

National Bank
Call Fund
Investment Statement



1. Important information

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to www.fma.govt.nz

ANZ Investment Services (New Zealand) Limited is the issuer/manager of The National Bank Call Fund (as defined in paragraph 2.1 below). The New Zealand Guardian Trust Company Limited is the trustee of the Fund. The National Bank and ANZ, both part of ANZ National Bank Limited (referred to in this Investment Statement as the "Bank") are the distributors of units in the Fund. Units in the Fund do not represent deposits or other liabilities of the Bank. An investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither the Bank nor any of its related companies, nor The New Zealand Guardian Trust Company Limited or any other person guarantees (either partially or fully) ANZ Investment Services (New Zealand) Limited or the capital value or performance of any products issued by them.

This document is an Investment Statement for the purposes of the Securities Act 1978. This Investment Statement is dated and has been prepared as at 19 August 2011. It is an important document and should be read in its entirety.

This Investment Statement is intended to be of a general nature, does not take into account your financial situations or goals, and is not a personalised financial adviser service under the Financial Advisers Act 2008. It is recommended you seek advice from a financial adviser which takes into account your individual circumstances before you acquire a financial product. If you wish to consult one of The National Bank's financial advisers, please contact us on 0800 801 188.

2. What sort of investment is this?

- 2.1 This Investment Statement contains an offer for you to subscribe for units in the ANZ Call Fund (referred to in this Investment Statement as the "**National Bank Call Fund**" or the "**Fund**"). The Fund is a unit trust under the Unit Trusts Act 1960. There is one class of units in the Fund and, accordingly, each unit in the Fund confers on the holder a proportionate undivided beneficial interest in the Fund. No unit confers any interest in any particular part of the Fund, and no investor is entitled to require the transfer to him or her of any of the investments of the Fund.
- 2.2 The Fund has elected to be a Portfolio Investment Entity ("**PIE**") for the purposes of the Income Tax Act 2007. What this means for you is described under the heading "What returns will I get?".
- 2.3 The objective of the Fund is to provide you with a pre-tax return similar to the return on a call deposit with the Bank. To achieve this, the Fund will invest solely in New Zealand dollar call deposits with the Bank. The interest rate payable on the Fund's call deposits with the Bank, in which the Fund is exclusively invested, is the main factor that will affect an investor's return. The interest rate will be set by the Bank from time-to-time and may change at any time without notice. You can obtain information about the current rate of return of the Fund through your local branch of The National Bank or online at www.nationalbank.co.nz. Neither the Manager nor the Trustee will be involved in setting the interest rate.
- 2.4 Subject to the restrictions described under the heading "How much do I pay?" and in the "Suspending withdrawals" section under the heading "What returns will I get?", you may make contributions to the Fund, or withdrawals from the Fund, at any time.
- 2.5 The National Bank has agreed with the Manager to permit you if you have a transactional account with The National Bank to use The National Bank Online Banking for the following purposes:
- to check the value of your investment in the Fund (the value shown will not include accrued but unpaid distributions and applications for units made with uncleared funds);
 - to make contributions to the Fund (other than your initial investment); and
 - to make withdrawals from the Fund.
- 2.6 The use of The National Bank Online Banking for any of the above purposes is subject to The National Bank Online Banking Conditions of Use (including the fees and charges which apply for the use of The National Bank Online Banking). The National Bank Online Banking Conditions of Use may change or be replaced from time to time with prior notice. Your liability for using The National Bank Online Banking is subject to The National Bank Online Banking Conditions of Use. The National Bank Online Banking Conditions of Use are available on www.nationalbank.co.nz.
- 2.7 The fact that the value of your investment in the Fund is displayed on The National Bank Online Banking does not mean that your investment in the Fund is a deposit or other liability of The National Bank (or any other part of the Bank) or that The National Bank (or any other part of the Bank) guarantees (either partially or fully) the capital value or performance of the investment. Nor does it mean that you have any interest in any particular call deposit made by the Fund with the Bank, or any right to require the transfer to you of any particular call deposit made by the Fund with the Bank.
- 2.8 A request using The National Bank Online Banking for funds to be transferred electronically from your transactional account with The National Bank to the Fund constitutes an application by you to the Manager (via its agent, The National Bank) to subscribe for additional units in the Fund. Any such request is subject to all the terms and conditions of the Trust Deed which apply to subscriptions for units in the Fund. The initial subscription for units in the Fund cannot be made using The National Bank Online Banking.
- 2.9 How to apply for an initial subscription of units in the Fund is described under the heading "How much do I pay?" in "How to invest".
- 2.10 A request using The National Bank Online Banking for funds to be transferred electronically from the Fund to either your transactional account with The National Bank or your account with another bank constitutes a request by you to the Manager (via its agent, The National Bank) to withdraw units from the Fund. Any such request is subject to all the terms and conditions of the Trust Deed which apply to the withdrawal of units from the Fund. To set up an electronic transfer you will need to select either the Funds Transfer option or the Bill Payment option in The National Bank Online Banking.

3. Who is involved in providing it for me?

3.1 The name of the Fund is the "ANZ Call Fund". The Fund is constituted by the master trust deed dated 19 March 2008 (as amended, restated and supplemented on 19 August 2011) between the Manager and the Trustee (described below) ("**Trust Deed**"). The Fund has been in operation since 19 March 2008.

Manager

3.2 ANZ Investment Services (New Zealand) Limited is the manager of the Fund. Its registered address is:

Level 6
1 Victoria Street
PO Box 781
Wellington 6011

3.3 As at the date of this Investment Statement the directors of ANZ Investment Services (New Zealand) Limited are:

John Robert Body
Lynne Marie Sutherland
Kerri-Ann Thompson
Antonia Margaret Watson

Administration Manager

3.4 The Manager has appointed ANZ National Bank Limited to perform certain registry and administration services in relation to the Fund. Its address is:

Level 6
1 Victoria Street
PO Box 781
Wellington 6011

3.5 The services provided by ANZ National Bank Limited are provided on arm's length terms and conditions and at fair value.

