



**NEW ZEALAND
DISCRETIONARY INVESTMENT MANAGEMENT
SERVICES LIMITED
(NZ DIMS)**

**Service Disclosure Statement
& Investment Proposal**

1 March 2023

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New Zealand

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SERVICE DISCLOSURE STATEMENT

Document Dated: 1st March 2023

This document gives you important information about this service to help you decide whether you want to invest using this service. New Zealand Discretionary Investment Services Limited (NZ DIMS) has prepared this document in accordance with the Financial Markets Conduct Act 2013.

Your Financial Adviser can also give you financial advice to help you decide if this service appropriate for you.

1. WHAT IS THIS?

This is a discretionary investment management service (DIMS) provided by NZ DIMS.

Under a DIMS, the provider invests your money on your behalf in Financial Products, such as cash deposits, fixed interest, shares and managed investment schemes, and charges fees for the service.

You will hold the Financial Products through a custodian. The types of investments that NZ DIMS can invest your money in, and the fees, are described in the Investment Proposal attached to this Scheme Disclosure document. You will be relying on the investment decisions that NZ DIMS makes. The value of the investments made for you may go up or down.

2. WHO PROVIDES THIS SERVICE?

This service is provided by NZ DIMS. NZ DIMS specializes in the provision of investment portfolio management and investment administration services to investors.

NZ DIMS Contact Details:

Office	Postal Address	Phone	Email
Level 37 PwC Tower 15 Customs Street West Auckland 1010	PO Box 2683 Shortland Street Auckland 1140	09 377 5777	info@nzdims.co.nz

Who else is involved?	Name	Role
Custody and investment administration services	Investment Custodial Services Limited (ICSL) Apex Investment Administration (NZ) Limited.	NZ DIMS contracts the Apex Group to provide custody and some investment administration services to you. The Apex Group comprises Investment Custodial Services Limited (ICSL) as custodian and wholly owned by Apex Investment Administration (NZ) Limited and APEX Fund Services NZ Limited as investment administrator. The Apex Group have an experienced team of 170 people, based in Auckland and administers funds over NZ\$100 billion (US\$68bn) for more than 900,000 active investor portfolios. Apex is a global financial services provider with over 80 offices in 40 countries and more than 9,000 employees. Apex delivers an extensive range of services to asset managers, capital markets, private clients and family offices.

Apex Investment Administration (NZ) Limited Contact Details:

Apex Investment Administration (NZ) Limited.	Postal Address	Phone	Website	Email
Level 25 QBE Centre 125 Queen Street Auckland 1010	PO Box 105-183 Auckland City 1143 New Zealand	FREEPHONE (within New Zealand) 0800 800 638	www.apexgroup.com	

New Zealand Discretionary Investment Management Services Limited (NZ DIMS)

NZ DIMS is an independent provider of investment services. The Directors and shareholders have no ownership interest in nor receive any benefit from any of the issuers of Financial Products that are included in the Investment Strategies of the service. NZ DIMS is owned by Alvarium (NZ) Wealth Management Holdings Limited.

NZ DIMS has developed an investment approach based on a combined 50 years of hands-on investment experience successfully managing money for investors. When constructing an investment portfolio, the expected return and risk from investing in cash should be used as the starting point to assist in making any decision to invest in more risky assets. Investing in riskier assets should only be to meet client investment objectives. Some of the key aspects of the NZ DIMS investment approach are shown below. A more detailed 'Investment Policy and Profile' document is also available on request.

3. HOW THE NZ DIMS DISCRETIONARY INVESTMENT MANAGEMENT SERVICE WORKS

a) A summary of significant features of the service

Your Financial Adviser will explain this DIMS to you. You can then select an Investment Strategy that best suits your investment objectives, risks and constraints. Your Financial Adviser can help you determine the most appropriate Investment Strategy for your needs.

Once you have selected an Investment Strategy it needs to be implemented. This is done by you contracting NZ DIMS to put your Investment Strategy in place and to manage it. This process is discussed in the Investment Proposal and Client Services Agreement.

The Investment Strategies available through NZ DIMS include a Conservative Strategy, Conservative Balanced Strategy, Balanced Strategy, Growth Strategy, Aggressive Strategy and Custom Strategy options. Each strategy has different target return and target risk profiles described in this document and the Investment Proposal. Each strategy is briefly described below.

Conservative Strategy

This strategy is lower risk in nature with a higher target 70% allocation to lower risk income assets such as NZ Cash and New Zealand Fixed Interest Financial Products and 30% to growth assets such as NZ Equities and International Equities. The primary objective of this strategy is to generate income while its secondary objective is to provide some capital growth prospects. Investors in this strategy will be seeking income over growth and have a lower capacity for volatility of returns or a negative return in any year.

Conservative Balanced Strategy

This strategy has an equal target allocation of 50% to lower risk income assets and 50% to higher risk growth assets. This strategy has a balanced approach to generating income and capital growth and carries a medium level of risk. Investors in this strategy will be concerned about the volatility of returns but accept this risk to provide for some capital growth and that they could experience a negative return in any year.

Balanced Strategy

This strategy is medium to higher risk in nature having a greater target allocation to 60% in higher risk assets and 40% to lower risk assets. This strategy has a slightly higher focus on generating capital growth returns over income returns. Investors in this strategy will accept their returns will be more volatile in nature and understand they have a greater potential for a experiencing a negative return in a year.

Growth Strategy

This strategy is higher risk in nature with a target allocation of 75% to higher risk assets and 25% to lower risk assets. The primary objective of this strategy is to generate capital growth returns while its secondary objective is to provide some income returns. Investors in this strategy will be seeking capital growth over income and have a higher capacity for volatile returns and the greater potential for a negative return in any year.

Aggressive Strategy

This strategy is very high risk in nature with a target allocation of 90% to higher risk assets and 10% to lower risk assets. The primary objective of this strategy is to generate capital growth returns. Investors in this strategy will have a high capacity for experiencing volatile returns and the greater potential for larger negative returns in any year.

Custom Strategy

NZ DIMS can create a strategy that is different in nature to the strategies shown above. The risk and return nature of a Custom Strategy can range from below conservative to highly aggressive depending on the specific needs an investor may have.

