

A photograph of a man and a woman sailing on a boat. The woman is on the left, wearing a blue shirt, looking towards the man. The man is on the right, wearing a blue shirt, a grey cap, and sunglasses, looking out at the sea. They are both smiling. The boat's deck and a large white sail are visible. The background is a bright blue sky and a blue sea with white foam from the boat's wake.

Invest your money in a tax-efficient way

INTRODUCING THE ANZ PIE FUND
SEPTEMBER 2015





An attractive, flexible, simple and tax-efficient investment

Introducing the ANZ PIE Fund

In this document you will find some key information about investment in the ANZ PIE Fund.

Our website also includes the “Terms and Conditions for the ANZ PIE Fund” that summarises the Trust Deed and sets out other terms and conditions which apply to your investment. You can get a copy at anz.co.nz.

Enjoy the benefits of investing in the ANZ PIE Fund

Tax-efficient

The ANZ PIE Fund could be a smart way to boost your after-tax returns. It operates under special tax rules, so depending on your income tax rate you may benefit from a boost to your after-tax return from your investment. For more information and case studies, see page 2.

Flexible

When you invest in the ANZ PIE Fund you can choose different options to suit your needs. You decide the best investment for you. We have two different investment options:

- If you want the certainty of a fixed term with a fixed return, our Term Option is ideal.
- If you want the ability to dip into your savings, our Call Option gives you ready access to your money whenever you need it.

Simple

Investing in the ANZ PIE Fund is easy. When you invest you are issued units in the ANZ PIE Fund. Each unit in the Fund costs \$1, so if you invest \$500 you receive 500 units.

Attractive

The ANZ PIE Fund offers competitive returns with the added reassurance of indirectly investing with New Zealand’s largest bank. Plus you don’t pay any joining, management or monthly fees – which means your returns aren’t reduced by fees.



Tax-efficient: Discover the tax benefits of the ANZ PIE Fund

The ANZ PIE Fund is a Portfolio Investment Entity for tax purposes – which means that the maximum tax on your investment in the Fund is 28%.

The rate at which your returns from the ANZ PIE Fund are taxed is called your prescribed investor rate (PIR). If your PIR is lower than your current income tax rate you may benefit by investing with the ANZ PIE Fund. For example, if your income tax rate is 33% and your PIR is 28%, your after-tax return may be higher than with a traditional bank deposit with the same rate of return.

You may also benefit if you have a PIR of 10.5% or 17.5%. For information on how to work out your PIR, or how an investment in the ANZ PIE Fund affects your tax, see the table at the end of this section or contact Inland Revenue (ird.govt.nz).

The following case studies illustrate how investing in the ANZ PIE Fund can benefit different types of investors.



Case Study 1

Individual investor with a taxable income between \$48,001 and \$70,000

Stacey has \$75,000 she would like to invest. She earns \$65,000 of taxable income per year and her income tax rate is 30%. This means Stacey would pay 30% income tax on her bank deposit.

Stacey can invest in a traditional bank deposit or the ANZ PIE Fund. Both options are offering a rate of 5% per year. Stacey wants to know if she will benefit from an investment in the ANZ PIE Fund. She compares the effective rate of return of the ANZ PIE Fund to the actual return on the traditional bank deposit. Stacey works out that her PIR is 28%.

Investment ownership	Taxable income	Income tax rate	PIR
Individual	\$48,001 to \$70,000	30%	28%
Offered rate of return	Effective rate of return* for investment in the ANZ PIE Fund if taxed at her PIR of 28% instead of her income tax rate of 30%		The benefit to Stacey of investing through the ANZ PIE Fund
5.00%	5.14%		0.14%

* The calculation assumes that the return is paid quarterly and is not compounded.

Stacey's effective rate of return in the ANZ PIE Fund is 0.14% higher than what she would receive from a traditional bank deposit. The difference is because of the tax benefit offered by the ANZ PIE Fund.



Case Study 2

Individual investor with a taxable income above \$70,000

Ryan has \$100,000 he would like to invest. He earns \$112,000 of taxable income each year and his income tax rate is 33%. This means Ryan would pay 33% tax on the interest he earns from a standard bank deposit account, or 28% tax on his returns in the ANZ PIE Fund.

