

STATEMENT OF ADVICE/ ANNUAL REVIEW FOR John Smith & Jane Smith

Review Date: Monday 11th March 2024

Prepared by Moneyworks NZ Ltd (FSP 15281)

On 27/02/2024

Carey Church
Financial Adviser

LLB (Hons 1st), CFP^{CM}, CLU, F Fin, BSc, GradDipAppFin, Dip Bus (PFP)
Member of Financial Advice New Zealand, Triple A and RIAA (Responsible Investment Association of Australasia)

RIAA Certified Ethical Adviser

FSP 86101



Dear John & Jane

Investment Markets

2023 saw the second year of the bear market in all asset classes – Fixed Interest, Equities and Commercial Property – an unusual phenomenon that hasn't been seen since about the 1990's. We updated you with a detailed newsletter about what is happening in November 2023, here is the link if you want to read it again.

November Special Update Newsletter : <https://mailchi.mp/f3084fa2c7f4/special-newsletter-investment-markets-update>

With interest rates looking like they have peaked internationally (maybe a little longer in New Zealand), and inflation coming down, things are looking better for investments going forward, but there will still be bumps up and down.

The last two months of the year saw a major increase in values of assets – with good returns on equities, property and fixed interest investments. However, it could be that the markets have got overexcited and we may see a slower start to 2024.

Change of New Zealand Government 2023

The coalition Government campaigned on three things that will directly impact our clients:

1. New Tax Rates (increasing the thresholds for each tax rate to kick in)
2. Changes to KiwiSaver (various ideas)
3. Changes to Property Investment Bright Line to 2 years

It has been confirmed that the Property Investment Bright Line will be changed to 2 years for any properties sold from 1st July 2024 (ie no capital gains tax will be payable on the increase in value if the property has been owned for more than 2 years at the date of sale.). In addition, full interest rate deductibility for landlords will be restored some time in 2024.

Changes to tax rates, thresholds and any credit systems (ie Working for Families) will be announced in the May 2024 budget and there has been no update on proposed changes to KiwiSaver (but we will update you if we hear anything).

However, in the mini-Budget of 20th December 2023, it was announced that the main benefits will be linked to the change in cpi (inflation) going forward, instead of the current calculation which is linked to a ratio related to wages. This does not apply to NZ Superannuation. While on the face of it, this seems like a good or neutral move, the reality is that linking to cpi is a cheaper option, meaning that beneficiary families will be paid \$676 million from April 2024.¹

The other change in the mini budget was the change back to only funding early childhood care for 20 hours a week from age 3 (instead of age 2 which was a change in the 2023 Labour Government Budget.)

Changes to Mindful Money 'nasties' categories

Mindful Money has streamlined their categories, to join together similar nasties. As a consequence, we will do a quick update with you about how you feel about these categories. We have averaged your previous scores – so we just need to check that you are comfortable with these new settings.

¹ Bernard Hickey, The Kaka, 21st December 2023

Project 2024

Continuing with our series of education on how your fund managers make their investment decisions, this year we are telling you about Stewart Investors, who have the opposite approach (in the active management stable) to Pathfinder, who we profiled in 2023. Pathfinder are a textbook, Top Down, Desk Based, Data Driven fund manager. Stewart on the other hand are the most Bottom Up, hands on, relationship driven fund manager that we work with.

We have also used one of the two pages from our Ethical Financial Adviser of the Year entry to tell you more about what our Ethical Investment Approach is. Your annual review document has an insert inside the back cover (and there is a photo in the projects session if you don't get a hard copy), that shows you the five pillars of our approach.

We are going to explain in more depth what we do with our Quarterly Stock Intersections Analysis and our Fund Manager Project.

Our Team

Grace, our Administration Manager was offered a phenomenal full-time role at the end of 2023, which she couldn't turn down, so we are back to our team of Carey, Peter, Paul and our robot Millie. Over the two years that Grace worked with us, we were able to streamline our systems and processes and to automate more processes and it was great having her as part of the team. But there are some things that have to be done by humans, so we appreciate your patience going forward that your adviser may not be quite as efficient as Grace at helping you with the forms to change things, but we will get there!

We are taking on new clients and would love referrals from you

We look forward to seeing you at our annual review meeting this year. Please don't hesitate to contact us if you have any queries before our meeting.

Yours sincerely
Moneyworks NZ Ltd



Carey Church
Ethical Investment Adviser & Financial Adviser
LLB(Hons-1st), CFPCM, CLU, F Fin, BSc, GradDipAppFin, Dip Bus (PFP), RIAA Certified
Ethical Adviser

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Disclaimer

Any personalised information or advice given to you has been prepared based the information you have given to us. Decisions made in reliance upon or in relation to such advice are made by you. You are therefore exclusively responsible for all acts and decisions made as a result of the information supplied by us to you.

Any calculated projections or any predictions given by us to you are not guaranteed and are merely an expression of opinion and are intended for illustration purposes only.

We do not guarantee the repayment of your capital or any particular rate of return. Although historical information may be provided, the information may not necessarily be a good guide to future performance.

Any taxation, asset protection or estate planning information is provided as a guide only. You should seek independent taxation and legal advice where appropriate.

While every care has been exercised and the advice and statements made by us are based on information believed to be accurate, no liability can be accepted for any error or omission that may occur. Further, our responsibilities, in connection with any material or advice given, are to you alone and neither we nor our employees accept any responsibility arising on any grounds to any other party.