NZ DIMS does not hold your Financial Products (investments). These are held separately from NZ DIMS and your Financial Adviser at all times with an independent custodian which NZ DIMS contracts for these services. The current custodian is ICSL owned and operated by Apex Investment Administration (NZ) Limited. Using an independent custodian provides greater protection for your investments as well as providing access to wholesale investment markets at lower costs.

You provide NZ DIMS with an investment authority that enables NZ DIMS to direct the custodian to undertake buying and selling of Financial Products, corporate action decisions and cash flow management without referring to you for your authority each time. You can cancel this investment authority and or replace NZ DIMS with another DIMS provider at any time.

NZ DIMS charges fees for implementing and managing your Investment Strategy and these are detailed in the Investment Proposal. Part of the fees NZ DIMS charges may be paid out to your Financial Advice Provider for providing ongoing financial advisory services to you.

NZ DIMS will provide regular Investment Strategy reporting to you including valuation, performance, asset and financial product portfolio allocations, transactions, income, fees and taxation reports.

For security purposes, funds in your Investment Strategy can only ever be paid out to the bank account you have registered with NZ DIMS and the custodian and this can only be changed by you writing directly to the custodian.

NZ DIMS has a specific personality, philosophy and approach to investing and these are described below.

Our Investment Personality

- **Conservative Approach with the Primary Aim to Preserve Capital**

We prefer to invest in high quality investments over the long term with a key aim to avoid the chance of a permanent loss of any portion of a client's capital.

- **Low Risk Tolerance**

- We prefer stable portfolio returns rather than experiencing extremely high performance one period and unacceptably low returns the next. That said, we think it is appropriate to have some active fund managers who can implement aggressive investment strategies and styles in the knowledge that by combining different managers within an Investment Strategy we can reduce overall risk.

- **Remain Fully Invested**

Cash should be treated as a separate asset class within an Investment Strategy. This means we do not expect to retreat to cash overall in an Investment Strategy for the purposes of market timing. However, within each asset class we expect that any actively managed funds in that asset class may increase their cash levels if there are insufficient investment opportunities.

Our Investment Philosophy & Approach

- **Our Philosophy** is that by combining passive or core market index investment management techniques with active management techniques we can get the best balance between cost efficiency and achieving better returns than the market performance over time.

- **Core Investment Market Index Management**

A core investment market exposure can be gained using low cost passive index funds which provide the benefit of a diversified broad exposure to market returns and risk (i.e., market beta) and at very low cost. Index funds are typically fully invested in securities and do not attempt to "time" the market or move to a defensive position in anticipation of declining markets. Indexing is not about picking "hot" stocks or necessarily trying to beat the market.

Index funds work very well in large liquid markets. For some smaller markets such as the New Zealand and Australian share markets index funds may not offer the same efficiency benefits. A better alternative can be to construct a core market exposure from individual securities which have been chosen as long term investments to buy-and-hold. A well-chosen core portfolio can still provide diversified market exposure with low trading costs and the opportunity of a return premium over the general market.

- **Active Management**

Actively managed funds offer the potential for adding value (i.e., alpha) to a portfolio by generating returns greater than the market and or with lower risk than the broader market. Fund managers are left to follow their best ideas and may construct a portfolio with quite different characteristics to that of the broad market. Active managers are generally more expensive and should only be retained if they can deliver value beyond their additional costs.

b) How are Financial Products acquired held under the service?

You grant NZ DIMS an investment authority that enables NZ DIMS to implement and manage your Investment Strategy by directing the custodian to buy, sell and hold Financial Products for you including cash, fixed interest securities, listed shares and property securities, listed managed fund securities and unlisted managed fund securities without referring back to you for your authority each time. Your Investment Strategy may also hold foreign exchange.

NZ DIMS can instruct the custodian to deal and settle Financial Product transactions with a wide range of share brokers, banks, investment managers and other custodians to implement and manage your Investment Strategy. Once the Financial Products have been bought or sold, the custodian will settle each trade to your custodial account by either depositing the proceeds of a sale or deducting the funds required to buy the Financial Products.

The custodian holds these Financial Products in your name as a bare trustee for your Investment Strategy. The custodian is registered as the holder of the Financial Products with the relevant financial product registries.

c) How to grant and terminate the investment authority and how to terminate the Client Agreement

You grant NZ DIMS with the appropriate investment authority by completing and signing the Application Form attached to the Client Agreement. The investment authority is limited to NZ DIMS providing instructions to the custodian to transact on your Investment Strategy and to make decisions on your behalf without having to refer back to you for each transaction.

The investment authority can be terminated by you at any time by giving written notice to NZ DIMS. If you also wish to terminate the Client Agreement this can also be terminated by you at any time by giving written notice to NZ DIMS. The consequences of terminating your Client Agreement are outlined in h) below.

d) Exercising your rights over your Financial Products

Under the investment authority you provide, NZ DIMS undertakes all decision making and administration of all rights including voting and corporate action requirements for the Financial Products in your chosen Investment Strategy. You may not give instructions to exercise your right over your Financial Products, but you can terminate the investment authority at any-time as described in c) above.

e) Instructions from you relating to the Financial Products in your Investment Strategy

NZ DIMS undertakes the research, selection and buying and selling decisions of all the Financial Products in your chosen Investment Strategy that has been agreed to. You do not have the right to countermand these decisions or otherwise give instructions relating to the Financial Products in your portfolio, but you can terminate the investment authority at any-time as described in c) above.

f) Right to be consulted on or to countermand NZ DIMS decisions

After you have chosen an Investment Strategy and agreed to put that in place by signing the Client Agreement and investment authority you do not have the right to be consulted on or countermand decisions made by NZ DIMS, but you can terminate the investment authority at any-time as described in c) above.

g) Client Agreement governs this DIMS

The Client Agreement governs this DIMS. When you sign the Client Agreement you are at the same time granting investment authority to NZ DIMS. The details of the investment authority you grant NZ DIMS is contained in the Investment Proposal attached to this document.

h) What happens to your Financial Products if you terminate the Client Agreement?

Should you terminate the Client Agreement, your Financial Products held with the custodian will need to be:

- sold to provide cash to pay out your funds and or;
- transferred out into your name (where this is an available option) and or;
- transferred to another DIMS provider and their custodian that you may have engaged (subject to any restrictions by NZ DIMS or the other DIMS provider that impact the transferability of the Financial Products).

