus Bonds.
<b>How do you buy Bonus Bonds?</b>	<p><b>Buying Bonus Bonds for yourself</b></p> <p>The first time you buy Bonus Bonds, you need to visit an ANZ Branch in New Zealand to register and provide information including proof of identity, proof of address and confirmation of your tax residency status.</p> <p>If you are an existing ANZ customer, you may be able to complete registration online at <a href="https://bonusbonds.co.nz">bonusbonds.co.nz</a> without visiting an ANZ branch.</p> <p>Once you have a bondholding set up you can purchase Bonus Bonds:</p> <ul style="list-style-type: none"> <li>• online at MyBonusBonds, a secure online service where bondholders can access and manage their Bonus Bonds. MyBonusBonds is available through the Bonus Bonds website at <a href="https://bonusbonds.co.nz">bonusbonds.co.nz</a></li> <li>• at any ANZ branch</li> <li>• by automatic payment or bill payment.</li> </ul> <p><b>Buying Bonus Bonds for others as a gift</b></p> <p>You can buy Bonus Bonds as a gift for others at any ANZ branch in New Zealand. You can also create an account for another person online at MyBonusBonds if you are an existing bondholder.</p> <p>You will be required to provide information that meets ANZ's policy requirements for identification, and other legal and regulatory requirements. The person receiving the gift will need to provide appropriate identification, proof of address and tax residency status before the Bonus Bonds can be redeemed.</p> <p>We have the right to decline any application to buy Bonus Bonds, or freeze or close any bondholding, if it does not meet legal, regulatory or ANZ policy requirements. Full details of our personal identification and proof of address requirements can be found at <a href="https://anz.co.nz/myid">anz.co.nz/myid</a> or by calling us on 0800 736 034.</p>

<b>What is the minimum investment you can make?</b>	You must invest a minimum amount of \$20 each time you purchase new Bonus Bonds.  We can change the minimum amount at any time.
<b>What is the maximum investment you can make?</b>	There is no maximum investment.
<b>How are distributions made?</b>	See page 7 for more information.

## How you can get your money out

You can cash-in some or all of your Bonus Bonds by submitting a request through MyBonusBonds or by submitting a completed cash-in request form at any ANZ branch.

You'll currently get \$1 for each Bonus Bond you cash-in. We can change this amount if it is necessary to provide a fair outcome for all bondholders, but have never had to do so.

Normally we pay within two business days if your request is made through MyBonusBonds, or within five business days if you submit a cash-in request form at any ANZ branch.

There are no fees to cash-in your Bonus Bonds.

You will need to meet our identification requirements and any other applicable legal requirements or regulatory guidelines before we can cash-in your Bonus Bonds.

In certain circumstances (as described in the governing document), we can suspend cash-in payments for up to 30 days if we have good reason to think that cashing in Bonus Bonds:

- is not practicable, or
- would disadvantage bondholders.

If we decide to suspend cash-in payments, this will apply to all cash-in requests submitted.

With the supervisor's consent we can also delay cashing in your Bonus Bonds or cash-in small groups at a time, if both of the following apply:

- someone tries to cash-in Bonus Bonds that exceed 3% of the total number of issued Bonus Bonds at that time (either in one notice or in a group of notices over three months)
- we and the supervisor agree it is in the interests of bondholders as a whole to delay cashing in.

If we suspend or delay cashing in your Bonus Bonds, the cash-in price of the Bonus Bonds will be determined on the day we end the suspension or delay.

We can set a minimum number of Bonus Bonds that you can withdraw at any one time. Currently there is no minimum.

### **Can I transfer my Bonus Bonds?**

We don't offer a secondary market for the sale of Bonus Bonds, and we don't believe there is one. If you want someone else to hold your Bonus Bonds, we treat your request as a withdrawal for you, as the seller, and a purchase of new units for the buyer, being the person you want to hold your Bonus Bonds, to the same value. In these circumstances, the Bonus Bonds will remain eligible for the prize draw. A request can be refused if necessary for us to meet our legal requirements or regulatory guidelines. We don't currently charge a fee for these requests.