The recommendations made in this Statement of Advice/Annual Review are based on current information and economic conditions available at the time of writing this document. These recommendations should not be acted on after that time without further consultation with the adviser.

Where recommendations for investment or KiwiSaver are made, you will be provided with a copy of the Investment Statement or Product Disclosure Statement electronically. You need to read these documents. We will also provide you with a summary of the investment called an Investment Product Summary that you need to read. Reading the Investment Product Summary is not a substitute for reading the Investment Statement or Product Disclosure Statement.

Please note that the Disclosure documents are included in the Additional Financial Information shared with you by Millie. Please read these documents and note that there are limitations on the advice that we can provide to you as we do not provide advice on all financial solutions available. Please don't hesitate to ask us any questions about these limitations.

Client Details

Client Details			
Client Name(s) Jane Smith & John Smith			
Client Type Joint			
Address 10 Faraway Drive Erewhon 4444			
		Mobile Jane	021 123 456
		Mobile John	027 123 456
		Home	06 123 456
Primary Email John@Smithag.co.nz		Secondary Email	JaneSmith1996@gmail.com
Other Email			
AR Soft Copy	Yes	AR Hard Copy	Yes
Document Sharing Preference		Google Drive	
Disclosure Provided		Version Five	
FNZ Disclosure Provided		Updated December 2023	

Individual Details			
Name Jane Marie Smith			
Date of Birth	12/07/1969	Tax Rate	30.00%
Age	53	PIR	28.00%
Photo ID on file	Yes	IRD No	123-456-789
Photo expiry date	12/05/2027	Income	\$67,000
Type of Photo ID	NZ Passport	Occupation	Administrative Assistant
Proof of Address	Yes	Employer	
Smoker	No		
Name John Harry Smith			
Date of Birth	02/04/1967	Tax Rate	39.00%
Age	55	PIR	28.00%
Photo ID on file	Yes	IRD No	123-456-789
Photo expiry date	16/05/2027	Income	\$180,000 + \$30,000 dividend to Trust + other income
Type of Photo ID	NZ Passport	Occupation	Agricultural Consultant
Proof of Address	Yes	Employer	XYZ Limited
Smoker	No		

Children			
Name	Julie Elizabeth Smith	Tax Rate	10.50%
Date of Birth	27/06/2000	PIR	10.50%
KiwiSaver Provider	ANZ OneAnswer KiwiSaver	IRD No	123-456-789
Financial Information Included	Yes		
Name	Jack Douglas Smith	Tax Rate	10.50%
Date of Birth	19/08/2002	PIR	10.50%
KiwiSaver Provider	ANZ OneAnswer KiwiSaver	IRD No	123-456-789
Financial Information Included	Yes		
Financial Details			
Client(s) Name	Mr J H Smith & Mrs E M Smith	J H Smith & E M Smith Legacy Account	
Investments	One Answer Portfolio Service	One Answer Portfolio Service	
PIE Tax Settlement	Units	Units	
Corporate Action Distribution	Cash	Cash	
Permission to invest cash (unless new investments)	Yes	Yes	
Custodial Reports sent how	Email	Email	
Morningstar Risk Profile Score	20 (John) 19 (Jane)	20 (John) 19 (Jane)	
Morningstar Risk Profile	Balanced	Balanced	
Final Agreed Risk Profile	Balanced Ethical	Balanced Ethical	
Regular Investments	Nil Monthly	\$800.00 per month Monthly	
Regular Withdrawals	Nil	Nil	
Do you meet the Foreign Investment Fund (FIF) De Minimis Exemption Status	No	No	
Additional Notes & Information	Legacy Fund - For the first of John or Jane to die, each of the children get \$20,000 asap - from the Legacy portfolio and bank accounts if required to top up (if there isn't enough in the Legacy portfolio. Continue contributing \$800 a month.	Legacy Fund - For the first of John or Jane to die, each of the children get \$20,000 asap - from the Legacy portfolio and bank accounts if required to top up (if there isn't enough in the Legacy portfolio. Continue contributing \$800 a month.	

Value of Family Home	\$1,990,000	
Client Name	Jane	John
KiwiSaver provider	Pathfinder	Pathfinder
KiwiSaver Start Date	16/09/2009	19/08/2009
Regular Investments	Nil	\$200.00 a month
Regular Withdrawals	Nil	Nil
Insurance provider	Nil	Nil
How well do you feel you understand this information and advice? 1 - 5 (5 = Well)	4.0	5.0
Are you happy with that level of understanding, or would you like to understand the information better? 1 - 5 (5 = Very Happy)	5.0	5.0
What can we do to help you with your understanding?	Nil	Nil
Will in Place	Yes	Yes
Will up to date	No	No
Letter to Executor provided	Yes	Yes
Enduring power of attorney	Yes	Yes
Location of Will	Rainey Collins Lawyers and in filing cabinet in legal in house	Rainey Collins Lawyers and in filing cabinet in legal in house
Next of kin info	Yes	Yes
Next of kin details	DELETED for PRIVACY	DELETED for PRIVACY
Third Party for support if required in our relationship	No	Nil
Are you a Trustee of any Family Trust?	No	Yes