There may be Financial Products in your Investment Strategy which are not easily liquidated to cash and also may not be transferable into your name (such as Financial Products that may be wholesale in nature and can

only be held through a DIMS provider and their custodian). These Financial Products may take time to be sold to cash and their sale may be subject to prevailing investment market conditions at that time. Until the time any such Financial Products are able to be sold, they will continue to be held by ICSL on your behalf, and custodial fees will continue to apply.

Selling down or transferring your Financial Products may incur market transaction costs. NZ DIMS does not charge any additional fees for the disestablishment of an Investment Strategy or termination of your Client Agreement.

i) What is my Investment Strategy?

You can choose from a number of Investment Strategies and these are outlined in this document. You select the Investment Strategy most appropriate for your needs and then elect this Investment Strategy in the Application Form attached to the Client Agreement. NZ DIMS will then implement and manage your funds in accordance to that Investment Strategy. You may only select one Investment Strategy, although you are able to switch between Investment Strategies at any time.

4. RISKS OF USING THIS SERVICE

Investing through this service has risks. Under this service, you give up some control over investment decisions, and rely on NZ DIMS decisions.

All investments have a degree of risk. The value of your Financial Products may go down as well as up. You may not achieve the returns you expect and may not receive all your investment back.

For more information about risks, please refer to section 4 of the Investment Proposal (attached to this document).

By using this service, you are responsible for selecting an Investment Strategy that is appropriate to your needs. This includes you determining the level of target investment return and appropriate investment risk. The different returns and risks for each Investment Strategy are shown in the table on page 10.

The significant risks that arise from using this service are applicable to all Investment Proposals, and that relate to NZ DIMS or the service we offer (as opposed to those applying to DIMS generally or DIMS providers generally) are set out below.

Investment Performance Risk of your Investment Strategy

Past performance is no guarantee of future performance and there is a risk your chosen Investment Strategy may not achieve its average return targets over time. For example, you may have invested with a 5-year investment timeframe and find that the target average rate of return for the Investment Strategy has not been achieved. This may be because the Financial Products selected for your Investment Strategy may not perform as expected versus other Financial Products. These Financial Products may include equities that lose value and do not perform because the operating environment for those businesses has deteriorated or the business itself gets into trading difficulties.

There is also a risk that the Investment Strategy may be affected by the general performance of investment markets which may not do as well as expected. There is a chance that you will get back less than you put into your Investment Strategy particularly, if you invest for less than 5 years.

Control Risk

There is a risk that NZ DIMS may buy, sell or hold a Financial Product or undertake a corporate action that is inconsistent with the action you would have taken if you were making that decision. For example, NZ DIMS may invest in a Financial Product that you may think is overpriced or perhaps not consistent with your ethical values or perhaps vote to approve a corporate action (such as a company merger) that you may not agree with.

Counterparty Risk

A counterparty who has been contracted by NZ DIMS or is contracted to a financial product that NZ DIMS invests into may fail to perform their duties leading to a loss in the value of a financial product.

Risk of NZ DIMS Ceasing Business or Becoming Insolvent

In the event NZ DIMS or any Financial Product in your Investment Strategy becomes insolvent you would not be required to pay any money over what you have invested. If NZ DIMS ceases business or becomes insolvent your financial assets are always held separately to NZ DIMS with an independent custodian and you would not be financially impacted by NZ DIMS ceasing business or becoming insolvent.

Investment Strategy Risk

All investments have a degree of risk. The value of your Financial Products may go down as well as up. You may not achieve the returns you expect and may not receive all of your investment back.

Income Assets are typically safer and include cash, bonds and other fixed interest assets. The value of these investments will move up and down but with generally less volatility of price movement and less chance of a permanent loss of capital.

Growth Assets are typically higher risk and include equities (or shares) in New Zealand and global companies, property securities, commodities, infrastructure assets and private equity assets. The value of these investments will move up and down with greater volatility than safer income assets and there is a greater chance of having a permanent loss of capital.

The table below provides an example of the different risk levels of each Investment Strategy. The risk of each Investment Strategy rises as the % allocation in each strategy to higher risk growth assets rises.

For example, in the table below, the Conservative Strategy has a 30% allocation to higher risk growth assets. We expect this strategy has a 19.4% chance of experiencing a loss in any year and less than a 1% chance of having a loss worse than -10% in any year. Moving up the risk spectrum to the Growth Strategy we show we would expect this strategy to be more volatile and has a 27.9% chance of experiencing a loss in any year and a 6.0% chance of having a loss worse than -10% in a year.

Investment Strategy Options and their Risk	Conservative Strategy	Conservative Balanced Strategy	Balanced Strategy	Growth Strategy	Aggressive Strategy
Allocation to Income Assets	70%	50%	40%	25%	10%
Allocation to Growth Assets	30%	50%	60%	75%	90%
Total Allocation	100%	100%	100%	100%	10%
Portfolio Risk					
Investment Exposure	Predominately safer Income Assets			Predominately higher risk Growth Assets	
Chance of negative return in any year*	19.4%	25.0%	26.6%	27.9%	29.6%
Chance of return being worse than -10% in any year	0.1%	1.6%	3.0%	6.0%	8.5%

*Probability Level to 1 Standard Deviation + or - % p.a. to 68% probability.

Investors may also choose a **Custom Strategy** that is different to one of the Investment Strategy options shown above. Where a Custom Strategy is required, NZ DIMS will undertake custom portfolio construction to create an Investment Strategy with return and risk characteristics (different to the Investment Strategies as shown in the table above) that is required to meet your specific needs.

General Investment Risks

Below we discuss a number of different risks that can be generally associated with investing. They are the commonly referred to risks but are not exhaustive.

Investment Performance Risk

Past performance is no guarantee of future performance and there is a risk your Investment Strategy may not achieve its average return targets over time. For example, you may have invested with a 5-year investment timeframe and find that the target average rate of return for the Investment Strategy has not been achieved. This may be because the Financial Products selected for your Investment Strategy may not perform as expected versus other Financial Products. These Financial Products may include equities that lose value and do not perform because the operating environment for those businesses has deteriorated or the business itself gets into trading difficulties.