Ryan can invest in a traditional bank deposit or the ANZ PIE Fund. Both options are offering a rate of 5% per year. Ryan wants to know if he will benefit from investment in the ANZ PIE Fund, so he compares the effective rate of return of the ANZ PIE Fund to the actual return on the traditional bank deposit. Ryan works out that his PIR is 28%.

Investment ownership	Taxable income	Income tax rate	PIR
Individual	\$70,000+	33%	28%
Offered rate of return	Effective rate of return* for investment in the ANZ PIE Fund if taxed at his PIR of 28% instead of his income tax rate of 33%		The benefit to Ryan of investing through the ANZ PIE Fund
5.00%	5.37%		0.37%

* The calculation assumes that the return is paid quarterly and is not compounded.

Ryan's effective rate of return in the ANZ PIE Fund is 0.37% higher than what he would receive from a traditional bank deposit. The difference is because of the tax benefit offered by the ANZ PIE Fund.



Case Study 3

Individual investor with a salary income below \$48,000 and total income of less than \$70,000

Joan has salary income of between \$14,001 and \$48,000. Joan has recently received an inheritance that she can invest to get investment income. Once invested, her total income (including investment income) would be less than \$70,000.

Joan can invest in a traditional bank deposit or the ANZ PIE Fund. Both options are offering a rate of 5% per year. If Joan invests in a traditional deposit product, her income tax rate would be 30% because it is based on her total taxable income. Joan wants to know if she will benefit from an investment in the ANZ PIE Fund, so she compares the effective rate of return of the ANZ PIE Fund to the actual return on the traditional bank deposit. She works out that she can elect a PIR of 17.5%.

Investment ownership	Salary income	Total income	Income tax rate	PIR
Individual	Less than \$48,000	Less than \$70,000	30%	17.5%
Offered rate of return	Effective rate of return* for investment in the ANZ PIE Fund if taxed at her PIR of 17.5% instead of her income tax rate of 30%		The benefit to Joan of investing through the ANZ PIE Fund	
5.00%	5.89%		0.89%	

* The calculation assumes that the return is paid quarterly and is not compounded.

Joan's effective rate of return in the ANZ PIE Fund is 0.89% higher than what she would receive from a traditional bank deposit. The difference is because she is able to elect for her investment to be taxed at the PIR of 17.5%.



Case Study 4

Investments by trustees on behalf of a trust

Margot (a trustee) wants to make the maximum possible return for a trust she manages. She is not completely sure if the income is currently taxed at the trustee income tax rate (33%) or the beneficiary income tax rate (30% or 33%). Either way, the trust is paying 30% or 33% on its income from its current bank deposits.

Margot can invest the trust's funds in a traditional bank deposit or the ANZ PIE Fund. Both options are offering a rate of 5% per year. Margot compares the effective rate of return the trust would receive from the ANZ PIE Fund at a 28% PIR, to the actual returns the trust is currently receiving on traditional bank deposits (at tax rates of 30% or 33%).

Investment ownership	Trustee income tax rate	Beneficiary income tax rate	PIR
Trustees of a trust (excluding charitable trusts)	33%	30% or 33%	28%

Offered rate of return	Effective rate of return* for investment in the ANZ PIE Fund if taxed at her PIR of 28% instead of her income tax rate of 30%	The benefit for the trust of investing through the ANZ PIE Fund
5.00%	5.14%	0.14%

* The calculation assumes that the return is paid quarterly and is not compounded.

Offered rate of return	Effective rate of return* for investment in the ANZ PIE Fund if taxed at her PIR of 28% instead of her income tax rate of 33%	The benefit for the trust of investing through the ANZ PIE Fund
5.00%	5.37%	0.37%

* The calculation assumes that the return is paid quarterly and is not compounded.

The effective rate of return in the ANZ PIE Fund will be higher than what the trust would receive from a traditional bank deposit. This is because of the tax benefit offered by the ANZ PIE Fund, where the maximum PIR is 28%.

If the trust has beneficiaries with lower tax rates, a lower PIR may result in an even greater effective rate of return. Margot should get professional advice to determine whether this is appropriate.