Ethical Investment Preferences			
Category Name	Jane, Pathfinder	John, Pathfinder	John & Jane, Mr J H Smith & Mrs E M Smith *J H Smith & E M Smith Legacy Account
Scale	Rating from 1 to 3 showing how you feel about these 1 = Comfortable, 2 = Prefer not, 3 = No exposure if possible	Rating from 1 to 3 showing how you feel about these 1 = Comfortable, 2 = Prefer not, 3 = No exposure if possible	Rating from 1 to 3 showing how you feel about these 1 = Comfortable, 2 = Prefer not, 3 = No exposure if possible

Ethical Analysis Options	Yes	Yes	Yes
Degree of ethical exposure (Base (1), Hybrid (2), Ethical (3))	3	3	3
Animal Cruelty	3	3	3
Environmental Damage	2.7	2.7	2.7
Human Rights Violations	3	3	3
Fossil Fuels	3	3	3
Social Harm	2.6	2.6	2.6
Weapons	3	3	3

Please see notes in the Ethical Investment Analysis section that explain the sub categories for each category.

Other Details	
Bank Account Name	J H Smith & E M Smith
Bank Account Number	DELETED FOR PRIVACY
Membership Fee	\$400.00
Membership Fee Due Date	June
Lawyer	N/A
Accountant	N/A
Fire and General Insurer	State Insurance

Please confirm that your client details as shown above are still correct.

Steps to Take Now

1. Update your Goals and Objectives for us.
2. Authorise the changes to your OneAnswer investment portfolio OA389778-001 Mr J H Smith & Mrs E M Smith to bring it into line with your Balanced Ethical risk profile, as set out in the attached portfolio rebalancing worksheet.
3. Authorise the changes to your OneAnswer investment portfolio OA389778-002 J H Smith & E M Smith Legacy Account to bring it into line with your Balanced Ethical risk profile, as set out in the attached portfolio rebalancing worksheet.
4. Discussion about:
 - a. Mindful Money categories definition changes 2024 – Update Social Harm, Human Rights and Environmental Damage scores.
 - b. Fund Manager Focus – Stewart Worldwide Leaders Fund (Bottom Up)
 - c. Moneyworks Investment Strategy – focus on Fund Managers Engagement and Quarterly Stock Intersections.
5. We would appreciate referrals to people who could benefit from our expertise and knowledge, please see the referral letter enclosed with this annual review document.
6. Update us on your projects, cashflow and financial commitments please.
7. Check both of your earnings and therefore tax rates.
8. Progress on updating the Will and list of things (and explanations of their provenance).

Your Goals/Objectives

This section contains information on your financial goals and suggestions on what you need to do to achieve these goals and to be financially secure. **You need to ensure that you update this information for us as this is integral to your financial planning.**

PERSONAL GOALS

You stated your goals were as follows **(as at 14/02/2023)**:

Goals
Do more travel together
Convert heating, double glazing replacement, bookshelf, put garden shed in
Living room quite dark - looking at if it can be lightened up (architect)
Insulation in bedroom ceiling
Have more time and fun together - high priority - spontaneity
Gift money out of income to children
John reduce workload and obligations
Have a comfortable and fulfilling retirement
Winter energy payment – donate to charity
Replace cars maybe every 5-6 years (Use car account funds)
Update will and list of things (Jane to add a description of the provenance of the items)

Notes on things that happened relating to your financial planning since the last Annual Review

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Health & Wellbeing & Understanding Information

Nil

Investment Summary

Investment	Value 31/01/2023	Value 27/02/2024	Contributions (last 12 months)	Withdrawals (last 12 months)
OA123456-001 Mr J H Smith & Mrs E M Smith (Balanced Ethical)	\$518,533.00	\$1,101,751.00	\$562,775.00	(\$36,000.00)
OA123456-002 J H Smith & E M Smith Legacy Account (Balanced Ethical)	\$39,296.00	\$91,753.00	\$44,600.00	Nil
Pathfinder Jane (Balanced)	\$1,230.13	\$89,274.42	\$81,224.98	Nil
Pathfinder John (Growth)	\$1,436.25	\$94,280.19	\$82,400.00	Nil
TOTAL	\$560,495.38	\$1,377,058.61	\$770,999.98	\$36,000.00

Investment Returns Per Annum for your non portfolio investments

Information from Morningstar Research – After Fees, Before Tax

Investment Name	Trailing Return Date	Total Rtn - 3mth	Total Rtn - 1yr	Total Rtn - 3yr	Total Rtn - 5yr	Total Rtn - 10yr
Pathfinder KiwiSaver Balanced Fund	31/01/24	8.63	8.06	4.31		
Pathfinder KiwiSaver Growth Fund	31/01/24	10.57	9.26	5.00		

Other Financial Information – Please Update Information

Investment	Value 10/02/2022	Value 14/02/2023	Value 11/03/2024
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TOTAL	\$1,082,307	\$935,647	

Southern Cross Health Regular Care

Start Date:

Life Insured	Type of Cover	Excess	Monthly Premium
John & Jane	Health	\$100 pa	\$640.09
Total Monthly Premium			\$640.09

Exclusions/Loadings: Nil

Ethical Investment Analysis

Together with Mindful Money we are proud to be able to provide you with an exact report on what your ethical exposures to 'nasties' are in your investments. We will update this for you annually, if you want to receive this information.