There is also a risk that the Investment Strategy may be affected by the general performance of investment markets which may not do as well as expected. There is a chance that you will get back less than you put into your Investment Strategy particularly, if you invest for less than 5 years.

Market Risk

Investment markets can be very volatile in nature particularly during extreme economic conditions when economies are in recession, depressions or experiencing deflationary conditions. This can lead to extreme market volatility where prices fall and also rise more than during normal economic conditions. There may be long periods where the fundamental value of a financial product is not being reflected in the market price for that Financial Product and it may be overvalued or undervalued. Factors that can impact market pricing for Financial Products include the demand and supply for Financial Products, changing market confidence levels,

interest rates, inflation rates, employment prospects, consumer and business confidence and other economic issues as well as technological, environmental, political and regulatory issues.

Liquidity Risk

There is a risk that the Financial Products in which NZ DIMS invests are not capable of being liquidated and converted into cash easily. This may be due to disruptive market conditions meaning a lack of buyers for those Financial Products, possible regulatory suspensions on trading or the small and specialized nature of the Financial Products.

Currency Risk

Your Investment Strategy may require investments into Financial Products outside of New Zealand. These Financial Products may be denominated in currencies other than the New Zealand dollar and may not be hedged back or only partially hedged back into the New Zealand dollar. This means that changes in the exchange rate between the currency the Financial Products are denominated in and the New Zealand dollar will impact the value of those Financial Products in New Zealand dollar terms and increase the volatility of the Investment Strategy.

Derivative Risk

Although NZ DIMS does not directly invest into Financial Products that are derivatives, underlying managed funds that NZ DIMS may invest into may invest into derivatives including futures, options, swaps and other instruments that may have more price volatility than the asset the derivative is based on.

Underlying Managed Fund Risk

Your Investment Strategy may require an investment into a Financial Product that is a managed fund. This is particularly likely for global equity investments. The managed fund may be affected by changes to its operations including changes to personnel, investment processes or strategy the liquidity of the assets in that managed fund and extreme market conditions that may affect the ability of that managed fund to pay withdrawals out to investors.

Interest Rate Risk

Where your Investment Strategy requires an investment into a debt security the value of that debt security can change as interest rates change. The value of a debt security rises and falls depending on the prevailing interest rate on that day. The market value of debt securities that have a long time to maturity are particularly sensitive to small changes in daily interest rates. The sensitivity of the value of a debt security or the volatility of its price depends on the length of time to maturity of that debt security, the coupon rate it pays, its credit rating and the market liquidity for that debt security.

Credit Risk

Where your Investment Strategy requires an investment into a debt security you have an exposure to the credit worthiness of the issuer of that debt security. Should the credit worthiness of that issuer change the market value of the debt security may rise or fall.

Regulatory Risk

The returns from your Financial Products in your Investment Strategy may be directly or indirectly affected by regulatory changes in the countries those Financial Products are issued in, which could impact on their value.

Taxation Risk

Changes to taxation rules may impact the return you receive from the Financial Products in your Investment Strategy. An example of this is a change to the foreign withholding taxes a country may impose on income distributions from the Financial Products you hold in that country. You should seek advice from a taxation adviser before commencing your Investment Strategy.

Financial Product Insolvency

If any Financial Product in your Investment Strategy becomes insolvent then you would receive a proportionate share of the value of the Financial Product after all creditor expenses, expenses of any person who is engaged to winding up that Financial Product have been met and after any outstanding fees that may be payable in relation to that Financial Product have been paid to NZ DIMS and or the custodian.

How do we manage the risks?

NZ DIMS has procedures and processes in place to monitor and assess the risks that pertain to your Investment Strategy. Where risks are not within our acceptable limits, we will move to address those risks and minimize them where possible. Please note it is not possible to remove all risks for your Investment Strategy.

Some of the things we do to manage risk include:

- Using our education, skills and experience to understand, identify and mitigate risks across our investment processes.
- Building Investment Strategies using formal and widely accepted portfolio construction techniques to limit exposures appropriately and provide diversification to different asset classes, regions, countries, currencies, sectors and individual Financial Products.
- Undertaking initial and ongoing research into each of the Financial Products we select or engaging an external supplier to undertake that research.
- Track the return and volatility risk for each Investment Strategy to ensure it is working in-line with expected ranges of return and volatility limits.
- Monitoring the performance of each Financial Product and replacing those Financial Products where they do not meet performance requirements.
- Monitoring changes in the global and local economic environment and how this will impact Financial Products and client Investment Strategies.

5. NZ DIMS CONFLICTS OF INTEREST

NZ DIMS is not an issuer of, nor has any interest in the provider of any Financial Products and can invest in a wide- range of Financial Products on behalf of investors. Neither the Directors nor shareholders of NZ DIMS has any interest in or receives any benefit from any issuers of the Financial Products that NZ DIMS could acquire or dispose of in providing this service to you.

NZ DIMS charges an ongoing fee based on the value of your portfolio for providing investment portfolio management and administration (including all custody fees) services as specified in the Investment Proposal. Part of the fees NZ DIMS charges may be paid out to your Financial Adviser for providing ongoing financial advisory services to you.

No other fees, charges, commissions, distribution fees, rebates or any other forms of payment are received by NZ DIMS at any time.

6. TAX

Taxes may affect your returns under this service. Your tax obligations will differ according to the nature of the investments. You are responsible for meeting any tax obligations that arise. You should seek professional advice on your tax obligations.

If you are a New Zealand taxpayer, the custodian involved in providing this service may deduct resident withholding taxes and any other taxes as required by them to deduct, from your investment portfolio and remit these to the New Zealand Inland Revenue Department on your behalf. Any taxes deducted and remitted by the custodian are shown in the cash reports and annual taxation reports that will be provided to you.