Trustee

3.6 The New Zealand Guardian Trust Company Limited is the trustee of the Fund. Its address is:

3rd Floor, Guardian Trust House
15 Willeston Street
PO Box 913
Wellington 6011

Promoters

3.7 ANZ National Bank Limited is the promoter of the Fund. Its address is:

Level 6
1 Victoria Street
PO Box 781
Wellington 6011

3.8 All directors of ANZ National Bank Limited are also promoters of the Fund. As at the date of this Investment Statement the directors of ANZ National Bank Limited, and their respective principal places of residence, are:

Shayne Cary Elliott of Melbourne, Australia
Norman Michael Thomas Geary of Auckland, New Zealand
David Duncan Hisco of Auckland, New Zealand
John Frederick Judge of Auckland, New Zealand
Peter Ralph Marriott of Melbourne, Australia
Michael Roger Pearson Smith of Melbourne, Australia
Sir Dryden Spring of Matamata, New Zealand

3.9 All of the directors of ANZ National Bank Limited may be contacted at:

C/- ANZ National Bank Limited
Level 6
1 Victoria Street,
PO Box 781
Wellington 6011

3.10 The National Bank is a part of ANZ National Bank Limited.

Details as at the date of this Investment Statement

3.11 The addresses of the Manager, the Administration Manager, the Trustee and the promoter are current as at the date of this Investment Statement, but may change from time to time. The current address for the registered office of each of these persons is available on the Companies Office website at www.business.govt.nz/companies. The address for the Trustee is also available on its website at www.guardiantrust.co.nz.

3.12 The directors of the Manager (and their names) and the promoter may change from time to time. A current list of directors and, in relation to directors of the promoter, their current principal places of residence are also available on the Companies Office website at www.business.govt.nz/companies.

3.13 The name of the promoter may change from time to time. The current name of the promoter is available at www.anz.co.nz.

Activity

3.14 The principal activity of the Manager is acting as the manager of unit trusts. The Manager has been carrying on this activity since 17 September 1990.

4. How much do I pay?

Investment amount

- 4.1 An investment in the Fund is made by subscribing for units in the Fund. The issue price for a unit is fixed at \$1. The issue price is payable by you at the time you invest in the Fund. The minimum initial investment in the Fund is \$1, and in multiples of \$1 thereafter.
- 4.2 The Manager will cease accepting subscriptions if at any time the net asset value per unit, as calculated in accordance with the Trust Deed, falls below \$1.
- 4.3 The minimum number of units which must be held in the Fund after the initial investment has been made is one.
- 4.4 No investor is permitted to hold more than 20% of the units in the Fund, or such other percentage as may be determined by the Manager from time-to-time. Units in the Fund held by persons associated with a particular investor are aggregated with the units held by that investor for the purpose of determining compliance with the 20% limit.
- 4.5 The Manager is able to vary the minimum initial investment, the maximum investment and the minimum holding requirements from time-to-time. The Manager is able to refuse any application for units at its discretion, including where to accept an application would threaten or cause the Fund to become ineligible to be a PIE.

Payments

- 4.6 You can make payments for your investment in the Fund at any branch of The National Bank by completing the requisite form. Payments may be made by personal cheque, direct credit or any other method acceptable to the Manager. Cheques should be marked "Not Transferable" and be made payable to "Fund Nominees Limited – Subscription Account".
- 4.7 If you fail to make a payment, or a payment is dishonoured or reversed, no units will be issued in respect of that payment, and any units issued in reliance on that payment will be cancelled. In addition, withdrawals will be permitted only if the funds subscribed by you for such units constitute cleared funds.

- 4.8 Subscription moneys received by the Manager will be held on trust for the applicant until units are allotted or the subscription moneys are repaid (if the application is rejected). No amounts held on trust pending allotment will earn interest. If the Manager decides to reject any application for units (in whole or in part) it will return, or direct the Trustee or the nominated person to return, the subscription moneys (or part of them, if the application is rejected in part) to the applicant without interest.
- 4.9 All subscription moneys received by the Manager become subject to the trusts created by the Trust Deed upon receipt by the Manager. The Manager will pay all subscription moneys into a separate bank account or accounts that is, or are, the property of the Trustee or a nominated person within seven days of receipt.
- 4.10 Each account into which subscription moneys are paid:
 - will be the property of the Trustee or a nominated person;
 - will be designated so that they are clearly recognised as being accounts of the Fund; and
 - may be designated in such other manner as the Manager (acting reasonably) requires (including, without limitation, by reference to the name of an investor).
- 4.11 In no circumstances shall any investor have any interest in any such account whatsoever, and no investor shall be entitled to require the transfer to him or her of any moneys standing to the credit of any such account.

How to invest

- 4.12 An initial investment in the Fund is made by completing the relevant application form at any branch of The National Bank. This initial investment can be made by transfer of funds from any National Bank account, or by presenting a cheque at any branch of The National Bank.
- 4.13 Subsequent investments in the Fund may be made by any of the methods described in the paragraph headed 'Payments' above. Postal applications for subsequent investments in the Fund should be sent to the Product Manager, The National Bank Call Fund, ANZ Investment Services (New Zealand) Limited, Level 5, National Bank House, 170–186 Featherston Street, P O Box 781, Wellington 6011. Alternatively, if you have a transactional account with The National Bank, further investments in the Fund may be made by electronic transfer from your transactional accounts with The National Bank using The National Bank Online Banking.