This information is updated by Mindful Money twice a year (as at 31st March and 30th September), based on publicly available information for New Zealand fund managers, and by the information provided through us by your other fund managers. The 'nasties' are identified by the consumer survey that Mindful Money and the Responsible Investment Association of Australasia run each year, so will change as public opinion changes.

Please note this information is based on the investment allocations AFTER your recommended rebalancing is implemented.

It is important to be aware that ethical investing is in its early stages, and our goal is to inform you of your actual exposures, and start adding more ethical and impact investments over time, as they become available and can prove that they have a consistent good investment performance track record. As a consequence, you will have an exposure to 'nasties' in your portfolio for some time.

Our goal is to start reducing that exposure and explain what that exposure actually represents to you. More information is available in the 2021 Annual Review project on ethical investing, greenwashing, the materiality of investing and fund managers approaches to 'active engagement' – which may mean that there is a strategic reason for holding that investment in your portfolio.

Please note that these categories have changed from mid 2023. The categories have been simplified to 7 categories as follows:

Animal Cruelty includes non-pharmaceutical Animal Testing, Fur & Specialty Leather, Animal Welfare issues and Factory Farming.

Environmental Harm includes Deforestation, Highly Hazardous Pesticides, Palm Oil, GMO's and Environmental Damage

Fossil Fuel producers

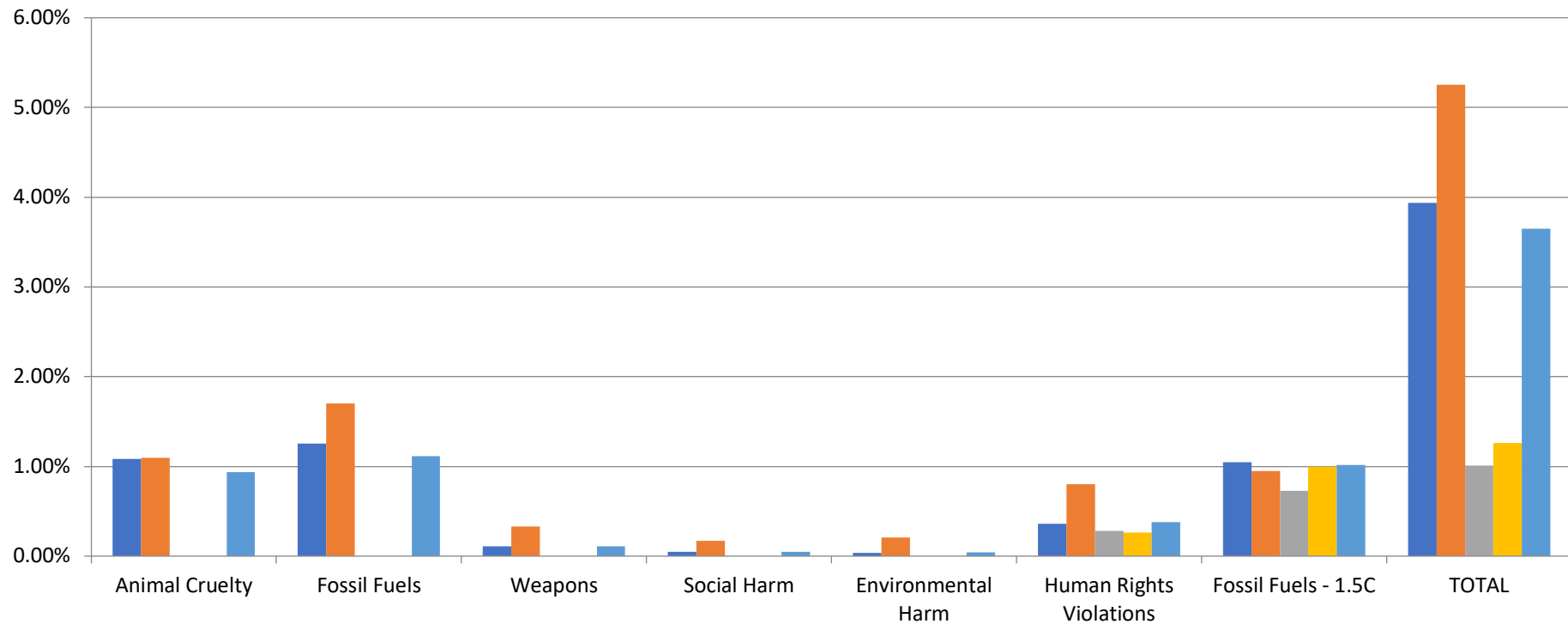
Fossil Fuel – 1.5°C Split out to recognise the 9 companies that are investing heavily in renewable energy and are on a 1.5°C transition pathway.

Human Rights Violations includes War and Conflict, Labour Rights Violations, Human Rights Abuses, Public Safety issues and Business Ethics

Social Harm includes Gambling, Tobacco, Alcohol and Adult Entertainment

Weapons – Nuclear Weapons, Controversial Weapons, Firearms, Military Weapons.