There is other useful information about this offer, including the governing document and the SIPO, on the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz) (Click on 'Search Offers' and search Bonus Bonds Scheme – Offer Number OFR11095).

## 5. The scheme's financial information

These tables provide selected financial information about the scheme. Full financial statements are available on the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz). If you do not understand this sort of financial information, you can seek professional advice.

### The scheme returns

The table below summarises the scheme returns in the last five financial years ending 31 March.

The scheme returns are equal to the investment income less fees, expenses and tax (but before awarding any prizes). The scheme returns as a percentage is calculated by dividing the dollar amount of the scheme returns by the monthly average total of Bonus Bonds on issue (plus the reserves balance) for the relevant year.

You should be aware that scheme returns are not the same as your returns. A Bonus Bond will not earn interest or receive investment gains. Rather, each eligible Bonus Bond you hold gives you one entry into the monthly prize draw. We determine the size of the prize pool, taking into consideration realised and unrealised scheme returns, fees, expenses, tax and the level of reserves needed to maintain the price of a Bonus Bond at \$1. See page 16 for more information on the difference between scheme returns and your returns.

Year ending 31 March	Investment income	Fees and expenses	Tax	Credit impairment release	Prizes awarded	Increase (decrease) in reserves	Scheme returns	
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	%
2019	99,018	40,753	16,331	(60)	39,645	2,349	41,994	1.27
2018	100,984	43,837	16,001		45,871	(4,725)	41,146	1.21
2017	111,502	45,137	18,582		49,308	(1,525)	47,783	1.36
2016	125,596	42,001	23,407		55,615	4,573	60,188	1.84
2015	137,287	41,084	26,937		60,289	8,977	69,266	2.17

The increase (decrease) in reserves is recorded as a profit (loss) after tax in the financial statements.



## Prizes

The table below summarises selected financial information about the prizes awarded in each of the last five financial years.

The odds of winning a prize will impact your returns. See page 8 for more information on the odds of winning a prize.

Year ending 31 March	Number of eligible Bonus Bonds	Average in each monthly prize draw			
		Prizes awarded		Odds of winning a prize	Value of prizes awarded as a percentage of the scheme's assets*
		Number	\$000		
2019	3, 171,589,672	98,230	3,304	1 in 32,296	1.20%
2018	3,276,514,812	121,918	3,823	1 in 26,875	1.34%
2017	3,373,920,421	134,942	4,109	1 in 25,003	1.39%
2016	3,132,903,189	158,782	4,635	1 in 19,731	1.69%
2015	3,072,452,705	176,100	5,024	1 in 17,447	1.88%

\* The figures shown illustrate the collective returns to all bondholders in the scheme; they do not represent your returns.

See page 7 for more information on how we determine the size of the prize pool.

## Reserves

The table below summarises selected financial information about the reserves in each of the last five financial years.

The size of the reserves impacts whether you will get \$1 back for each Bonus Bond you cash-in. See page 9 for more information on the reserves.

Year ending 31 March	Average at the end of each month		
	Bonus Bonds on issue* (\$000)	Reserves (\$000)	Reserves as a percentage of Bonus Bonds on issue*
2019	3,247,654	55,435	1.71%
2018	3,355,294	57,027	1.70%
2017	3,458,292	59,838	1.73%
2016	3,213,541	59,009	1.84%
2015	3,139,885	51,414	1.64%

\* These figures assume a \$1 issue price for each Bonus Bond.

## 6. Risks to returns from the scheme

### **The scheme returns and your returns are different**

You should be aware that the scheme returns are not the same as your returns from your investment in the scheme. Bonus Bonds will not earn interest or receive investment gains. Rather, each eligible Bonus Bond you hold gives you one entry into the monthly prize draw. We determine the size of the prize pool, taking into consideration realised and unrealised scheme returns, fees, expenses, tax and the level of reserves needed to maintain the price of a Bonus Bond at \$1.

### **Risks to the scheme returns**

The scheme returns are determined by the performance of the scheme's assets. In general, when interest rates are lower the scheme's returns will also be lower.

The scheme returns affect the size of the prize pool, and the value of reserves.

There is a risk that the scheme returns are less than inflation.