You need to tell us your PIR

You need to tell us your PIR and let us know if it changes. You also need to tell us your IRD number. If you don't give us both your PIR and IRD number, we will apply the default PIR of 28%.

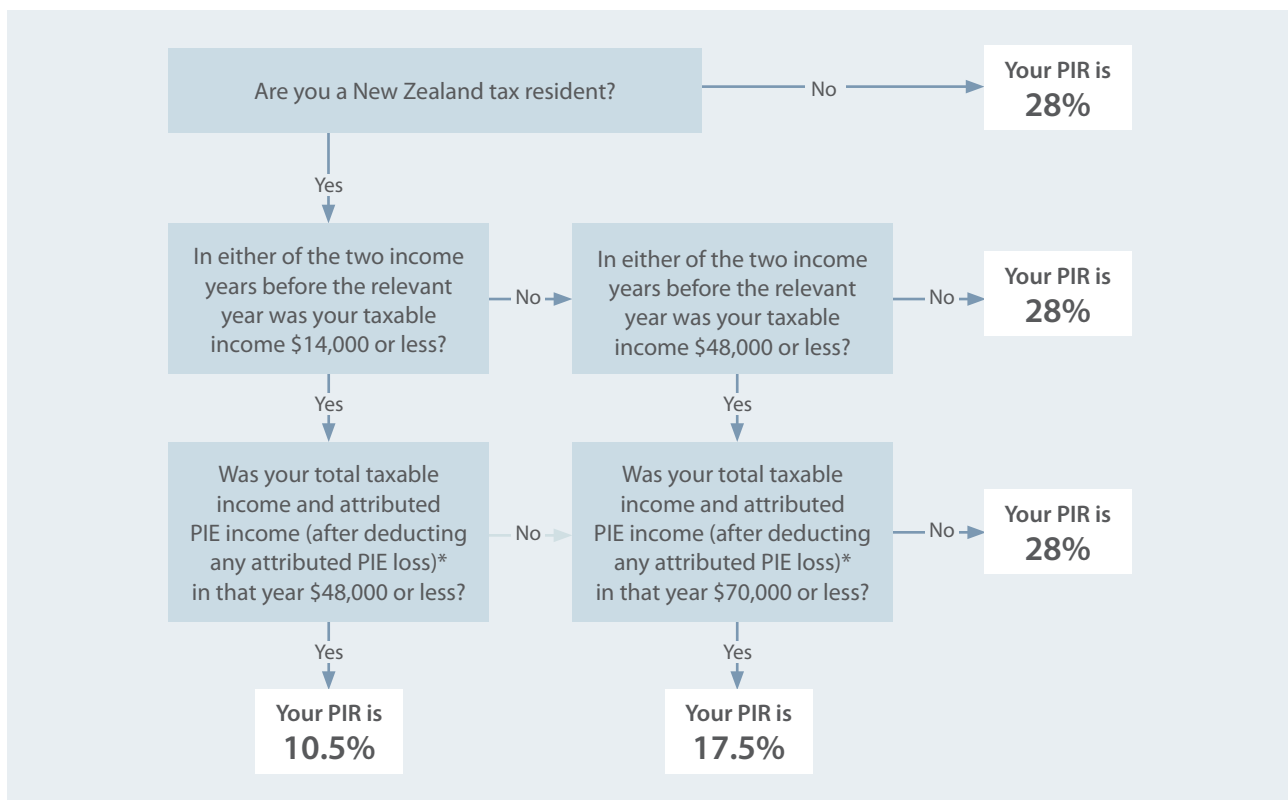
The information in this section helps you work out your PIR.

If you give us a PIR that:

- is too low, you may need to file a tax return and be responsible for paying any additional tax, penalties, and interest
- is too high, you will not be able to claim a refund of overpaid tax from Inland Revenue.

Working out your PIR if you're an individual

If you're an individual, you can use the table below to help you work out your PIR. If you're not an individual (e.g. a business), you should contact Inland Revenue (ird.govt.nz) or your tax professional. Trustees of trusts are not individuals.



If, after considering the two previous income years you qualify for two rates, your PIR is the lower rate.