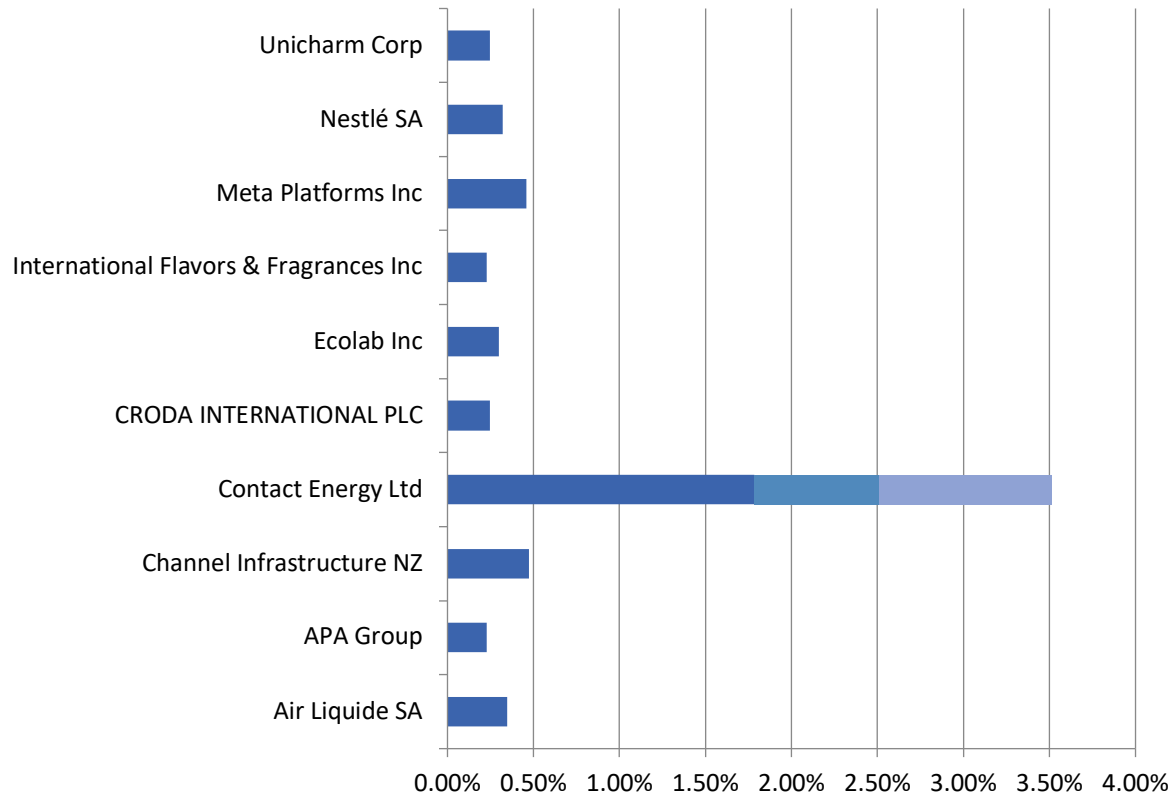
John & Jane Smith & Smith % exposures to nasties - Key deleted for privacy



Dollar Value exposure to nasties

Investment	Mr J H Smith & Mrs E M Smith OA389778-001	J H Smith & E M Smith Legacy Account OA389778-002	Pathfinder Balanced Jane	Pathfinder Growth John	Dollar Value Total
Value 27/02/2024	\$1,101,751.00	\$91,753.00	\$89,274.42	\$94,280.19	\$1,377,058.61
% of Wealth	80.01 %	6.66 %	6.48 %	6.85 %	100.00 %
Animal Cruelty	\$11,924.96	\$1,006.26	\$0.00	\$0.00	\$12,931.21
Fossil Fuels	\$13,817.28	\$1,560.95	\$0.00	\$0.00	\$15,378.23
Weapons	\$1,195.79	\$302.07	\$0.00	\$0.00	\$1,497.86
Social Harm	\$517.82	\$157.34	\$0.00	\$0.00	\$675.17
Environmental Harm	\$396.03	\$189.07	\$0.00	\$0.00	\$585.10
Human Rights Violations	\$3,971.61	\$733.25	\$249.97	\$245.13	\$5,199.96
Fossil Fuels - 1.5C	\$11,553.04	\$871.64	\$651.70	\$942.80	\$14,019.19
Total	\$43,376.53	\$4,820.59	\$901.67	\$1,187.93	\$50,286.72
% Exposures	3.94%	5.25%	1.01%	1.26%	3.65%

John & Jane Smith & Smith Top 10 Company Exposures by % - Key deleted for privacy



Top 10 Company Exposures TOTAL \$ Value List

Company Name	Total \$ Value
Air Liquide Sa	\$3,826.47
Apa Group	\$2,502.47
Channel Infrastructure Nz	\$5,233.54
Contact Energy Ltd	\$21,251.98
Croda International Plc	\$2,701.78
Ecolab Inc	\$3,309.13
International Flavors & Fragrances Inc	\$2,522.64
Meta Platforms Inc	\$5,068.55
Nestlé Sa	\$3,540.29
Unicharm Corp	\$2,715.74