See page 11 for more information on the aspects that have the most impact on the performance of the scheme.

### **Risks to your returns**

Your returns are determined solely by whether or not you win a prize, and the value of any prizes you may win.

We consider that the three most significant risks of investing in the scheme are:

- you may not win a prize and therefore won't receive a return on your investment
- reduced scheme returns may result in a smaller prize pool which will result in fewer or smaller prizes, and
- reduced scheme returns may reduce the size of the reserves, which could result in you not getting \$1 back for each Bonus Bond you cash-in (although this has never occurred in the past).

In addition, the laws affecting the scheme could change, which may impact your returns. For example, if a change was made to the Finance Act (No 2) 1990 which amended the prize structure, it may change the value and number of prizes available every month or your eligibility for them.

The scheme's financial information on pages 14–15 provides more detail on the factors that impact these risks. See:

- 'Prizes' on page 15 for more information on your odds of winning a prize
- 'The scheme returns' on page 14 for more information on the scheme returns
- 'Reserves' on page 15 for more information on the size of the reserves.

## 7. What are the fees?

The table below summarises the fees and expenses that are charged to administer and manage the scheme. These are charged to the scheme.

<b>Fee or expense</b>		<b>Amount (per annum)</b>
Total estimated fees and expenses		0.95% of the NAV of the scheme.
The total estimated fees and expenses are made up of:	Management fee	0.88% of the NAV of the scheme including GST (GST is calculated on only 10% of our fee).
	Supervisor's fee	0.03% of the NAV of the scheme plus GST of less than 0.005% (GST is calculated on 100% of the supervisor's fee).
	Estimated expenses	0.04% of the NAV of the scheme (for direct expenses, including postage, stationery, audit and legal fees).  This is an estimate based on what we expect expenses to be in the next year. These expenses vary each year.
The following one-off fees may also be charged:		
Manager's removal fee	<p>If we're removed as manager, we will receive an amount equivalent to the total fees we were paid in the 24 months leading up to the date we were removed.</p> <p>We can be removed as manager by the High Court, by special resolution of bondholders or if the supervisor certifies that our removal is in the best interests of bondholders.</p>	

## The fees can be changed

The fees payable in respect of the scheme may change, as follows:

<b><i>Fee</i></b>	<b><i>How it can change</i></b>	<b><i>How we will notify you</i></b>
Management fee	<p>We can change the management fee at any time by giving one month's prior written notice to the supervisor. There is no limit to how much we can change the management fee.</p> <p>The percentage of the management fee that is subject to GST is agreed between the Financial Services Council (FSC) and Inland Revenue (IR).</p>	<p>We may not notify you if we make changes to these fees.</p> <p>The current fees will be disclosed in the current PDS available in the offer register at <b><a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a></b> (Click on 'Search Offers' and search Bonus Bonds Scheme – Offer Number OFR11095).</p>
Supervisor's fee	The supervisor's fee may be amended by agreement between the supervisor and us.	
Expenses	The expenses vary each year.	
Manager's removal fee	The manager's removal fee can only be changed by amending the governing document. We would require bondholder approval if the fee change was material.	

## Description of the fees

<b>Fee</b>	<b>Description</b>	<b>How it is charged</b>
Management fee	Our annual management fee for administering and managing the scheme.	Our annual management fee is calculated daily. It's charged to the scheme and paid monthly in arrears.
Supervisor's fee	The supervisor's annual fee to perform its responsibilities as supervisor.	The supervisor's annual fee is calculated daily. It's charged to the scheme and paid quarterly in arrears to the supervisor.
Expenses	Expenses that we or the supervisor incur when carrying out our duties.  The expenses we or the supervisor can recover are detailed in the governing document.	The expenses are charged to the scheme and paid to either us or the supervisor (as applicable), as they are incurred.
Manager's removal fee	The fee we are paid if we're removed as manager, to compensate us for the loss of the role.	The manager's removal fee is charged to the scheme.

## Actual fees and expenses charged to the scheme for the previous year

The table below summarises the total actual fees and expenses charged to the scheme for the year ended 31 March 2019 as:

- a dollar value, and
- a percentage of the average NAV of the scheme (shown before tax).