4.14 The table below summarises how investments and withdrawals can be made:

	Available Methods	Time Frame via branch or telephone	Time Frame via The National Bank Online Banking
Initial Investment	An initial investment is made by completing the relevant application form at any branch of The National Bank. Payment can be made by transfer of funds from a National Bank account or by presenting a cheque at any branch of The National Bank.	Applications are processed on the day they are received if that day is a business day or as soon as reasonably practicable thereafter. Cheques may take up to three business days to clear.	Not applicable.
Additional Investments	Additional applications can be made in writing, via The National Bank Online Banking (if you have a transactional account with The National Bank) by telephone, or at any branch of The National Bank.	The application will be processed on the day the application is received if that day is a business day, otherwise it will be processed on the next business day, or as soon as reasonably practicable thereafter.	Applications will be processed on the day of receipt (in the case of linked National Bank accounts), or the business day following receipt (in the case of nonlinked accounts), or as soon as reasonably practicable thereafter.
Regular Investments	Via automatic payment.	Regular investments are processed on the day the automatic payment is received, or as soon as reasonably practicable thereafter.	Not applicable.
Withdrawals*	Redemptions can be made in writing, via The National Bank Online Banking (if you have a transactional account with The National Bank), by telephone, or at any branch of The National Bank.	The redemption will be processed on the day the request is received if that day is a business day, otherwise it will be processed on the next business day or as soon as reasonably practicable thereafter.	Redemptions to accounts (i.e. funds transfers) will be processed on the day of receipt of the request (in the case of linked National Bank accounts), or the business day following receipt of the request (in the case of non-linked accounts) or as soon as reasonably practicable thereafter.

* Redemptions of units will be permitted only if the funds used by the investor to subscribe for units constitute cleared funds. Proceeds of redemptions will only be available to the investor once those amounts constitute cleared funds.

When can investments be made?

- 4.15 Subject to complying with the minimum and maximum investment restrictions described in the 'Investment amount' section above investors in the Fund can make investments in the Fund at any time.
- 4.16 There is no cooling off period for the Fund which means that once an investor has made an investment in the Fund, any withdrawals must occur in accordance with the process described in the section entitled "How do I cash in my investment?" below.

5. What are the charges?

- 5.1 There are no entry or exit charges payable in relation to the Fund.
- 5.2 The fees of the Trustee are paid by the Manager. The Manager is paid a fee by the Bank. Neither the Trustee's fee nor the Manager's fee are paid out of the Fund unless, in the case of the Trustee's fee only, the Manager fails to pay the Trustee's fee.
- 5.3 The Manager is entitled to introduce new charges payable in relation to the Fund at any time, provided it gives one month's prior notice to investors. A description of the type of charges that the Manager is able to introduce is set out in the prospectus for the Fund. As at the date of this Investment Statement, the Manager has no intention of introducing any new charges.
- 5.4 If you use The National Bank Online Banking or any other service made available by The National Bank in connection with the Fund, you may be charged a fee. You can obtain a list of services for which a fee is charged by contacting your local branch of The National Bank or online at www.nationalbank.co.nz. If you are charged a fee, the fee will be paid by you either by:
- the fee being debited to your nominated account; or
 - the Manager redeeming such number of your units in the Fund that will generate proceeds in an amount to pay the fee, and paying the proceeds to The National Bank on your behalf (this method of payment will be used unless you have directed otherwise).
- 5.5 The Trustee and the Manager are entitled to be reimbursed out of the Trust Fund (in the case of the Trustee to the extent not paid or reimbursed by the Manager) for all expenses, costs and liabilities incurred by them respectively acting as Trustee or Manager except for those arising out of wilful default or wilful breach of trust on the part of the Manager or the Trustee (as the case may be).
- 5.6 If a claim is made on the Fund by the Trustee or Manager (including for example, any failure by the Manager to pay the Trustee's fees), this may affect the Fund's ability to make payments to investors. The fee paid to the Manager by the Bank is intended to be sufficient to enable the Manager to pay the fees, costs and expenses that would normally be incurred by the Fund in the ordinary course of its business.

6. What returns will I get?

- 6.1 The information set out in this section should be read in conjunction with the information set out in the section entitled "What are my risks?". The factors described in those sections could reduce or eliminate the returns intended to be derived from the Fund.
- 6.2 The objective of the Fund is to provide you with a pre-tax return similar to the return on a call deposit with the Bank. To achieve this, the Fund will invest solely in New Zealand dollar call deposits with the Bank. The interest rate payable on the Fund's call deposits with the Bank, in which the Fund is exclusively invested, is the main factor that will affect an investor's return. The interest rate will be set by the Bank from time to time and may change at any time without notice. You can obtain information about the current rate of return of the Fund through your local branch of The National Bank or online at www.nationalbank.co.nz. Neither the Manager nor the Trustee will be involved in setting the interest rate.
- 6.3 Distributions will be made to you on a quarterly basis, on each 31 March, 30 June, 30 September and 31 December during the continuance of the Fund (each a "**Distribution Date**").
- 6.4 A distribution will also be made to you if you withdraw all of your units in the Fund (but not part only) on a day that is not a Distribution Date. The distribution in these circumstances will be made on the next Distribution Date, unless the Manager elects to make the distribution to you earlier. The Manager will elect to make a distribution to you on the date on which you withdraw all your units in the Fund if you request the Manager to do so.
- 6.5 The amount distributed to each investor will be the amount determined by the Manager to be the investor's share in the net income of the Fund which is available to be distributed to investors. All distributions will be made by way of the issue of additional units in the Fund, and not by the payment of money. The number of additional units in the Fund that an investor receives as a distribution will effectively be adjusted (by the cancellation of units) to reflect tax paid or payable by the Fund on income attributable to the investor. More detail on how this occurs is set out below.
- 6.6 On each Distribution Date, the Manager shall, in accordance with the Trust Deed:
- determine the net income of the Fund that has accrued during the quarter ending on the Distribution Date which is available to be distributed to investors in accordance with the distribution policy of the Fund ("**Available Income**");

- allocate the Available Income to each investor proportionately according to the amount of Available Income accrued on each day and the number of units held by the investor on each day during the quarter;
- distribute to each investor an amount equal to the Available Income allocated to the investor by way of the issue of additional units in the Fund (the number of such additional units to be calculated by dividing the Available Income allocated to that investor by the issue price) and not by the payment of money;
- determine for each investor the amount of any adjustment to be made pursuant to section HM 48 of the Income Tax Act 2007 to reflect tax paid or payable by the Fund on income attributed to the investor at the investor's prescribed investor rate under the PIE tax regime ("**Adjustment Amount**"); and
- cancel units held by each investor for no consideration in a number equal to the Adjustment Amount for that investor.

