

Service Disclosure Statement



1 June 2024

Alvarium Active DIMS

Provided by Alvarium Wealth (NZ) Limited

This document gives you important information about this service to help you decide whether you want to invest using this service. Alvarium Wealth (NZ) Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. Alvarium Wealth (NZ) Limited's advisers can also give you financial advice to help you decide if this service is appropriate for you.

ALVARIUM

1. What is this?

This is a discretionary investment management service (“**DIMS**”) provided by Alvarium Wealth (NZ) Limited (“**Alvarium**”, “**we**” or “**us**”). Under a DIMS, the provider invests your money on your behalf in financial products, such as local and global funds or PIE funds managed by us or Pathfinder Asset Management Limited (“**Pathfinder**”) and charges fees for the service. You will hold the financial products through a custodian. The types of investments that Alvarium can invest your money in, and the fees, are described in the investment proposal that must be made available to you.

You will be relying on the investment decisions that Alvarium makes. The value of the investments made for you may go up or down.

2. Who provides this service?

The provider is Alvarium Wealth (NZ) Limited, a privately-owned investment management business specialising in local and global investments. Alvarium is licensed by the Financial Markets Authority to provide DIMS.

Alvarium's contact details are:

PwC Tower, Level 37
15 Customs Street West
Auckland 1010

Phone: (09) 358 1517
Email: Invest@alvarium.co.nz

Who else is involved:

SERVICE	NAME	ROLE
Custodian	NZX Wealth Technologies Limited	Independently holds your financial products, investing them in accordance with Alvarium's directions.
Platform Provider	NZX Wealth Technologies Limited	Provides administrative and technology services in connection with the DIMS.

3. How the Alvarium Active DIMS works

Investment Philosophy

By using the Alvarium Active DIMS your money will be invested in a portfolio of specialist investments which follow your chosen investment strategy and the investment philosophies described below. You will benefit



from Alvarium's investment expertise in making these investments. You will not be involved in the day-to-day administration and management of your portfolio, which will be handled by Alvarium.

Alvarium Active DIMS employs a mixture of internal and external specialist investment funds and direct investments in constructing client portfolios.

We believe in the value that active management can add. Actively managed funds offer the potential to generate returns greater than the market and/or with lower risk than the broader market.

We view risk management as the centrepiece of investing. When making investment choices we seek to ensure investors are not over-exposed to any one investment style, market or jurisdiction. By investing globally, we seek to diversify investor risk away from market events specific to New Zealand.

We use currency hedging to manage foreign exchange currency risks. In general, our currency management objective is to neutralise exposure to adverse New Zealand dollar movements.

Investment Categories

The Alvarium Active DIMS invests primarily in the following categories:

- i) Cash and cash equivalents, including foreign currency exposure.
- ii) Specialist equity managers who invest across local and global share markets.
- iii) Direct and proprietary investments in public listed and private assets.
- iv) Fixed interest investments (such as bonds and secured loans). These can be invested in either directly or via external managers.
- v) Diversifying fund managers (often commonly known as "hedge funds") whose strategies can be deliberately independent of the equity markets, providing different sources of return to client portfolios.

Alvarium Active Investment Strategies

Alvarium classifies cash or cash equivalent assets and fixed interest assets as "**income assets**", listed and private equities as "**growth assets**" and assets and fund managers which are not correlated with general market conditions as "**diversifying assets**". Generally, income assets aim to bring steady cash flows and are less likely to generate high returns or losses in a short period of time, growth assets are more volatile but could potentially generate higher returns in a short period of time and diversifying assets aim to achieve returns independent of market conditions. Alvarium combines these investments in different proportions in order to offer the following actively managed strategies for its DIMS clients. If you are unsure about which strategy is suitable for you, you can get advice from our financial advisers.

Conservative Balanced – For investors with a low - medium tolerance for risk, the allocation in this portfolio is split between income assets, growth assets and diversifying assets that can produce returns independent of market conditions.



Balanced – For investors with a medium tolerance for risk, this portfolio is split between growth assets, income assets and diversifying assets, with a weighting towards growth assets.

Growth – For investors with a medium-high tolerance for risk, this portfolio is predominantly allocated to growth assets, with a smaller allocation to income and diversifying assets.

Custom - At Alvarium's discretion, we may be able to provide a custom Investment Strategy with return and risk characteristics designed to meet your specific needs. Please contact your adviser to determine if you are eligible for a custom strategy.

Independent custody of your financial products

All financial products in the Alvarium Active DIMS are held on your behalf by one or more custodians, appointed by us on your behalf. Currently this custodian is NZX Wealth Technologies Limited. The custodian may also appoint sub-custodians to hold financial products acquired for the Alvarium Active DIMS.