*Your attributed PIE income or loss for an income year is the amount of income or loss attributed to you by PIEs in that income year. This is recorded in the tax certificates issued by PIEs to you at the end of each income year. An income year generally runs from 1 April of the previous year to 31 March of the current year.

Working out your PIR if you're investing with another person

If you are investing jointly with another person and your PIRs are the same, tell us which investor to attribute the income to and the applicable PIR. If your PIRs are not the same, we must attribute the income to the investor with the highest PIR. If you don't make a selection, we attribute the income to the first named investor at the default rate of 28%.

Flexible: Choose from our two investment options

You can invest in either our Call or Term options – or a mixture of both. Each has different features, which are summarised in the table below. For current rates for each option, visit anz.co.nz or call us on 0800 269 296.

Feature	Call Option	Term Option
Good if:	You want ready access to your money.	You don't need ready access to your money, and want the certainty of a fixed term with a fixed return.
Fees	<ul style="list-style-type: none"> No joining fee No monthly fee No management fee No exit fee Service charges may apply to some transactions on your investment (see 'What are the fees?' on page 9).	<ul style="list-style-type: none"> No joining fee No monthly fee No management fee No exit fee, but if you withdraw before the end of your agreed fixed term, a reduced rate of return will apply Service charges may apply to some transactions on your investment (see 'What are the fees?' on page 9).
Term	No specific term – you can withdraw some or all of your money at any time.	You can choose from a range of fixed terms – for more information visit anz.co.nz . You can only withdraw before the end of your fixed term if we allow you to do so. At the end of the term we will automatically reinvest your investment for the same or a similar term, unless you ask us not to.
Rate of return	You earn income on every dollar invested. The rate of return can change at any time in line with the market. For current rates visit anz.co.nz .	Your rate of return is fixed for the term of your investment. If you withdraw before the end of your fixed term, a reduced rate of return will apply. For current rates visit anz.co.nz .
Distributions	Distributions are paid quarterly, at the end of each quarter. We pay them in units that are added to your investment.	<ul style="list-style-type: none"> You can choose to have distributions paid in cash or in units that are added to your investment. For terms of 180 days or more, distributions are made on each distribution date or at the end of the term. For terms of less than 180 days, distributions are made at the end of the term. See anz.co.nz for details of available terms and distribution options.
Minimum investment	<ul style="list-style-type: none"> Minimum initial investment is \$500. Minimum additional investment is \$1. The purchase price for units in the fund is fixed at \$1. The minimum amount you can withdraw is \$1. You have to maintain a minimum balance of 500 units (\$500) unless you close your investment. 	<ul style="list-style-type: none"> Minimum initial investment is \$10,000. You can't top up an existing term investment. If you want to make an additional term investment, the minimum additional investment is \$10,000. The purchase price for units in the fund is fixed at \$1. You must hold at least 10,000 units (\$10,000) in each individual investment you have in the Term option at any time. For example, if you have investments in the Term option for two different terms you must maintain a minimum of 10,000 units in both.

Simple: Easy to invest, easy to manage

Investing in the ANZ PIE Fund is simple – just visit any ANZ branch. Once you've made an investment, it's easy to manage it too. The table below shows all the options – you can choose the method that's easiest and most convenient for you.

Method	Call Option			Term Option	
	Deposits	Withdrawals	Check Investment Details	Deposits	Check Investment Details
ANZ branch	✓	✓	✓	✓	✓
ANZ Contact Centre	✗	✗	✓	✗	✓
ANZ Internet Banking	✓**	✓**	✓	✓*	✓
ANZ Phone Banking	✗	✗	✓	✗	✓
ANZ goMoney™	✓**	✓**	✓	✗	✓

* via secure bank mail within ANZ Internet Banking

** provided you also have a transactional bank account with ANZ

Attractive: Invest in ANZ, low cost

What does the ANZ PIE Fund invest in?

The ANZ PIE fund invests only in New Zealand dollar deposits with ANZ. This means that through the ANZ PIE Fund, you are indirectly investing in deposits in New Zealand's largest bank, and one of New Zealand's largest companies based on profit and assets.

What are the fees?

You don't pay any joining, management or monthly fees.

Service charges may apply, including if you use ANZ Internet Banking. The service charges are set out in the ANZ Fees and Charges booklet – you can get a copy at anz.co.nz.