7. HOW TO COMPLAIN

If you have a problem, concern or complaint about any part of this service you can contact the Directors of NZ DIMS by writing to:

The Directors
New Zealand Discretionary Investment Management Services Limited
PO Box 2683
Shortland Street
Auckland 1140
Phone: 09 377 5777

If your issue remains unresolved, you have the option to contact the Insurance & Financial Services Ombudsman (“IFSO”) whom NZ DIMS has engaged as an Approved Dispute Resolution Scheme to provide dispute resolution services. This service will cost you nothing and will help resolve any disagreements. You can contact the IFSO at:

Insurance & Financial Services Ombudsman
PO Box 10 845
Wellington 6143
Phone: 04 499 7612

8. WHERE YOU CAN FIND MORE INFORMATION

In addition to the information in this Service Disclosure Statement, you can find out more information about this service by referring to:

- a) The **Investment Proposal** which provides more information about the investment authority, your Investment Strategy, the likely risks and returns of your Investment Strategy and the fees for the service (attached to this document).
- b) The **Client Agreement** contains more information on the terms of this service, the obligations, duties and processes to be performed by NZ DIMS and also your obligations with respect to the service.
- c) Annual and quarterly reports about your investments.

These documents including this **Service Disclosure Statement** are available in hardcopy or electronic form and can be obtained by contacting NZ DIMS. There is no charge for the provision of any information relating to this service.

9. HOW TO ENTER A CLIENT AGREEMENT

Once you have reviewed the Service Disclosure Statement and Investment Proposal and you want to proceed with the service, you will need to also complete a Client Agreement. The Client Agreement contains an Application Form and sets out the terms and conditions of this service. The Client Agreement must be completed and signed by you to put your Investment Strategy in place and grant us the investment authority contained in your Investment Proposal.

10. CONTACT INFORMATION

The provider of this service is New Zealand Discretionary Services Limited (NZ DIMS) and can be contacted as follows:

NZ DIMS Office	Postal Address	Phone	Email
Level 37 PwC Tower 15 Customs Street West Auckland 1010	PO Box 2683 Shortland Street Auckland 1140	09 377 5777	info@nzdims.co.nz

The custodian of this service is Investment Custodial Services Limited operated by Apex Investment Administration (NZ) Limited and can be contacted as follows:

Apex Group	Postal Address	Phone	Website	Email
Level 25 QBE Centre 125 Queen Street Auckland 1010	P O Box 105-183 Auckland City 1143 New Zealand	FREEPHONE (within New Zealand) 0800 800 638	www.apexgroup.com	

INVESTMENT PROPOSAL

1. INVESTMENT AUTHORITY AND STRATEGY

Investment Authority Summary

The investment authority you provide to NZ DIMS will enable NZ DIMS to implement and manage your chosen Investment Strategy. The investment authority provides NZ DIMS, in accordance with the objectives and restrictions imposed by your Investment Strategy, to:

- 1) Make decisions to invest your money in any Financial Products that NZ DIMS thinks fit, in any proportions that NZ DIMS thinks fit, within the minimum and maximum percentage asset class ranges for your chosen Investment Strategy set out in this Investment Proposal
- 2) Give the independent custodian that holds your Financial Products with the instructions to buy, sell and hold those Financial Products
- 3) Appoint any supplier NZ DIMS may deem required to deliver this service which may include but is not limited to suppliers of research, investment portfolio construction and management or other advice
- 4) Make all investment portfolio decisions on your behalf including any voting rights or corporate actions in respect the Financial Products in your Investment Strategy
- 5) Instruct payments from the custodian, as you may direct, to the bank account you register with the custodian.

The purpose of the investment authority enables NZ DIMS to undertake investment decisions without having to refer each transaction back to you for your approval each time. The investment authority (and Application Form) is contained in the Client Agreement. You can grant us the investment authority described here by signing the Client Agreement.

Your Investment Strategy

You have determined your financial objectives when considering an Investment Strategy that is appropriate for your needs including:

- The time-frame for your investment
- The long-term target investment return and risk limits
- Any cash flow and capital distribution needs.

You have identified the **Balanced Strategy** as most appropriate for your needs. The **Balanced Strategy** seeks to invest in a diversified range of asset classes that will provide both income and capital growth over the longer term.

The **Balanced Strategy** has a target allocation to a mix of asset classes. Those target allocations also have a range around them. The target ranges provide some flexibility to manage the Investment Strategy to take into account market movements, asset price movements, cash flows and Investment Strategy re-balancing requirements.

The target ranges of % allocations that can be held for the Investment Strategy are shown in the following table along with the key characteristics of this strategy. Please note that the investment return and risk objectives are based on historical data and forecast market return data for each asset class.

The return and risk targets are not guaranteed, and actual returns may be subject to wide fluctuations.

Investment Strategy Asset Classes	Balanced Strategy % Target Allocation	Minimum and Maximum % Asset Class Ranges*
New Zealand Cash	5%	0-50%
New Zealand Fixed Interest	35%	0-60%
Australasian Equities (NZ & Australian Shares)	22.5%	0-45%
Listed Property	2.5%	0-20%
International Equities (Shares)	35%	15-55%
Commodities	0%	0-20%
Total Investment	100%	

*Where your Investment Strategy is being funded by existing Financial Products that are being transferred to the custodian, and or cash funds it may take several months to transition those assets to the target Asset Class allocation and bring the Investment Strategy within its minimum and maximum asset class ranges.

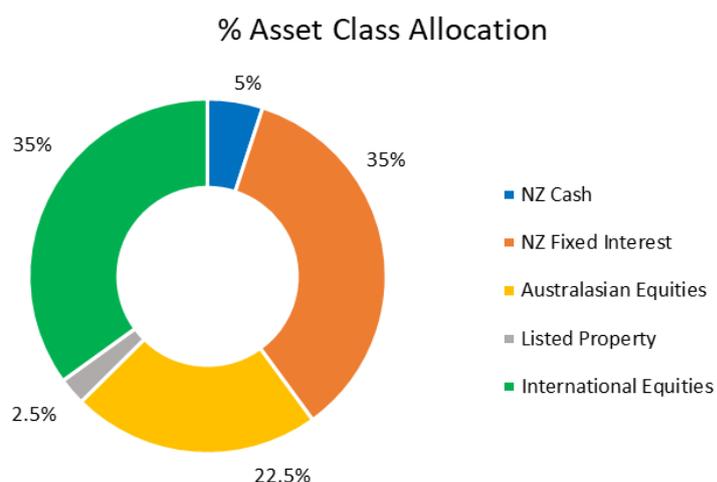
Investment Strategy Target Return Objectives After costs but before tax	Ranges of Likely Average Returns <u>over 10 years</u> of investing*		
Average per annum return expected <u>over 10 years</u> of investing*	5.3%	95 th Percentile	10.2% p.a.
Estimated Portion of the Return as Capital Growth	3.1%	Expected Value	5.3% p.a.
Estimated Portion as the Return as Net Income	2.2%	5 th percentile	1.2% p.a.