<b>Year ending 31 March 2019</b>		
<b>Total fees and expenses</b>	\$40,753,000	1.23%

## 8. Tax

You do not have to pay income tax on any prizes you win from the scheme. The prizes that are paid out of the prize pool come from the scheme's previous years' investment income, which the scheme has already paid tax on.

Neither we nor the supervisor have to withhold taxes on prizes.


## 9. About ANZIS and others involved in the scheme


### ANZIS is the manager

We're the manager of the scheme and are responsible for its management and administration.

You can contact us at:

 [info@comms.bonusbonds.co.nz](mailto:info@comms.bonusbonds.co.nz)

 0800 266 374

 Bonus Bonds Centre  
Freepost Bonus Bonds, PO Box 898, Dunedin 9054

We're a wholly owned subsidiary of ANZ Bank New Zealand Limited.

Bonus Bonds are units in the Bonus Bonds Scheme and are not deposits or other liabilities in ANZ Bank New Zealand Limited ("ANZ"), Australia and New Zealand Banking Group Limited, or their subsidiaries (together the "ANZ Group"). ANZ Group does not stand behind or guarantee the Bonus Bonds Scheme. Investments are subject to investment risk, including possible delays in repayment, and loss of income and principal invested. ANZ Group will not be liable to you for the capital value or performance of your investment. ANZ Investment Services (New Zealand) Limited is the issuer and manager of the Bonus Bonds Scheme. ANZ New Zealand Investments Limited is the investment manager of the Bonus Bonds Scheme, and ANZ is a distributor of units in the Bonus Bonds Scheme. ANZ Investment Services (New Zealand) Limited is authorised to manage the Bonus Bonds Scheme under the licence issued under the Financial Markets Conduct Act 2013 to ANZ New Zealand Investments Limited.

Your investment in the scheme is not guaranteed by ANZ Group, Trustees Executors Limited, any of their directors or any other person.

Our security and privacy policy is the same as ANZ Bank New Zealand Limited's and can be found at [anz.co.nz/comms/website-security-privacy/](https://anz.co.nz/comms/website-security-privacy/). You should read it as if references to ANZ are to ANZIS. It explains how we protect your privacy and confidentiality and how we treat your personal information.

### Who else is involved?


	<b>Name</b>	<b>Role</b>
<b>Investment manager</b>	ANZ New Zealand Investments Limited	The investment manager is responsible for the day-to-day selection and management of the scheme's investments.
<b>Supervisor and custodian</b>	Trustees Executors Limited	<p>The supervisor is a licensed supervisor who is independent of us.</p> <p>They supervise how we manage the scheme, for the benefit of you and other bondholders.</p> <p>As the custodian, they hold the scheme's assets 'in trust' for you, entirely separate from both their assets and our assets.</p>
<b>Registrar</b>	ANZ	The registrar is responsible for recording, maintaining and keeping all bondholder records.


# 10. How to complain

## Contact us first

If you have any problems with the scheme, please let us know. As the manager of the scheme, we're committed to resolving your complaint as quickly as possible.

 [info@comms.bonusbonds.co.nz](mailto:info@comms.bonusbonds.co.nz)


 0800 266 374 or +64 3 474 1299


 Bonus Bonds Centre  
71 George Street, Dunedin Central  
Freepost Bonus Bonds, PO Box 898, Dunedin 9054

## Contact the supervisor next

You can contact Trustees Executors Limited at:

 [cts@trustees.co.nz](mailto:cts@trustees.co.nz)

 +64 9 308 7100

 Trustees Executors Limited  
Level 5, 10 Customhouse Quay, Wellington  
PO Box 4197, Shortland Street, Auckland 1140

## If you're still not happy


If you have contacted us and the supervisor, and you're still not happy, you can get free independent assistance from the following respective dispute resolution schemes.