The Supervisor is paid a fee for its role in relation to the ANZ PIE Fund. ANZ pays this fee on our behalf. However, the Supervisor's fee will be paid from the assets of the ANZ PIE Fund if ANZ fails to pay the Supervisor's fee.

How the ANZ PIE Fund works

The ANZ PIE Fund is a trust

The ANZ PIE Fund has a Supervisor (The New Zealand Guardian Trust Company Limited) which holds the assets of the ANZ PIE Fund on trust for all investors in the ANZ PIE Fund. The Supervisor is also responsible for supervising how we manage and administer the ANZ PIE Fund.

ANZ Investment Services (New Zealand) Limited (**we** or **us**), is the manager of the ANZ PIE Fund. We are legally responsible for managing your investment in the ANZ PIE Fund, although we delegate the day to day administration of the ANZ PIE Fund to ANZ.

Your investment in the ANZ PIE Fund is pooled with the investments of other investors. You have an interest in the assets held by the ANZ PIE Fund, but you don't have any interest in any particular part of those assets. You can't require any of the ANZ PIE Fund's assets to be transferred to you.

The ANZ PIE Fund is governed by a Trust Deed. This sets out the rules for how the ANZ PIE Fund works, the roles and responsibilities of us and the Supervisor, and some of the terms and conditions for your investment. You can get a copy of the Trust Deed from ANZ on request.

The ANZ PIE Fund is a managed investment scheme under the Financial Markets Conduct Act 2013. The Act sets special rules for Cash PIE funds. These rules and the PIE's Trust Deed govern how the ANZ PIE Fund operates.

What are the risks?

Just like any investment, the ANZ PIE Fund is subject to investment risks. Your investment in, or the performance of, the ANZ PIE Fund is not guaranteed. The main risks are:

- any change in ANZ's ability to pay interest on, or to repay, the ANZ PIE Fund's investments with ANZ may affect your investment. For more information about ANZ's business and financial position, and its credit rating, see ANZ's Reserve Bank Disclosure Statements, available at anz.co.nz or any ANZ branch.
- changes to PIE status, or to tax and other legislation, may affect the returns that you receive. For example, if the ANZ PIE Fund loses PIE status, it will be taxed as a widely held unit trust at 28%, rather than in respect of each investor's PIR.

Breaking a Term Option investment early, a reduced rate of return will apply

If you invest in the Term Option, your investment will be locked in for the particular term you selected. You can request to withdraw your investment early if either:

- you are suffering from financial hardship; or
- you give us 31 days' notice of the withdrawal.

Hardship means that you can't meet essential costs such as living costs or essential business costs, as reasonably determined by us. To apply for an early withdrawal on the grounds of hardship, you will need to establish, to our reasonable satisfaction, that you are experiencing hardship. We don't have to accept an early withdrawal request.

If we agree to let you withdraw early, the rate of return you get on your investment can be reduced by 3% per year, to a minimum of 0% per year.

The reduced rate of return will apply:

- to any income earned from the start date of the investment up to and including the date of withdrawal (even if you have already received that income and PIE tax has been paid by the Fund for that income)
- only to the amount withdrawn, if you withdraw only part of your investment
- regardless of: the original investment term, the time remaining to maturity, and the amount being withdrawn.

The reduced rate of return on your investment in a Term Option category will have the following results.

- If you make a full withdrawal, we will, on the day the withdrawal is made:
 - make, and adjust, the distribution from that Term Option category by applying the reduced rate of return (referred to below as the rate adjustment amount)
 - adjust the amount paid to you to the extent that the distribution does not cover the reduced rate of return.
- if you make a partial withdrawal, we will, as required:
 - adjust the next distribution of income you receive from that Term Option category by applying the reduced rate of return (referred to below as the 'rate adjustment amount')
 - adjust your remaining investment in the same Term Option category to repay us any rate adjustment amount that, at the time of the withdrawal, is not covered by the income accrued and not yet paid on that Term Option category.

The rate adjustment amount is calculated as follows:

$$\text{Amount withdrawn: } \times \text{ Period of investment up to date of withdrawal } \times \text{ Adjustment rate: } = \text{ Rate adjustment amount}$$

The 'adjustment rate' is the lower of the agreed rate of return or 3%.