6.7 If an investor withdraws all of his or her units in a Fund (but not part only) on a date that is not a Distribution Date, on the next Distribution Date following that withdrawal the Manager shall (unless the Manager elects to make a distribution to the investor earlier than the next Distribution Date, in which case, on the date on which the Manager has elected to make the distribution, the Manager shall):

- determine the net income of the Fund that has accrued during the period from (and including) the previous Distribution Date to (but excluding) the withdrawal date which is available to be distributed to investors in accordance with the distribution policy of the Fund ("**Available Income**");
- allocate the Available Income to the investor proportionately according to the amount of Available Income accrued on each day and the number of units held by the investor on each day during the period specified in the bullet point above;
- distribute to the investor an amount equal to the Available Income allocated to the investor by way of the issue of additional units in the Fund (the number of such additional units to be calculated by dividing the Available Income allocated to that investor by the issue price) and not by the payment of money;
- determine for the investor the amount of any adjustment to be made pursuant to section HM 48 of the Income Tax Act 2007 to reflect tax paid or payable by the Fund on income attributed to the investor at the investor's prescribed investor rate under the PIE tax regime ("**Adjustment Amount**"); and

- cancel units held by that investor for no consideration in a number equal to the Adjustment Amount for that investor.

As described in paragraph 6.4 above, the Manager will elect to make a distribution in accordance with the process described in this paragraph 6.7 to an investor on the date on which the investor withdraws all his or her units in the Fund if the investor requests the Manager to do so.

6.8 All units issued as a distribution to investors shall, when issued, rank *pari passu* in all respects with all other units in the Fund. All such units must be issued in accordance with the Securities Act (Dividend Reinvestment) Exemption Notice 1998. In particular, the Manager must cease distributing returns to investors as additional units in the Fund if, at any time, it has information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of units if the information were publicly available.

6.9 Investors will not be entitled to share in any income of the Fund which has accrued either before they invest in the Fund or after they withdraw from the Fund.

6.10 Subject to the restrictions described in the table under the heading "How much do I pay?" and under the heading "What returns will I get?" in "Suspending withdrawals", investors are entitled to withdraw all or part of their investment from the Fund at any time. Investors will receive, for each unit which they withdraw from the Fund, the lesser of:

- \$1; and
- the net asset value of a unit of the Fund calculated in accordance with the Trust Deed.

6.11 See the table under the heading "How much do I pay?" for a description of how withdrawals may be made.

Suspending withdrawals

6.12 The Manager is able to suspend withdrawals from the Fund if, because of the occurrence of certain events or circumstances (as set out in the Trust Deed), the Manager forms the opinion in good faith that it would be prejudicial to the interests of investors as a whole to permit withdrawals. As the Fund will be investing only in New Zealand dollar call deposits with the Bank, as at the date of this Investment Statement the Manager considers it unlikely that circumstances which would require it to suspend withdrawals would occur.

Key factors that determine returns

- 6.13 The key factors that will determine returns on an investment in the Fund will be:
- the rate of return received by the Fund on its call deposits with the Bank;
 - the term of the investment;
 - the financial performance of the Bank; and
 - the effect of taxes.

6.14 It is not possible to quantify as at the date of this Investment Statement the exact amount of returns an investor will receive from investing in the Fund, and therefore no such amount can be promised by the Manager.

General information about taxes

6.15 Returns to investors are likely to be affected by taxes.

General

6.16 The following is a general summary of the New Zealand tax implications of an investment in the Fund. It does not deal with all relevant considerations and possible situations. This summary is based on the Manager's understanding of current tax legislation and interpretation of tax legislation as at the date of this Investment Statement. Tax legislation, its interpretation and the rates and basis of taxation are subject to change. Prospective investors should obtain their own independent tax advice in relation to their own situation prior to investing in the Fund.

Portfolio Investment Entities

6.17 The Fund has elected to be a Portfolio Investment Entity or "**PIE**". The tax rules relating to PIEs effectively allow the Fund to pay tax on behalf of its investors at each investor's prescribed investor rate or "**PIR**" (with a maximum tax rate of 28%). This occurs because the Fund's tax liability is calculated by reference to the tax rates advised by its investors and the amount of income allocated to each investor, as explained further below.

Choosing the tax rate for your PIE

6.18 You must determine your PIR and notify the Manager of that rate and provide your IRD number. The PIR that you notify to the Manager will be used to calculate the amount of tax to be paid by the Fund in respect of income of the Fund that is allocated to you. It is important that you notify the Manager of your correct PIR. If you provide an incorrect PIR to the Manager, Inland Revenue may require the Fund to disregard that PIR and instead use a PIR that Inland Revenue considers appropriate in respect of income allocated to you. In addition, if you provide a PIR that is too low, you may be required to file a tax return and pay tax on income allocated to you by the Fund at your marginal tax rate,

which may be higher than the maximum PIR. You may also be subject to penalties and interest charges by Inland Revenue. If you provide a PIR that is too high, you will not be able to claim a refund for any excess tax paid by the Fund in respect of income allocated to you.

6.19 The following table is intended to help you determine your correct PIR:

Type of Investor	PIR
<ul style="list-style-type: none"> • Individuals who are tax resident in New Zealand and who had, in either of the two income years (usually the period 1 April to 31 March) immediately before the tax year (a "tax year" is the period 1 April to 31 March) to which the PIR applies, both: <ul style="list-style-type: none"> – taxable income of \$14,000 or less; and – taxable income plus income allocated by PIEs of \$48,000 or less. 	10.5%
<ul style="list-style-type: none"> • Individuals who are tax resident in New Zealand and do not qualify for the 10.5% PIR, and who had, in either of the two income years (usually the period 1 April to 31 March) immediately before the tax year (a "tax year" is the period 1 April to 31 March) to which the PIR applies, both: <ul style="list-style-type: none"> – taxable income of \$48,000 or less; and – taxable income plus income allocated by PIEs of \$70,000 or less. • Trustees (excluding trustees of charitable trusts) that choose to be subject to the 17.5% PIR. 	17.5%
<ul style="list-style-type: none"> • Individual investors who do not qualify for the 10.5% or 17.5% PIR • Trustees (excluding trustees of charitable trusts) that choose to be subject to the 28% PIR • Non-New Zealand tax residents. 	28%
<ul style="list-style-type: none"> • Companies (including unit trusts) • Trustees that do not choose to be subject to the 17.5% or 28% PIR • Charities. 	0%

If in doubt, you should seek independent tax advice on your applicable PIR.