Information on your Top 10 Company Exposures

Company Name	Information and Exposure Location
Air Liquide SA	(Animal Cruelty – Animal Cruelty) Air Liquide SA is a multinational company that generates and supplies industrial gases and services to various industries including medical, chemical, and electronic manufacturers. Through its subsidiary, Seppic, the company develops specialty ingredients for the cosmetics, pharmaceutical and vaccine markets. These industries are highly likely to test products on animals. Seppic states that: "we test the efficacy and prove the safety of our Montanide™ vaccine adjuvants by using mouse models and field trials." Additionally, Seppic also abides "by the rule of 3Rs (reduce, refine, replace) regarding the reduction of the number of animals and their suffering." Therefore, Air Liquide SA is considered to be involved in animal testing. Impax, Nanuk, ANZ OneAnswer, Booster.
APA Group	(Fossil Fuel – Fossil Fuel Production - Fossil Fuel Power Generation) Australian Gas pipelines, gas fired power stations and storage, Solar and Wind farms. Listed in Australia www.apa.com.au. Commentary from Magellan: Lower carbon emitter (vs peers) committed to Science Based targets in line with the Paris Agreement. According to Sustainalytics' revenue estimation rules, it is estimated that gas refining, transportation and storage-related revenues represented 55% of total company revenue in FY2021. It is also estimated gas power revenues represented 7.5% of the company's overall figure in FY2021. Magellan, Milford, Harbour Australasian Equity Income
Channel Infrastructure NZ	(Fossil Fuel – Fossil Fuel Production) New Zealand based fuel infrastructure company based at Marsden Point in Northland (was Refining NZ). Import terminal for the fuel needed to power New Zealand's economy. Committed to align with the Paris Agreement to keep warming well below 2(with a target of 1.5(. Investigating potential for hydrogen production at Marsden Point. Fisher, Harbour,
Contact Energy Ltd	(Fossil Fuels – Fossil Fuel Power Generation (but 1.5 pathway aligned company)) One of the strongest renewable focused companies in New Zealand. Their carbon based business is legacy government assets which Contact have committed to selling down. Largest renewables investor in New Zealand (investing \$300m and making a commitment not to refurbish the Taranaki Combined Cycle plant). Contact Energy is one of Aotearoa New Zealand's largest electric utilities companies. Contact operates three thermal power stations that employ gas and diesel, and evidence shows that energy generated from fossil fuels accounts for 17% of generating capacity and 8% of the company's revenues. However, Contact has announced plans for further investment in renewable generation. This includes NZD \$1.2 billion in geothermal power, by constructing a new station and expanding capacity at an existing station, along with early developments in wind and solar generation. Therefore, the company is considered to be on a climate change pathway aligned with 1.5°C of global temperature rise. Pathfinder, Harbour
CRODA INTERNATIONAL PLC	(Animal Cruelty - Animal Testing) Croda International plc is a British specialty chemicals company based at Snaith, England. It is listed on the London Stock Exchange. The company states the following: "As a responsible global manufacturer of specialty ingredients, Croda is committed to the reduction, refinement, and replacement of animal testing across our portfolio. Animal testing on products may be required to meet legal requirements such as national or regional chemical safety regulations. Scientific testing may be required for substances in specific pharmaceutical applications but will only be approved in limited circumstances and where no accepted alternative exists. Croda is committed to the long-term goal of replacing animal testing and is working with external bodies such as the International Collaboration on Cosmetic Safety (ICCS) to progress validated alternatives." Thus, Croda International PLC is considered to be involved in animal testing. Booster (not SRI), Impax, Lifetime.

Ecolab Inc	(Animal Cruelty – Animal Testing) Ecolab Inc. is specialised in developing a variety of chemicals technologies and services across segments such as water cleaning, food service, healthcare and energy. Additionally, the company reports that it conducts Animal Cruelty when required by law or when hazard characterization is not possible using alternatives. ANZ OneAnswer, BetaShares EARTH, Booster (not SRI), Harbour Sustainable Impact Fund, Pengana WHEB
International Flavors & Fragrances Inc	(Animal Cruelty – Animal Testing) International Flavors & Fragrances Inc. is a manufacturer of food, beverages, fragrances, detergents and household goods. The company states that it does not perform Animal Cruelty unless required by legislation. Therefore, International Flavors & Fragrances Inc. is considered to be involved in Animal Cruelty. Nanuk, Capital, ANZ OneAnswer, Booster (not SRI),
Meta Platforms Inc	(Human Rights Violations – Public Safety Issues) ex Facebook. Data and Privacy breaches 87m users data used to build political/psychological profiles without their informed consent (Cambridge Analytica 2018) and April 2021, data from 533, users scraped from the site was leaked online. Repeated failures to act on issues relating to Safety and Social Harm as evidenced by Haugen in widely reported testimony in 2021 including (inhouse research on Instagram’s negative impacts on teenagers mental health and body image, actively shielding 6m high-profile users (including dictators) from moderation, failure to moderate content in Myanmar with direct evidence that this content led to ethnic violence against Rohingya people, Facebooks governance structure does not support robust oversight). Meta is the world’s largest online social network consisting of the Facebook app, Instagram, Messenger, WhatsApp, and many features surrounding these products. The company has faced several investigations and legal action linked to privacy-related allegations, including its handling of user data, and breaches of user privacy. Meta has also been criticised for its poor governance model, as well as allowing its platform in non-English speaking countries to be used to incite ethnic violence. Milford, Booster, Capital, Fisher, Generate, Hyperion, Lifetime, BetaShares NDQ.
Nestlé SA	(Human Rights Violations – Human Rights Abuses & Env Violations) Nestle manufactures and sells food and beverages. The company has been criticised for exploiting local water resources for its bottled water production, which has forced underprivileged communities to pay a premium for their groundwater while alternatives have been exhausted. There have also been several allegations of labour conflicts and human rights violations in Nestle’s palm oil, coffee, fruits and seafood supply chains. Only on Mindful Money Human Rights lists rather than environment, but Mindful Money is watching the company’s environmental impact due to links to deforestation in their supply chain. Swiss multinational company, make food, beverages, chocolate and confectionaries. Bad exposure is because of human rights infringements, child labour, unethical promotion, pollution and other issues. www.nestle.com. Commentary from Magellan: We acknowledge that the company, as the largest food and beverage company globally, manufactures goods globally. This includes in countries with less transparent labour laws. Nestle has made significant progress improving farming practices in cocoa, coffee and palm oil. They have engaged with local farming communities in Mexico, Indonesia, Philippines, Cote D’Ivoire and Ghana which has improved crop yields – improving farmer economics and livelihood, reduced the number of children engaged in farming related work – by building schools and childcare centres with close proximity to farming communities, and improved the skills of farming communities – by teaching improved crop rotation or planting techniques as well as investing in superior technology for milling activities, etc. It is our view that Nestle management have been improving and will continue to improve their community impact around the world. They have allocated large resources of people and capital to address the risks within their supply chain and to improve the communities that they operate in. Lastly, because of their huge size,