The reduced rate of return does not reduce any PIE tax attributable to you that has already been paid by the ANZ PIE Fund. You will not be able to recover any PIE tax already paid if you have made a full withdrawal and we need to take any part of the rate adjustment amount from the principal amount we pay to you.

You will not be able to recover any PIE tax already paid if you have made a partial withdrawal and we need to take any part of the rate adjustment amount from your remaining investment.

The reduced rate of return does not apply to any balance remaining after a partial withdrawal is made, unless further partial withdrawal requests are made at a later date.

We may decide not to apply the reduced rate of return when we agree your early withdrawal.

Example calculation for full withdrawal:

You invest \$10,000 in a Term Option category for three years and your agreed rate of return is 5% per year. We agree after one year to let you withdraw all the money you invested. The date of withdrawal is a distribution date. The reduced rate of return calculation will apply to the full investment. This means that you are only entitled to a rate of return of 2% per year (the original agreed rate of 5% less the 3% reduction) on your investment for that one year period.

\$10,000	×	1	×	3%	=	\$300.00
Amount withdrawn: full balance (\$10,000)		Period of investment: 1 (365 days invested / 365 days in year)		Adjustment rate: 3% (as 3% is lower than 5%)		Rate adjustment amount

In this example, the value of your investment at time of withdrawal would be \$10,000 plus \$500 of interest at the agreed rate less the rate adjustment amount of \$300 = \$10,200.

The net outcome is that you will receive \$200 on your \$10,000 investment for the year. This is equal to 2% per year, or the difference between 5% and the agreed 3% reduction rate.

We can require you to withdraw your units

We can require you to withdraw units in certain circumstances – for example if you hold less than the minimum number.

We can suspend withdrawals of units in some circumstances

We can suspend withdrawals in some circumstances, such as if, in our judgement, it is prejudicial to the interests of investors to permit a withdrawal.

We and the Supervisor can make changes to the ANZ PIE Fund

We can, with the Supervisor, change the terms of the Trust Deed in certain circumstances.

We can change the times when distributions are paid, and the method for paying distributions. We can also change the maximum and minimum investment, withdrawal and holding amounts.

The Fund can be wound up

We can wind up the ANZ PIE Fund if we decide to do so, after giving all required notices. Alternatively, the investors can elect to wind up the ANZ PIE Fund. If we wind up the ANZ PIE Fund, we will distribute its assets as required by the Trust Deed.

The fine print

Investments in the ANZ PIE Fund are subject to the Terms and Conditions for the ANZ PIE Fund.

ANZ's General Terms and Conditions apply to services provided by ANZ for the ANZ PIE Fund. You can get a copy of our General Terms and Conditions from our website anz.co.nz, from any ANZ branch, or by calling ANZ on 0800 269 296.

If there is a specific term in this document that is inconsistent with anything in our General Terms and Conditions, the specific term in this document will apply.

The ANZ Electronic Banking Conditions of Use apply if you use ANZ Internet Banking, ANZ goMoney or ANZ Phone Banking to make deposits or withdrawals to the ANZ PIE Fund, or to check your investment details (including the fees and charges which apply for the use of ANZ Internet Banking, ANZ goMoney or ANZ Phone Banking). The ANZ Internet Banking Conditions of Use can change or be replaced from time to time without prior notice. ANZ Internet Banking and ANZ goMoney may be suspended at any time without notice.

Investments in the ANZ PIE Fund issued by ANZ Investment Services (New Zealand) Limited do not represent deposits or liabilities of ANZ Bank New Zealand Limited or Australia and New Zealand Banking Group Limited (together 'ANZ Group'). Neither ANZ Group nor The New Zealand Guardian Trust Company Limited ('the Supervisor') stand behind or guarantee ANZ Investment Services (New Zealand) Limited. Investments are subject to investment risk, including possible delays in repayment, and loss of income and principal invested. None of ANZ Group, ANZ Investment Services (New Zealand) Limited, or the Supervisor will be liable to you for the capital value or performance of your investment.

Find out more

If you have any questions or problems:



Visit any ANZ branch



Call us on 0800 269 296



Write to:

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