6.20 If an investment in the Fund is made by two or more persons jointly, the correct PIR is the highest PIR applicable to any of the joint investors. All joint investors in the Fund are required to provide their PIR and IRD numbers to the Manager.

6.21 If an investor has provided a 0% PIR, the investor will be a "**zero-rated investor**" and the Fund will not pay any tax in respect of income allocated to the investor. Each zero-rated investor will be required to calculate and pay his or her own tax in respect of income allocated to the investor by the Fund.

- 6.22 An investor can notify the Manager of any change to his or her PIR at any time. That notification will be effective from the start of the quarter in which the notification is made.
- 6.23 If an investor does not notify the Manager of his or her PIR, tax will be paid in respect of income allocated to the investor at the maximum PIR.
- 6.24 An investment in the Fund may not be appropriate for investors that have a PIR that is higher than their marginal rate.

Allocation of income and payment of tax by the Manager on behalf of the Fund

- 6.25 The taxable income of the Fund will be allocated to the investors in the Fund in accordance with the tax rules relating to PIEs on a daily basis, in proportion to each investor's interest in the Fund. The tax payable on the taxable income allocated to each investor (other than zero-rated investors) at the investor's PIR will be paid by the Manager on behalf of the Fund on a quarterly basis.
- 6.26 The amount of tax on the taxable income of the Fund allocated to an investor will be reflected by the cancellation of units in the Fund held by that investor equal in value to the amount of the tax liability.
- 6.27 When an investor withdraws part or all of his or her investment in the Fund, a tax liability may arise in respect of income that is derived in the period up to the time of withdrawal, and that is allocated to the investor in respect of the part of the investment being withdrawn. The amount of that tax liability may be deducted from the amount payable to the investor and will then be paid by the Manager to Inland Revenue. To the extent that tax in respect of that income is not paid by the Manager the investor may be required to pay that amount directly to Inland Revenue.
- 6.28 An investor can be liable to indemnify the Trustee or the Manager for tax on income that is allocated to him or her where that tax has been paid by or on behalf of the Manager to Inland Revenue but has not been funded by the cancellation of units of the investor.

Tax information for investors

- 6.29 The Manager will provide a statement containing details of income allocated to each investor and tax paid by the Manager in respect of that income shortly after:
- the end of each tax year to each investor; and
 - the winding up of the Fund to each investor.

Interfund Data

- 6.30 The Fund, which is a PIE, will not provide daily Investment Savings and Insurance interfund data to investors that are themselves PIEs and PIE investor proxies or "PIPs", unless otherwise agreed with the Manager. Investors who are PIEs and PIPs will be provided, along with all other investors, with the statements for investors, as described above.

Other

- 6.31 Reserves or retentions are not likely to affect returns to investors.
- 6.32 The Manager will be legally liable to pay any returns on the Fund. The Manager's obligations in respect of the Fund and the performance of the Fund are not guaranteed by the Trustee, Fund Nominees Limited, the Bank, or any other person. The Fund does not receive the benefit of any guarantee under the Crown retail deposit guarantee scheme.

7. What are my risks?

- 7.1 An investment in the Fund involves risks, including those described in this section. You should carefully consider the risk factors in this section in light of your personal circumstances and seek professional advice from your accountant, lawyer or other professional adviser before deciding whether to invest in the Fund.
- 7.2 An investment in the Fund is subject to investment risk including possible delays in repayment and loss of income and principal invested. The major risks to you are an inability to recover some or all of your investment in the Fund and/or failure by the Fund to pay returns. The principal reasons this could occur are set out below.

Risk on the Bank

- 7.3 The Fund invests solely in New Zealand dollar call deposits with the Bank. Any event or circumstance affecting the ability of the Bank (such as the insolvency, receivership, liquidation or statutory management of the Bank) to pay interest on, or repay the principal amount of, the Fund's investment will correspondingly affect the Fund's ability to make payments to investors.
- 7.4 Although the Fund will invest in call deposits with the Bank, an investment in the Fund does not represent a deposit or other liability of the Bank. Neither the Bank, nor any other person, guarantees (either partially or fully) the capital value or performance of an investment in the Fund.
- 7.5 Like any other business, the Bank is exposed to the effects of an adverse change in the economy and general business conditions, including increased competition. In addition, as a financial institution, the Bank is exposed to the risks described below that reflect the nature of its business and the environment in which it operates. Failure to manage these risks could have an adverse effect on the financial performance, reputation and solvency of the Bank. However, the Bank considers that these risks would need to be extreme in their impact before they would result in the insolvency or statutory management of the Bank.

Credit risk

- 7.6 As a financial institution the Bank is exposed to the risks associated with lending and extending credit to customers and other parties. Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, could expose the Bank to increased risk that those customers and other parties will default, causing loss to the Bank.

Liquidity and funding risk

- 7.7 Liquidity risk is the risk that the Bank has insufficient capacity to fund increases in assets, or is unable to meet its payment obligations as they fall due, including repaying depositors, or maturing wholesale debt. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows, and is closely managed by the Bank.

Litigation risk

- 7.8 From time to time the Bank may be subject to major litigation, regulatory actions, or other legal proceedings which, if determined against the Bank, may result in costs, losses or other adverse effects.

Market risk

- 7.9 Market risk is the risk to the Bank's earnings arising from changes in interest rates, foreign exchange rates, credit spreads, equity prices and indices prices of commodities, debt securities and other financial contracts including derivatives. Losses arising from these risks may have a material adverse effect on the Bank.

Operational risk

- 7.10 The Bank is exposed to operational risks, such as risks arising from process or human error or failure, fraud, systems failure, breach of security and breaches of laws or the Bank's internal policies.
- 7.11 In addition, the Bank is exposed to operations failings by third-party providers, including outsourcing, to natural disasters, political, security and social events and to failings in the financial services sector.