90% chance
your return
will be in this
range.

*After costs but before tax. Ranges of return shown mean that 90% of the time you can expect to generate a return after 10 years that is between the 95th and 5th Percentile returns.

Model Portfolio

The **Balanced Strategy** is based on a model portfolio. The pie graph below shows the composition of the assets in the model portfolio as at the 31st December 2022. This is subject to change.



The list of the 10 highest value individual assets or Financial Products in the model portfolio as at the 31st December 2022 are as follows:

	Asset Name	Country of Issue	Asset Class	Portfolio % Allocation
1	Vanguard Ethically Conscious International Shares Index Fund - NZD Hedged	Australia	International Equities	15.8%
2=	Macquarie NZ Fixed Interest Fund	New Zealand	New Zealand Fixed Interest	8.8%
2=	Harbour NZ Core Fixed Interest Fund	New Zealand	New Zealand Fixed Interest	8.8%
2=	Macquarie NZ Short Duration Fund	New Zealand	New Zealand Fixed Interest	8.8%
2=	Harbour Enhanced Cash Fund	New Zealand	New Zealand Fixed Interest	8.8%
6=	Platinum International Fund – C Class	Australia	International Equities	5.3%
6=	Monks Investment Trust Plc	United Kingdom	International Equities	5.3%
8	ASB Wholesale Cash	New Zealand	NZ Cash	5.0%
9	Magellan High Conviction Fund	Australia	International Equities	3.5%
10	Vanguard FTSE Emerging Markets ETF	United States	International Equities	2.1%

Please note that the assets and allocations shown in the table above can change over time and investors should consult the Model Portfolio Outline attached to this Investment Proposal for the top 10 list as at the date NZ DIMS collates your Investment Proposal.

Your Investment Strategy may differ from the model portfolio outlined above due to:

- 1) The Financial Products NZ DIMS chooses to invest in at the time of putting your Investment Strategy in place may be different due to market availability but would be of an equivalent quality and nature
- 2) The size of your investment portfolio may impact the type of Financial Products invested into
- 3) Cash flows moving into and out your Investment Strategy
- 4) Re-balancing of your Investment Strategy.

2. HISTORIC PERFORMANCE OF THE INVESTMENT STRATEGY

The historical performance of your **Balanced Strategy** can be shown with reference to the hypothetical returns for the model portfolio. This information is shown in the Model Portfolio Outline attached to this Investment Proposal.

This information in the Model Portfolio Outline attached to this Investment Proposal shows the hypothetical returns for the model portfolio that this investment strategy is based on (and does not reflect trading in actual accounts). It is based on a single hypothetical portfolio of \$100,000 opened on January 2004.

Returns are after fees but before tax. Amounts are indicative of returns, but the actual returns experienced by investors will vary depending on many factors, including:

- The date you would have commenced your investment portfolio
- The size of your investment portfolio as to whether it contains only managed funds or individual securities
- Cash flows into and out your investment strategy
- The foreign exchange rates prevailing at the time foreign exchange was bought or sold for your portfolio

- The timing of any re-balancing undertaken in your portfolio. Important: Hypothetical results have limitations. Hypothetical returns are only indicative of the actual trading performance. Because the portfolio includes trades that represent simulated historical performance and not actual trades, the results may have under-compensated or over-compensated for the impact of trading expenses and market factors like lack of liquidity.

Past returns (whether hypothetical or actual) do not tell you how the investment strategy will perform in the future.

3. FEES AND COSTS

You will be charged fees for investing using NZ DIMS's service. Fees are deducted from your holdings and will reduce your returns. If NZ DIMS invests in managed funds, those funds may also charge fees. The total fees you pay are made up of two main types of fees:

- Regular service charges. Small differences in these fees can have a big impact on your investment over the long term.
- Individual action fees. These are one-off fees charged for telegraphic transfers or for other specific actions you take.

You will also pay trading expenses which include any share-broker costs, foreign exchange charges and any buy/sell spreads for any managed funds that will be deducted. NZ DIMS works to keep these expenses to a minimum and accesses lower wholesale market pricing for these costs.

Percentage-based Charges

Regular service charges applied as % p.a. +GST (where applicable) charge and deducted from your portfolio are shown below. They are **tax deductible** for tax paying investors.

Charges are implemented on a stepped basis. For example, the table below should be read as a total fee of 1.25% p.a. on the first \$500,000 invested then 0.95% p.a. on the value of the next \$500,000 invested, etc.

Portfolio Size \$	Advisory, Portfolio Management, Administration & Custody* Fee	Total For \$ Invested +GST*
Up to \$500,000	1.25% p.a.	\$500,000 = 1.25% p.a.
Next \$500,000 up to \$1m	0.95% p.a.	\$1,000,000 = 1.10% p.a.
Next \$1m up to \$2m	0.85% p.a.	\$2,000,000 = 0.98% p.a.
Next \$1m up to \$3m	0.80% p.a.	\$3,000,000 = 0.92% p.a.
Over \$3m	Negotiable	Negotiable

*GST is not charged on the Custody portion of the fees.

Advisory Services charges are paid by NZ DIMS to NEWTON ROSS to provide ongoing advice and services to you. The Portfolio Management, Administration and Custody charges are paid to NZ DIMS for providing investment portfolio management and administration and to pay the custodian for their services.

Other Charges

Where the portfolio invests into underlying managed funds those funds have a % based charge that is not shown in the schedule above. NZ DIMS accesses wholesale and indexed funds to keep these costs to a minimum. Those underlying managed funds are not related or associated parties of NZ DIMS.

For larger client portfolios that hold direct Australasian Equities, NZ DIMS engages Devon Funds Management (Devon) to provide portfolio construction services. Devon charges those clients a % based fee on the Australasian Equities portion only of the Investment Strategy. This is a much lower cost than investing in a comparable Australasian Equities Fund. The Devon fee is deducted from the client portfolio and is deductible for taxed investors.