Your authority to us

This service is governed by the Client Agreement you sign with us. Details about how you can obtain copies of the Client Agreement are set out in section 8 below and details about how you can enter into a Client Agreement are set out in section 9 below.

At the same time as entering into the Client Agreement, you grant us the Investment Authority to provide the DIMS and to manage your investments according to the investment strategy(s) chosen by you. You can terminate the Investment Authority by written notice to us.

Under this DIMS, you cannot give us instructions to exercise rights over your financial products (for example, a right to vote at meetings of product holders).

Except for custom strategies, your DIMS investment will follow a model portfolio strategy developed by us. There is scope to marginally adjust those strategies for individual needs, meaning that to a limited extent you can give us instructions relating to the financial products in your portfolio, provided your instructions are consistent with your Client Agreement (including the Investment Authority).

As part of the DIMS service, Alvarium may provide you with incidental financial advice about the investments we have made as your DIMS manager or the operation of the DIMS service.

It is important to note that while you will be kept informed you do not have a right to be consulted on or override our investment decisions. Your financial adviser will also monitor the risk and return of the investment portfolio against the stated objectives, ensure cash flow requirements are being met, ensure the investment portfolio is operating and reporting to the stated requirements and engage with you (as frequently as agreed) to review your circumstances and situation to assess if your current strategy aligns with your risk tolerance, objectives, and constraints.

If you terminate the Client Agreement, we will be guided by your instructions either to sell your investments, with proceeds paid to your nominated bank account, or – in circumstances where it is practicable and



complies with any applicable law – to transfer them from the independent custodian into your (or your nominee's) name.

Where you instruct us to sell your investments, this may require us to sell your investment in one or more funds back to the underlying fund manager. The time it takes to do this will depend on the notice period and redemption terms set by the underlying funds.

The investment strategy to be applied for you is described in the investment proposal that will be made available to you. The investment proposal also contains details of the fees charged for investing using the Alvarium DIMS service. The terms of the investment proposal also form part of this disclosure.

4. Risks of using this service

Investing through this service has risks. Under this service, you give up control over investment decisions, and rely on Alvarium's 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.

Each strategy has different levels of risks relating to the financial products being invested in and their management.

Example of different risk levels for individual strategies

The Growth strategy invests predominantly in growth assets such as shares and funds that have more risk of greater movements in value up and down.

See also section 4 (risks) of the Investment Proposal for each strategy.

Investment Strategy Target Allocations & Risk	Conservative Balanced Strategy	Balanced Strategy	Growth Strategy
Target Allocation to Income	56%	25.0%	7.5%
Target Allocation to Growth Assets	20%	52.5%	80.0%
Target Allocation to Diversifying Assets	24%	22.5%	12.5%
Total Allocation	100%	100%	100%
Portfolio Risk (expected volatility of the portfolio)			
Investment Exposure	Predominantly Income Assets		Predominantly Growth Assets



General Investment Risks

The risks below relate to each of the strategies offered to Alvarium's Active DIMS clients. For each, diversification across asset types, underlying fund managers, investment styles and markets are used to help mitigate the risks and to protect your investment.

Market risk

For all strategies, performance depends on the market value of the underlying assets. Market risk exists in respect of each of the underlying funds and assets we invest in.

For example, a global fund could be highly volatile or could fail. However, although the assets held by each fund have risks, our objective is to select a combination of underlying funds so that in aggregate returns are less volatile than underlying markets themselves.

Currency risk

Offshore funds and assets are usually denominated in currencies other than the New Zealand dollar. While we use a hedging strategy to manage currency risk, movements in exchange rates may have an impact on the value of your investment.

Liquidity risk

The underlying funds may suspend redemptions of investor funds which may lead to considerable delay in the time taken for an investor to receive any funds requested for redemption. Private fixed interest investments, such as investments in secured loans, may be illiquid as there is no active secondary market to trade these investments. In that case, you will not be able to redeem your investment until the final repayment date of the underlying asset. Funds which invest in private fixed interest products, may limit the amount and timing of redemptions accordingly, which could result in an extended redemption period.

Counterparty risk

Investments are susceptible to contractual relationships with counterparties entered into by underlying fund managers and the custodian on your behalf. For example, your portfolio may include debt securities or loans and there is a risk that the issuer or borrower could default on their repayment obligations, reducing returns on that investment.