Regulatory change risk

- 7.12 Changes to laws, regulations, codes of practice or policies, or the way they are applied, could affect the Bank in substantial and unpredictable ways. These may include increasing required levels of bank liquidity and capital adequacy, limiting the types of financial services and products that the Bank can offer and/or increasing the ability of non-banks to offer competing financial services and products, as well as changes to accounting standards, taxation laws and prudential regulatory requirements.
- 7.13 In addition, the Bank's failure to comply with laws, regulations or codes of practice could result in the imposition of sanctions by regulatory agencies and compensatory action by affected persons, and could damage the Bank's reputation.

More information

7.14 The Bank's latest Reserve Bank Disclosure Statement under the Reserve Bank of New Zealand Act 1989 contains more information on the risks the Bank faces in carrying on its business as a registered bank, and the steps the Bank takes to mitigate these risks. A copy of the latest Reserve Bank Disclosure Statement can be obtained, free of charge, from the Bank's head office at Level 6, 1 Victoria Street, Wellington 6011 or online at www.nationalbank.co.nz.

Interest rate risk

7.15 The interest rate payable on the Fund's call deposits with the Bank will be set by the Bank from time to time. Neither the Manager nor the Trustee will be involved in setting the interest rate. Over time, the interest rate may increase or decrease. Interest rates are affected by a range of factors, including economic and regulatory conditions, market sentiment, political events, and environmental and technology issues.

Change of law risk

7.16 The Fund is based on law in effect in New Zealand as at the date of this Investment Statement. No assurance can be given as to the impact of any possible judicial decision or change to such law after the date of this Investment Statement. In particular, a change in tax laws could affect the Fund's returns.

Risk of losing PIE status

7.17 Although the Manager has processes in place to manage compliance with the PIE eligibility requirements, there is a risk that the Fund could lose its PIE status if there is a breach of those requirements which is not remedied within the time permitted by the Income Tax Act 2007. No compensation will be made to investors in the event PIE status is lost.

Risk of providing the wrong PIR

7.18 If an investor has provided a PIR that is lower than his or her correct PIR the investor will be liable for any consequential tax shortfall and may be required to file a tax return. Investors who provide a PIR that is higher than their correct PIR will not be able to claim back the excess tax paid.

Risk of a compulsory redemption

7.19 The Manager is entitled to procure the redemption of an investor's units in the Fund if at any time the investor, together with any associated persons, hold more than 20% of the units in the Fund. This could occur through no fault of the investor if, for instance, other investors redeem their units in the Fund which results in the investor holding more units than the maximum permitted amount.

Risk of a claim on the Fund

7.20 Under the Trust Deed, the Trustee and the Manager are, subject to certain exceptions set out in the Trust Deed, indemnified by the Fund:

- from and against any and all liabilities, losses and costs incurred by the Trustee or the Manager (including, for example, any failure by the Manager to pay the Trustee's fees) in performing any of their respective duties, or exercising any of their respective powers, under the Trust Deed in relation to the Fund; and
- from and against all actions, proceedings, claims and demands in respect of any matter or thing relating to the Fund, including all actions in relation to the offer and issue of units in the Fund.

7.21 If a claim is made on the Fund by the Trustee or Manager, this may affect the Fund's ability to make payments to investors. The fee paid to the Manager by the Bank is intended to be sufficient to enable the Manager to pay the fees, costs and expenses that would normally be incurred by the Fund in the ordinary course of its business.

7.22 Any of these risks may result in the net asset value per unit falling to below \$1, in which event an investor who redeems units would only receive the net asset value per unit (and not \$1) on redemption.

Risk of suspending redemptions

7.23 The Manager is entitled to suspend the right of an investor to redeem his or her investment from the Fund. The circumstances in which this can occur are described in more detail in the prospectus for the Fund and in the Trust Deed.

7.24 If the Manager gives a redemption suspension notice in respect of the Fund, the Manager is relieved of all of its obligations to procure the Trustee to redeem units in Fund.

Risk on The National Bank Online Banking

7.25 In accordance with The National Bank Online Banking Conditions of Use, an investor who uses The National Bank Online Banking:

- will be liable for all loss, including loss suffered by other persons, if the investor acts fraudulently, either alone or together with any other person; and
- may be liable for some or all loss arising from any security breach, including loss arising from unauthorised transactions, if the investor has caused or contributed to that loss, for example by failing to comply with The National Bank Online Banking Conditions of Use and in particular, the conditions relating to passwords.

- 7.26 The National Bank Online Banking may be subject to the failure or default of any third party network provider or any system not owned or directly controlled by The National Bank, or any other electronic, telecommunications, power or computer processing failure that could result in a refusal or omission to follow instructions from investors, or other failure to fulfil obligations, including the making of payments to investors.

No liability of Trustee for The National Bank Online Banking

- 7.27 To the maximum extent permitted by law, the Trustee shall have no liability to any person (including any investor) in connection with The National Bank Online Banking (including for any transactions effected, or purported to be effected, by or on behalf of investors or The National Bank, by means of The National Bank Online Banking).

Consequences of insolvency

- 7.28 Investors will not be liable to pay any additional money (in excess of the issue price payable to the Manager upon subscription for units in the Fund) to any person in the event of insolvency of the Fund, other than for any tax liability that is attributable to an investor or that is incurred by an investor as a result of notifying the Manager of the wrong PIR or failing to advise the Manager if his or her PIR increases, or under the indemnity (described under the heading "What returns will I get?" in "General information about taxes – allocation of income and payment of tax by the Manager on behalf of the Fund") to the Trustee or the Manager in respect of tax.
- 7.29 All claims of creditors ranking in priority to the units rank ahead of the claims of holders of units in the event of any liquidation or winding up of the Fund. All holders of units rank equally upon a winding up or liquidation of the Fund, in each case for an equal share per unit of any surplus assets of the Fund, after payment or discharge of all other claims. No other persons currently rank equally with, or in front of such claims.

8. Can the investment be altered?

- 8.1 Other than as set out below, no person (including the Trustee and the Manager) can alter an investor's investment, or the terms of the investment, without the investor's consent.