Individual Action Fees

There are no fees payable to NZ DIMS in connection with commencing this service, adding money to or withdrawing money from this service or terminating this service. There may be fees for specific actions you take such as requesting the custodian to make an international money transfer or to make a large foreign exchange change transaction. These will be explained to you for your approval before they are incurred. Details about these fees are contained in the Individual Action Fees Schedule, which is available to you on request.

The fees can be changed

NZ DIMS may change the fees charged or change the way expenses are deducted by giving you notice to that effect, although percentage-based charges shown above cannot be changed without your approval.

NZ DIMS must give you regular information showing the fees and expenses actually charged and they will be included in quarterly statements provided to you.

4. RISKS

The risks of this service and proposed Investment Strategy are referred to in Section 4 of the Service Disclosure Statement.

Investment Strategy Risks

The value of your Investment Strategy will move up and down as investment markets move up and down. This is known as volatility which increases as higher risk assets are added to the Investment Strategy. Higher risk assets such as equities and property are required to obtain higher returns, but their returns are more volatile.

You need to be comfortable you are taking the appropriate level of risk for the portfolio returns you are seeking. Your Financial Adviser can assist you to determine this.

The volatility and expected risk of your proposed Investment Strategy is the next table.

These numbers are constructed by NZ DIMS using a combination of the long-term actual returns and volatility from each asset class and NZ DIMS forecasts for each of the asset classes.

Portfolio Risk Statistics	
This portfolio can be described as being of medium to high risk with a balanced holding of lower volatility income assets and higher volatility growth assets.	Balanced Strategy

Likely chance of having a loss in any year	26.6%
A loss is expected on average every	3-4 years
Largest possible loss in a year (to a 95% level of probability)	-6.6%
Chance of a return in any year being worse than -10%	3.0%
Standard Deviation (+ % or - %) p.a. around the net return to a 68% level of probability. To 1 level of Standard Deviation.	+ or -8.6% p.a.

Some of the things that may cause this portfolio value to move up and down include market sentiment, market transaction volumes, changing local and global economic prospects, central bank interest rate policies, inflation rates, government fiscal policies, regulatory changes as well as broader geo-political issues.

Individual Financial Products will also move up and down more than the total market for that asset class depending on the nature of those Financial Products such as the business prospects for any equity investment.

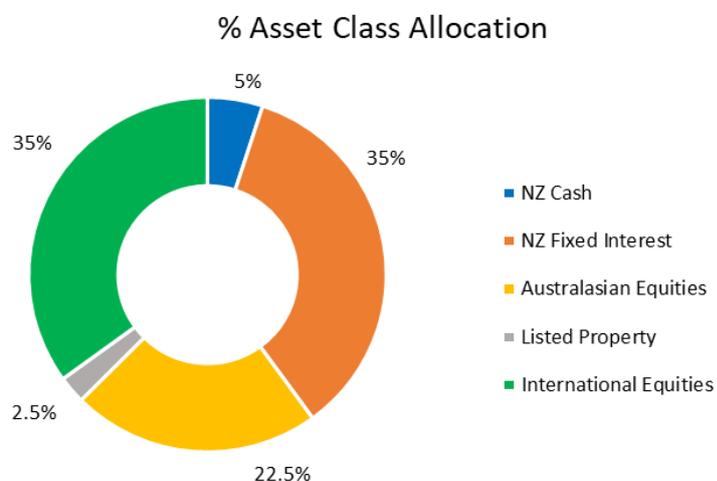
The risk and return targets are not guaranteed and actual risks and returns may be subject to wide fluctuations.

There are no other circumstances (that have not already been described in this document) that we are aware of that exist or are likely to arise that significantly increase the risk to returns for you.

5. MODEL PORTFOLIO OUTLINE

MODEL PORTFOLIO OUTLINE – BALANCED STRATEGY

As at the 31st December 2022 the asset allocation of the model portfolio was:



A list of the 10 highest value individual assets or Financial Products in the **Balanced Strategy** as at 31st December 2022 are as follows:

	Asset Name	Country of Issue	Asset Class	Portfolio % Allocation
1	Vanguard Ethically Conscious International Shares Index Fund - NZD Hedged	Australia	International Equities	15.8%
2=	Macquarie NZ Fixed Interest Fund	New Zealand	New Zealand Fixed Interest	8.8%
2=	Harbour NZ Core Fixed Interest Fund	New Zealand	New Zealand Fixed Interest	8.8%
2=	Macquarie NZ Short Duration Fund	New Zealand	New Zealand Fixed Interest	8.8%
2=	Harbour Enhanced Cash Fund	New Zealand	New Zealand Fixed Interest	8.8%
6=	Platinum International Fund – C Class	Australia	International Equities	5.3%
6=	Monks Investment Trust Plc	United Kingdom	International Equities	5.3%
8	ASB Wholesale Cash	New Zealand	NZ Cash	5.0%
9	Magellan High Conviction Fund	Australia	International Equities	3.5%
10	Vanguard FTSE Emerging Markets ETF	United States	International Equities	2.1%

6. MODEL PORTFOLIO HYPOTHETICAL RETURNS

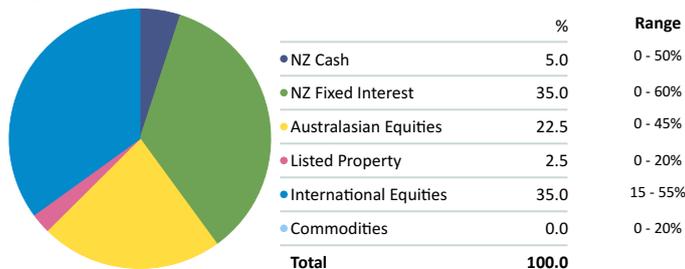
See attached Fact Sheet.

Balanced Strategy

The investment objective of the Balanced Strategy is to deliver medium to long term capital growth. The strategy can be described as being medium to high risk with a balanced holding of lower volatility income assets and higher volatility growth assets.