	<p>brand penetrations, supply chains and enormous employee forces, it is obviously going to be the case that the largest multi-nationals appear in the press with a greater frequency than their smaller competitors. Given their size, footprint and impact on communities it is right that Nestle (and peers) are subject to greater scrutiny, however it is also appropriate to place that scrutiny in context of their overall activities and impact. Nestle is spending many billions to improve plastics used and its climate impact, as well as having real-life meaningful impact on thousands of communities and people around the world in regards to fair compensation for crops, child labour, water security and gender equality, amongst other efforts. ANZ OneAnswer, Generate, Fisher, Booster (not SRI), India Avenue Equity, Magellan Global.</p>
Unicharm Corp	<p>(Animal Cruelty – Animal Testing) Japanese company that is a personal hygiene products manufacturer. Its products include baby diapers, feminine sanitary products, and adult incontinence care products. The company states that it will not conduct experiments on animals except for "any cases where UC is held accountable toward society for safety issues or is met with demands from local administrations in certain countries." Therefore, Unicharm Corp. is considered to be involved in animal testing. Stewart</p>

Moneyworks Investment Approach - Quarterly Stock Intersections, Fund Manager Project & Stewart Investors Profile

Fund Manager Focus – Stewart Worldwide Sustainability Leaders

1. B-Corp through their parent company First Sentier
2. New Zealand PIE and currency fund.
3. Small management team (but manage \$1.2 billion+ in this strategy). Believe in small management rather than lots of people – have spun out of bigger teams.
4. 30 – 40 securities
5. Co Portfolio Manager model – but don't believe in investment by committee, but all investments are discussed in detail, in person, by email and by phone/ video conference.
6. All investment team members sign the Hippocratic Oath (see picture below)
7. Investment Philosophy built on five core pillars
 - a. Long Termism
 - b. Absolute Return mindset
 - c. Bottom up approach
 - d. Quality
 - e. Sustainability
8. Choose investments through:
 - a. Investment Trips to meet management, directors and teams
 - b. Companies, Peers, Suppliers, Competitors
 - c. Follow **People**
 - d. Cultural Hotspots (geographical)
 - e. Research Tender Inputs
 - f. Do own research, don't use external data inputs
9. Criteria for investment selection include:
 - a. History of the company
 - b. Humility
 - c. Integrity
 - d. Avoiding investing in companies that have the following identifiers [Political Patronage or Reliance, Tax as a % of revenues – ie if not paying enough tax, ethics] Successful companies build a unique culture with a consistent focus on operational excellence – who act consistently over time (regardless of any short term pressures).
10. Establish, sponsor and co-ordinate various organisations, including Plastics India, Access to Medicine Foundation (India)
11. RIAA Leader