Alteration of the Trust Deed by investors

- 8.2 Investors in the Fund have a range of powers, exercisable by extraordinary resolution passed at a meeting of those investors. Such powers include the ability to alter the Trust Deed for the Fund, or the terms of the Fund. Further information on these powers is set out in the registered prospectus for the Fund.

Alteration by the Trustee and the Manager

- 8.3 In certain circumstances, the Trustee and the Manager have the right to agree to amendments to the Trust Deed without consulting investors in the Fund. This ability is, however, subject to certain protections (for the benefit of investors) as set out in the Trust Deed. Further details of the circumstances in which the Trust Deed may be amended are set out in the registered prospectus for the Fund.
- 8.4 The Manager may also change:
- the minimum initial investment, the maximum investment and the minimum holding requirements that apply to the Fund;
 - the distribution policy of the Fund; and
 - the investment objectives and policy of the Fund.
- 8.5 At the date of this Investment Statement, the Manager does not intend to make any of the above alterations to the terms of the Fund.

Winding up

- 8.6 The Fund will wind up on the earliest of the following events:
- the date on which the Trustee and the Manager agree to wind up the Fund, provided there are no investors on that date;
 - the date appointed by the Manager by giving not less than three months' written notice to investors and the Trustee;
 - if an extraordinary resolution is passed by investors in the Fund resolving to wind up the Fund; or
 - the date on which the Fund is wound up by operation of law.

Alteration by investors

- 8.7 An investor may also alter his or her investment in the Fund.

Examples of such alterations include:

- withdrawing moneys invested in the Fund; and
- transferring units in the Fund.

9. How do I cash in my investment?

- 9.1 You can withdraw all or part of your investment at any time in accordance with the procedure described below.
- 9.2 The minimum withdrawal is \$1. Unless all of an investment is withdrawn, you must maintain a minimum investment in the Fund of one unit.

How to make a withdrawal from the Fund

- 9.3 If you are entitled to withdraw your investment from the Fund, you can do so by requesting the Manager to make the withdrawal:
- in writing, sent to the Product Manager, The National Bank Call Fund, ANZ Investment Services (New Zealand) Limited, Level 5, National Bank House, 170–186 Featherston Street, P O Box 781, Wellington 6011;
 - by phone, by calling the Manager on 0800 801 188;

if you have a transactional account with The National Bank,

- by using The National Bank Online Banking; or
 - at any branch of The National Bank by completing the requisite form.
- 9.4 In order to withdraw units from the Fund, the Manager must have received a withdrawal notice from you (which can be given in any of the ways described above). The withdrawal notice must specify the number of units or dollar amount which you want to withdraw. If a Withdrawal Notice is given in respect of all units held by you, and the Manager elects to make a distribution to you on a date that is earlier than the next Distribution Date, then that Withdrawal Notice shall be deemed to apply also to all additional units (if any) that will be issued to you as a distribution on that earlier date. The Manager will elect to make a distribution to you on the date on which you withdraw all your units in the Fund if you request the Manager to do so. Following receipt of the withdrawal notice, the Manager will within one business day, or as soon as reasonably practicable thereafter, redeem the required number of units to comply with the withdrawal notice and make payment to you. A withdrawal notice may not be revoked.

Withdrawals by the Manager

- 9.5 If an investor at any time holds fewer units in the Fund than the minimum amount, or more units than the maximum amount, the Manager may redeem units held by the investor so that:
- in the case of an investor holding fewer units than the minimum amount, the entire investment of the investor in the Fund is withdrawn; and
 - in the case of an investor holding more units than the maximum amount, the investment of the investor in the Fund is reduced to the maximum amount.

Sale of units in the Fund

- 9.6 You may sell the units you hold in the Fund. Any sale of units in the Fund must be made in accordance with the Trust Deed. The Manager may decline to register a transfer of units in the Fund for the reasons set out in the Trust Deed. In the Manager's opinion, there is no established market for such sales.
- 9.7 Under the Trust Deed, if the Manager receives an instrument of transfer the Manager will effect the transfer by:
- cancelling without payment to the transferor the number of units sought to be transferred (less any units cancelled or redeemed for tax reasons); and
 - issuing to the transferee the same number of units as are cancelled.
- 9.8 Before the transfer can be effected, the transferee must either be a Unit Holder or have presented a signed and completed application form at a branch of The National Bank in relation to the transfer. If an instrument of transfer is given in respect of all units held by an investor, it shall be deemed to apply also to all additional units (if any) that will be issued to the investor as a distribution on the date of transfer. The Manager shall determine the number of such additional units (if any) as if it had received a withdrawal notice in respect of all of the investor's units, in the manner described under the heading "What returns will I get?"
- 9.9 No charges are payable to the Manager on the withdrawal or sale of units in the Fund.

10. Who do I contact with inquiries about my investment?

- 10.1 Inquiries in relation to the Fund may be made to:
The Product Manager, The National Bank Call Fund
ANZ Investment Services (New Zealand) Limited
Level 5, National Bank House
170-186 Featherston Street
PO Box 781, Wellington 6011
Telephone: 0800 801 188
Fax: 0800 462 872

11. Is there anyone to whom I can complain if I have problems with the investment?

- 11.1 The Manager is bound by the Code of Banking Practice. If you have a complaint about the Fund please follow the Manager's internal complaints procedure. Details of the Manager's internal complaints procedure and the Code of Banking Practice are available from any branch of The National Bank. Complaints about the Fund can be made at www.nationalbank.co.nz, or to:
The Product Manager, The National Bank Call Fund
ANZ Investment Services (New Zealand) Limited
Level 5, National Bank House
170-186 Featherston Street
PO Box 781
Wellington 6011
Telephone: 0800 801 188
- 11.2 If you are not satisfied with the outcome of your complaint to the Manager, you can contact the Trustee at:
The Manager
Corporate Trusts
The New Zealand Guardian Trust Company Limited
Level 3, Guardian Trust House
15 Willeston Street
PO Box 913
Wellington 6011
Telephone: (04) 495 7914
- 11.3 If you have followed the Manager's internal complaints procedure and you are dissatisfied with the Manager's decision you may refer your complaint to the following approved dispute resolution scheme:
The Office of the Banking Ombudsman
BP House, 20 Customhouse Quay
Freepost 218002
PO Box 10-573
Wellington 6143
Telephone: 0800 805 950