NZ DIMS
DISCRETIONARY INVESTMENT MANAGEMENT

Target Asset Allocation



Investment Philosophy and Style

The strategy combines passive or core market index and active investment management techniques to get the best balance between cost efficiency and achieving better returns than the market performance over time.

The strategy is managed in accordance with the following key investment principles:

- Conservative investment approach with the primary aim to preserve capital
- Low tolerance for risk and volatility, preferring more stable portfolio returns
- To remain fully invested but allow our active fund managers to move to cash in order to protect returns.

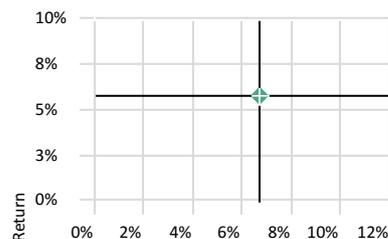
Investor Suitability

This strategy targets holding 60% in higher risk growth assets and investors will need to accept that their returns will be more volatile in nature and understand that they have a greater potential for experiencing a negative return.

Key portfolio risk statistics include:

- A loss is expected on average every 3-4 years
- Largest possible loss in a year (to a 95% level of probability) -6.6%
- Chance of a return in any one year being worse than -10% 3.0%

Risk-Reward Since Inception



Historical Risk Since Inception

Best Quarter	Worst Quarter
Balanced Strategy 9.9%	Balanced Strategy -11.3%

• Balanced Strategy

Top Ten Holdings	Country of Issue	Asset Class	Allocation %
Vanguard Ethically Conscious International Shares Index Fund - NZD Hedged	Australia	International Equities	15.8%
Harbour NZ Core Fixed Interest Fund	New Zealand	NZ Fixed Interest	8.8%
Macquarie NZ Fixed Interest Fund	New Zealand	NZ Fixed Interest	8.8%
Harbour Enhanced Cash Fund	New Zealand	NZ Fixed Interest	8.8%
Macquarie NZ Short Duration Fund	New Zealand	NZ Fixed Interest	8.8%
Monks Investment Trust	United Kingdom	International Equities	5.3%
Platinum International Fund - C Class	Australia	International Equities	5.3%
ASB Wholesale Cash & Term Deposits	New Zealand	NZ Cash	5.0%
Magellan High Conviction Fund	Australia	International Equities	3.5%
Vanguard FTSE Emerging Markets ETF	United States	International Equities	2.1%

Disclaimer: New Zealand Discretionary Investment Management Services (NZ DIMS) is a licenced DIMS provider. A sample NZ DIMS Service Disclosure Statement and Investment Proposal is available on request. NEWTON ROSS adviser Disclosure Statements are available on request. This document does not constitute personalised financial advice and should not be relied upon. It covers broad investment concepts and has been prepared by NEWTON ROSS and NZ DIMS for discussion and education purposes only. Whilst all care has been taken in the preparation of this document, no person including NEWTON ROSS Ltd nor NZ DIMS Ltd accepts responsibility for any loss suffered by any person arising from reliance on this information. Investors seeking personalised advice from NEWTON ROSS can only do so using an Investment Strategy created by NEWTON ROSS for the specific requirements of an investor and duly authorised by that investor.

Investment Growth

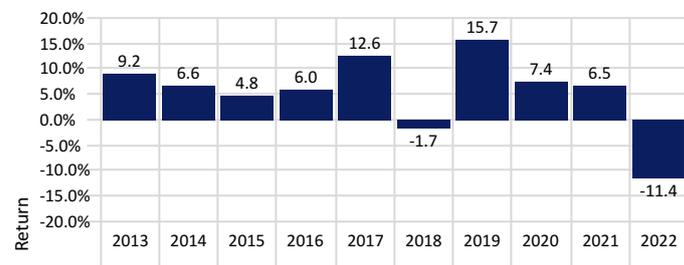


■ Balanced Strategy

Performance after max costs but before tax

Return to 31/12/2022	1 Year p.a.	3 Year p.a.	5 Year p.a.	10 Year p.a.	Since Inception p.a.	Inception Date
Balanced Strategy	-11.4	0.4	2.9	5.3	5.7	31/12/2003

Calendar Year returns after max. costs but before tax



■ Balanced Strategy

Note on return assumptions

Returns are after fees but before tax. Amounts are indicative of returns but the actual returns experienced by investors will vary depending on many factors, including:

- The date you would have commenced your investment strategy
- The size of your investment portfolio as to whether it contains only managed funds or individual securities
- Cash flows into and out of your investment strategy
- The foreign exchange rates prevailing at the time foreign exchange was bought and sold
- The timing of any rebalancing undertaken to realign your investment strategy
- Whether your fees are different to the standard fees

NZ DIMS Indices

	3 Mths	1 Year	3 Years	5 Years	10 Years
S&P/NZX NZ 90D B-Bill GR NZD	1.0	2.2	1.1	1.4	2.1
S&P/NZX NZ Govt Bond GR NZD	0.1	-9.1	-3.5	-0.3	1.8
S&P/NZX 50 TR NZD	3.7	-12.0	-0.1	6.4	10.9
S&P/NZX All Real Estate TR NZD	-3.6	-22.3	-5.8	3.8	7.5
ASX200TR NZ\$	2.9	0.2	6.7	7.0	7.0
Global Share Index (50%NZD 50%LCL)	2.8	-13.4	5.8	7.0	10.3
Global Bond Hedged NZ\$	0.8	-11.6	-2.8	0.2	2.8
S&P 500 TR USD	-3.8	-11.4	10.0	12.0	15.6
FTSE 100 TR GBP	4.7	0.7	2.0	3.3	6.0
FSE DAX TR EUR	12.0	-10.9	2.1	1.5	6.8
Nikkei 225 Average TR JPY	-1.1	-12.5	0.9	4.0	10.0
Shenzhen SE B Share PR CNY	-7.1	-2.1	8.8	0.9	6.6

Important: Hypothetical results have limitations. Hypothetical returns are only indicative of the actual trading performance. Because the strategy includes trades that represent simulated historical performance and not actual trades, the results may have under-compensated or over-compensated for the impact of trading expenses and market factors like lack of liquidity. **Past returns (whether hypothetical or actual) do not tell you how the investment strategy will perform in the future.** The returns are based on an initial investment of \$100,000 and the strategy being rebalanced at least once per year.