### **Our dispute resolution scheme**

You can contact The Banking Ombudsman at:

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


 0800 805 950 or +64 4 915 0400


 The Banking Ombudsman  
1 Post Office Square, Wellington 6011  
Freepost 218002, PO Box 25327, Featherston Street, Wellington 6146

### **The supervisor's dispute resolution scheme**

You can contact Financial Services Complaints Limited at:

 [info@fscl.org.nz](mailto:info@fscl.org.nz)

 0800 347 257 or +64 4 472 3725

 Financial Services Complaints Limited  
101 Lambton Quay, Wellington  
PO Box 5967, Wellington 6140

## You won't be charged a fee

You won't be charged a fee by us, the supervisor or the dispute resolution schemes for investigating or resolving a complaint.


## 11. Where you can find more information

Further information about the scheme is available:

<b>On our website</b>	Valuable information and resources to help you manage your Bonus Bonds, including winning numbers, forms, frequently asked questions and access to MyBonusBonds.  <a href="https://bonusbonds.co.nz">bonusbonds.co.nz</a>
<b>On Disclose</b>	Disclose is a website that contains two registers – an offer register and a scheme register. These include current information on the scheme, including the governing document, financial statements, SIPO and PDS. Search 'Bonus Bonds Scheme' on both the offer and scheme register.  <a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a>

You can make a request to the Registrar of Financial Service Providers for a copy of the information on Disclose. You can contact them at:

 +64 3 962 6162

 Registrar of Financial Services Providers  
c/- The Companies Office  
Level 18, 135 Albert Street, Auckland  
Private Bag 92061, Victoria Street West, Auckland 1142

You can also obtain a copy of this information free of charge by contacting us.

## 12. How to apply

### **Buying Bonus Bonds for yourself**

The first time you buy Bonus Bonds, you need to visit an ANZ Branch in New Zealand to register and provide information including proof of identity, proof of address and confirmation of your tax residency status.

If you are an existing ANZ customer, you may be able to complete registration online at [bonusbonds.co.nz](https://bonusbonds.co.nz) without visiting an ANZ branch.

Once you have a bondholding set up you can purchase Bonus Bonds:

- online at MyBonusBonds, a secure online service where bondholders can access and manage their Bonus Bonds. MyBonusBonds is available through the Bonus Bonds website at [bonusbonds.co.nz](https://bonusbonds.co.nz)
- at any ANZ branch
- by automatic payment or bill payment.

### **Buying Bonus Bonds for others as a gift**

You can buy Bonus Bonds as a gift for others at any ANZ branch in New Zealand. You can also create an account for another person online at MyBonusBonds if you are an existing bondholder.

You will be required to provide information that meets ANZ's policy requirements for identification, and other legal and regulatory requirements. The person receiving the gift will need to provide appropriate identification, proof of address and tax residency status before the Bonus Bonds can be redeemed.

We have the right to decline any application to buy Bonus Bonds, or freeze or close any bondholding, if it does not meet legal, regulatory or ANZ policy requirements. Full details of our personal identification and proof of address requirements can be found at [anz.co.nz/myid](https://anz.co.nz/myid) or by calling us on 0800 736 034.



# Glossary of terms

This glossary explains the meaning of the terms which are used in this PDS.