12. What other information can I obtain about this investment?

- 12.1 A copy of the application form for the Fund is available from any branch of The National Bank.
- 12.2 A copy of the most recent financial statements of the Fund, together with a summary of amendments made to the Trust Deed for the Fund during the financial year, will be sent to investors annually. The Manager will provide to each investor a statement containing details of income allocated to the investor and tax paid by the Fund in respect of that income shortly after the end of each tax year.
- 12.3 Other information about the Fund and the Manager is contained in the Trust Deed for the Fund, the registered prospectus for the Fund and in the financial statements of the Fund.
- 12.4 A copy of the Trust Deed for the Fund, the registered prospectus for the Fund and the most recent financial statements of the Fund can be obtained on request and free of charge from the Product Manager, The National Bank Call Fund, ANZ Investment Services (New Zealand) Limited, Level 5, National Bank House, 170–186 Featherston Street, P O Box 781, Wellington 6011 during normal business hours. The Trust Deed for the Fund, the registered prospectus for the Fund, the most recent financial statements for the Fund and other documents of or relating to the Manager and the Fund are filed on a public register at the Companies Office of the Ministry for Economic Development and are available for public inspection on the Companies Office website at www.business.govt.nz/companies. Where relevant documents are not available on the Companies Office website, a request for the documents can be made by contacting the Companies Office on 0508 266 726.
- 12.5 Investors in the Fund may request from the Manager the following documents:
 - a copy of the most recent financial statements of the Fund;
 - a copy of the Trust Deed for the Fund and the registered prospectus for the Fund; and
 - a written statement of their unit holding.
- 12.6 Those documents will be provided free of charge. A request for those documents should be made to the Product Manager, The National Bank Call Fund, ANZ Investment Services (New Zealand) Limited, Level 5, National Bank House, 170–186 Featherston Street, P O Box 781, Wellington 6011.

13. Your personal information?

- 13.1 Both the Bank and ANZ Investment Services (New Zealand) Limited (as Manager of the Fund) take your privacy very seriously. Information you provide to the Bank or the Manager will be kept strictly confidential and will be securely held by the Bank, the Manager and/or by related companies. You have a right to access the information by calling the Bank on 0800 801 188 or enquiring at any National Bank branch and you may also request that it be corrected. A fee may be payable.
- 13.2 The Bank and the Manager will make every effort to keep your personal information up to date. To assist them, please let them know of any changes in your personal details, such as your address.
- 13.3 How the Bank or the Manager use your information will depend on the purposes for which that information was collected. Generally the Bank and the Manager may use this information to:
 - consider your application for facilities, investments, products or services;
 - administer, manage and monitor any facilities, investments, products or services provided to you;
 - conduct market research, data processing and statistical analysis; and
 - unless you disagree, provide you with information about other facilities, investments, products or services including certain third party products or services.
- 13.4 The Bank and the Manager may disclose information about you to the Trustee (The New Zealand Guardian Trust Company Limited), any of the Bank's related companies, and their agents or contractors for the above purposes. The Bank and the Manager may disclose information from time to time to your authorised financial adviser and/or financial advisory firm.
- 13.5 The Bank and the Manager may use your personal information for the purpose of data matching and in doing so may collect information about you. 'Data matching' is the process of comparing your personal information with publicly available information and/or with information held by a reputable entity which the Bank or the Manager has an ongoing relationship with, in order to better enable them to carry out any of the above purposes.
- 13.6 The Bank and the Manager may disclose your information to carefully selected third parties for the purposes of data matching, provided those third parties are subject to an obligation of confidentiality.

- 13.7 The Bank and the Manager may obtain information and make such enquiries about you as it may consider warranted from any source including from any of the Bank's related companies.
- 13.8 The Bank and the Manager may disclose information about your investment to anyone we have agreed can operate your investment, whether or not this is subject to certain restrictions (for example, you must sign jointly with them).
- 13.9 If you are under 18 years old, the Bank and the Manager may contact your parent(s)/guardian(s) to disclose, or to collect, information about you that will help the Bank or the Manager contact you, or to obtain repayment of any amount you owe to it.
- 13.10 The security standards of the Bank and the Manager are maintained and their technology regularly updated to provide protection for the information they hold. Neither sells, publishes or gives away your information.
- 13.11 Certain laws also require the Bank and the Manager to disclose your information on request, for example the Tax Administration Act 1994. If the Bank or the Manager receives a request from certain agencies to release your information, it may not be able to tell you that the request has been received. The Bank and the Manager may also disclose information to the police, certain government agencies or other financial institutions where it reasonably believes that the disclosure will assist in the investigation, detection and/or prevention of fraud or other criminal offences, such as money laundering. The Bank and its related companies are subject to anti-money laundering and terrorist financing legislation in force in New Zealand, Australia and other countries. You agree to provide all information to the Bank or any of its related companies which is reasonably required to comply with these laws. Anti-money laundering and terrorist financing legislation in force in New Zealand, Australia and other countries may also prohibit the Bank and the Manager from entering or concluding transactions which involve certain countries, persons or entities. As a result, you agree that the Bank or any of its related companies may:
- delay or block any transaction, or refuse to pay any money, without incurring any liability; or
 - disclose any information concerning you or the transaction to the New Zealand Police or Australian Federal Police or any relevant authority in any country in order to ascertain whether the laws in that country apply to a transaction or otherwise in compliance with those laws that aim to prevent or detect terrorist financing or money laundering, in the reasonable belief that the transaction may contravene those laws, and it will not incur any liability to you as a result of that action.
- 13.12 In this clause, 'money laundering' includes any dealing with the proceeds of criminal activity and any dealing with funds or assets of any person or entity suspected of involvement in terrorism or any terrorist act.



The National Bank
of New Zealand

The National Bank of New Zealand, part of ANZ National Bank Limited