Derivatives risk

The underlying funds may use derivatives such as futures or options to manage their overall exposures and risk. The value of those derivatives is linked to an underlying asset such as another security, index or liability. There is a risk that the value of a derivative may not in fact move in line with the underlying asset. In addition, there is a risk that, as with other securities, the derivative may become illiquid, or the counterparty may not be able to perform its obligations under the derivative contract. This would result in a loss for the underlying fund, reducing returns on that investment.



Underlying Funds risk

The underlying funds may be affected by changes in those funds' or their manager's business operations (for example, a change in senior personnel) or business environment (for example, government intervention affecting one or more of the underlying funds). In addition, where a portfolio of underlying funds is invested in, there is a risk associated with over-reliance by the underlying funds on key service providers (such as banks, prime brokers etc) where the same service providers are used by more than one of the underlying funds.

Specific investment risk

This is the risk that one or more investments may face unforeseen events, which reduces the value of the investment.

Interest Rate Risk

Fluctuations in interest rates can change the market value of the portfolios. For example, if interest rates become negative for cash held on deposit, the value of the portfolios may decrease.

Asset Allocation Risk

This is the risk that a strategy has a higher allocation to an asset class that does not perform as well as expected or has a lower allocation to an asset class that performs better than expected.

Related Party Transaction Risk

This is the risk that an entity enters into a transaction with a related party which confers preferential terms on the related party as compared to an arm's length counterparty. The portfolios may invest in funds or other securities offered by an Alvarium Group company. Investments in these products are related party transactions under the Financial Markets Conduct Act 2013 (the "**Act**"). In accordance with the requirements of the Act for the giving of a related party benefit, we must certify that investments are in the best interests of the DIMS clients or that any benefit is reasonable in the circumstances by being on, or better than, arms' length, terms.

Private Asset Risk

The portfolios may invest in private assets that are not listed on a public exchange. The risks outlined above apply to these investments. In addition, private assets can be more difficult to sell and may be exposed to risks such as subordinated loan risk where the investment ranks behind senior creditors (meaning that, the lenders have limited enforcement rights until the senior lenders are repaid).

5. Alvarium's conflicts of interest

The Alvarium Active DIMS strategies may be invested in funds managed by Alvarium or Pathfinder (which is a member of the Alvarium Group) and you will pay the management fees charged by these funds in addition



to the DIMS service fee. The fees charged by these funds currently range from 0.11% p.a. to 0.60% p.a. This is subject to change, and you will be able to see the actual fees charged in your regular reporting. This is a conflict of interest as Alvarium and/or Pathfinder will receive fund fees as well as DIMS service fees.

Alvarium manages any conflict of interest that may arise from this arrangement by ensuring that all financial products we invest in on your behalf are made on arm's length terms in accordance with the relevant investment strategy. As with all investment decisions, Alvarium must determine, on a case by case basis, that investing in these funds is in the best interests of its DIMS clients.

Alvarium Active DIMS charges an ongoing fee based on the value of your portfolio for providing the investment portfolio management and administration services (including all custody fees), as specified in the Investment Proposal. In addition to the conflict outlined above, Alvarium Active DIMS may also invest in an investment vehicle owned or managed by an Alvarium Group Company, we may rely on research and analyses undertaken by an Alvarium Group Company and/ or we and other Alvarium Group companies may receive fees or other benefits in respect of such Investments. We will disclose the nature of material conflicts of interest to you when they arise.

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.

Resident Withholding Tax or other taxes may be deducted by the independent custodian or an issuer from returns on your portfolio.

7. How to complain

Any enquiries or complaints about your investment can be made to Alvarium Wealth (NZ) Limited (contact details at section 2), or to:

Financial Services Complaints Limited (FSCL)

PO Box 5967

Lambton Quay

Wellington 6140

Phone: 0800 347 257

Email: complaints@fscl.org.nz

FSCL is an independent dispute resolution scheme. FSCL will not charge a fee to any complainant to investigate or resolve a complaint.



8. Where you can find more information

You can request an electronic or hard copy of a Client Agreement (including the Investment Authority) and your Investment Proposal, free of charge, by contacting us at:

PwC Tower, Level 37
15 Customs Street West
Auckland 1010

Phone: (09) 358 1517
Email: Invest@alvarium.co.nz

9. How to enter into client agreement

You may enter into a Client Agreement by completing the Client Details in Schedule 2 and signing the appropriate declaration in the Client Agreement.

10. Contact information

Alvarium's contact details are set out at section 2 above.

The contact details for the custodian, NZX Wealth Technologies, are:

Unit 1, Level 3, Lifestyle Centre
260 Oteha Valley Road, Albany 0632
Auckland

Phone: 09 414 2200
Email: NZXWT.Compliance@nzx.com