<b>Term</b>	<b>Definition</b>
<b>ANZ</b>	ANZ Bank New Zealand Limited. ANZ supplies resources to ANZIS, including maintaining the scheme's register and running the scheme's contact centre.
<b>ANZ branch</b>	An ANZ branch in New Zealand.
<b>ANZ Group</b>	ANZ Bank New Zealand Limited, Australia and New Zealand Banking Group Limited, and their subsidiaries (including ANZIS).
<b>ANZ Investments</b>	ANZ New Zealand Investments Limited. ANZ Investments is the investment manager of the scheme.
<b>ANZIS</b>	ANZ Investment Services (New Zealand) Limited. ANZIS is a wholly owned subsidiary of ANZ. ANZIS is also referred to as 'we', 'our', 'us' or 'the manager'.
<b>asset</b>	something that can be owned with the expectation that it will provide an income or increase in value.
<b>bond</b>	a fixed or floating interest asset issued by a government, corporation, local authority, sub-sovereign, supranational, agency or bank (called issuers).
<b>bondholder</b>	anyone who holds a Bonus Bond. Also referred to as 'you' or 'investor'.
<b>Bonus Bond</b>	a unit in the scheme.
<b>business day</b>	Monday to Friday excluding New Zealand public holidays.
<b>calendar month</b>	for the purpose of the prize draw eligibility, a calendar month is one of the 12 named months of the year. It is not the period of time between the same dates in successive months or any other period of time. For example, April 1 to April 30 is considered a calendar month for prize draw eligibility but April 2 to May 2 is not considered a calendar month.
<b>cash and cash equivalents</b>	may include interest-bearing deposits with one or more New Zealand-registered banks (such as term deposits), short-term debt securities, or floating rate notes. These can include certificates of deposit and overnight deposits.
<b>cash-in</b>	swapping one or more Bonus Bonds for cash.
<b>expenses</b>	expenses that we, ANZ Investments, ANZ or the supervisor incur when carrying out duties for the scheme. This includes the reimbursement of expenses incurred for services delegated to, or resources supplied by, third parties, including ANZ.
<b>financial adviser</b>	a financial adviser who meets legal requirements (qualification and professional standards) for giving personalised financial advice about financial products.
<b>fixed term interest</b>	may include a debt security issued by a government, corporation, local authority or bank (called issuers). The issuer generally pays a fixed interest rate for a set period of time. Cash and cash equivalents may also be included in fixed interest assets.

<b>Term</b>	<b>Definition</b>
<b>governing document</b>	an agreement between the supervisor and the manager which details each party's rights and responsibilities, and requirements for how the scheme will be managed.
<b>income</b>	the net income earned by the scheme. Income is determined in accordance with the governing document. It generally includes the scheme returns, less our management fee, the supervisor's fee, taxation, any expenses we and the supervisor recover, as well as any other provisions we think necessary.
<b>investor</b>	see <i>bondholder</i> .
<b>issuer</b>	the provider of the assets that the scheme invests in.
<b>managed investment scheme</b>	a pool of investors' money which is invested in various investments by a manager.
<b>management fee</b>	the fee we charge for managing the scheme.
<b>manager</b>	see ANZIS.
<b>MyBonusBonds</b>	the secure online service where bondholders can access and manage their Bonus Bonds, available through the Bonus Bonds website at <a href="https://bonusbonds.co.nz">bonusbonds.co.nz</a> .
<b>net asset value (NAV)</b>	reserves plus the scheme's liability to repay each investor a redemption amount of \$1 per Bonus Bond held.
<b>PIE</b>	see <i>portfolio investment entity</i> .
<b>portfolio</b>	a collection of investments owned by a single person or entity.
<b>portfolio investment entity (PIE)</b>	a company, superannuation fund, unit trust, or group investment fund registered with Inland Revenue to allow tax on investment income to be calculated at the prescribed investor rate of its investors, rather than at its own tax rate. PIEs also have different rules regarding what is, and isn't, taxable.
<b>register</b>	a register maintained by ANZ, as the delegate of the manager, that contains information about current and past bondholders.
<b>reserves</b>	total assets of the scheme less the total liabilities of the scheme (including the scheme's liability to repay each investor a redemption amount of \$1 per Bonus Bond held).
<b>scheme</b>	the Bonus Bonds Scheme.
<b>scheme returns</b>	the gains or losses made when the scheme's assets change in value and earn income.
<b>securities</b>	investment products and financial instruments.
<b>SIPO</b>	see <i>statement of investment policy and objectives</i> .

<b>Term</b>	<b>Definition</b>
<b>statement of investment policy and objectives (SIPO)</b>	a document that sets out a scheme's investment policy, together with the objectives and investment strategies for the scheme.
<b>supervisor</b>	Trustees Executors Limited. The supervisor is independent of us and supervises how we manage the scheme, for the benefit of you and other bondholders.
<b>supervisor's fee</b>	the fee paid to the supervisor for supervising the management and administration of the scheme and holding the scheme's assets.
<b>term deposit</b>	money deposited with a financial institution for a fixed period of time.
<b>us</b>	see ANZIS.
<b>we</b>	see ANZIS.
<b>you</b>	see <i>bondholder</i> .
<b>your returns</b>	the value of the prizes you have won, compared to the value of the Bonus Bonds you hold.