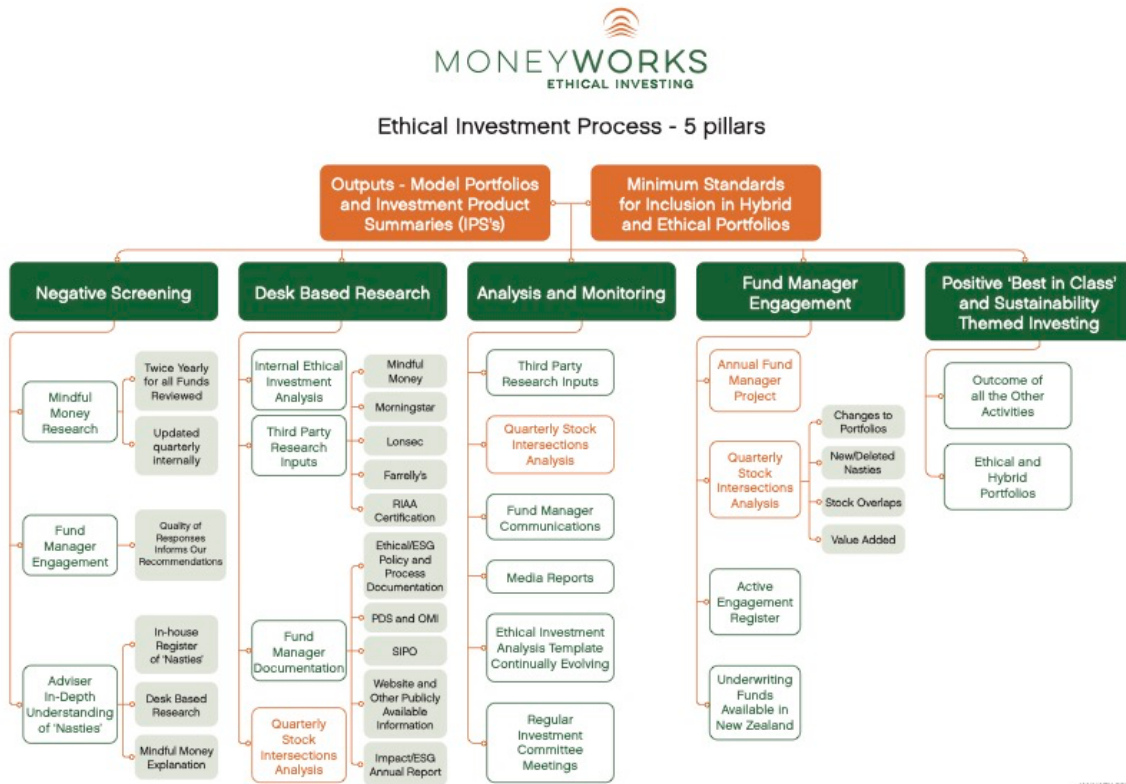
Our Hippocratic Oath

- We will treat our clients at all times as we would wish to be treated
- We will not allow the pursuit of personal gain to cloud our fiduciary roles
- We will strive to achieve, through hard work, sober analysis and sound judgement, the best risk-adjusted returns possible for our clients
- We will not, however, pursue these returns to the extent that our actions will knowingly harm others
- We will remember that a share in a business brings with it responsibilities as well as rights
- We will not forget in our search for returns that the primary risk faced by our clients is losing their capital
- We will not succumb to irrational exuberance in good times, nor to unjustified gloom in bad times
- We will present a balanced viewpoint, highlighting risks as well as potential returns
- We will recognise that our role within society is to allocate capital where it can be used most productively for the future benefit of all
- We will not be ashamed to admit our mistakes and will strive to learn from them, as well as those of others
- We will share our experiences - both good and bad - with our peers, and work together with them to earn the respect of those outside the investment profession
- We will play our part in promoting financial education as it benefits wider society
- Finally, we will recall at all times the stricture "those who stand for nothing, fall for anything"

Moneyworks Investment Approach

As part of our entry to the Ethical Financial Adviser of the Year in 2023 we developed two diagrams, one about our Client Offering and one outlining our Investment Offering to clients. We have provided you with a copy of the Investment Offering in the back of the report (and below if you don't get a hard copy of the Annual Review).

This diagram shows you the detail of what we are doing behind the scenes, and we want to highlight two key processes that we undertake. We will talk to you about these, but if there is anything else from this diagram that you wish to discuss, just let us know.



JANUARY 2024

1. Quarterly Stock Intersection Analysis
 - i. Live since June 2022 (not possible without Millie Moneybot's data crunching ability)
 - ii. Our recommended investment managers provide us with their portfolio details quarterly.
 - iii. Report on changes to their portfolios each quarter
 - iv. Comparison of actual holdings with other fund managers to ensure fund managers aren't just holding the same companies.
2. Annual Fund Manager Project 2023
 - i. Back to Basics, what is their actual process, what research do they subscribe to, how do they make their decisions, who does what?
 - ii. Australian FSC report available
 - iii. Meeting with fund managers in person (bulk) or Video Conference.
 - iv. Informs our recommendations (eg Kernel Moonshots Innovation Fund)
3. Annual Fund Manager Project 2024
 - i. Communications (assessing type, how often and the value to our team).
 - ii. External Research Reports Analysis.

Investment Arrangements

Your investment arrangements, including your KiwiSaver, are a central part of your financial planning. We are monitoring your investments on the wrap system and will advise you if we are concerned about any of the investments that you hold.

We request that you read the information included in your Statement of Advice/Annual Review annually, to ensure that you understand what is happening and why you have these investments. Please ask us any questions about your investments, to ensure that you can understand this information.

Your Investment Authority (in the Contract of Engagement)

Your Investment Philosophy (in shared Google Drive folder)

Your Investment Mandate (in shared Google Drive folder)

Your Investment Reports

These are attached, and are particular to you. You can access the information on your wrap system investments online. If you would like to do this, please let us know and we will set up your access.

Transaction reports are available on request – just email us if you require this information, and the information is available on your login access.

Investment Commentary (in shared Google Drive folder)

The Quarterly Wrap is a recent commentary on the current investment market situation is included with this report.

Investment Principles (in shared Google Drive folder)

Appendix 2 sets out the financial principles, including asset allocation, fund selection and investment risk, associated with investment decisions.

Investment Product Summaries (in shared Google Drive folder)

Investment Product Summaries for each investment that you hold in your portfolio are provided to you **in the shared Google Drive folder**. Please note that we require you to read these, and that reading these is not a substitute for reading the product disclosure statement for each investment.

We encourage you to become familiar with this information and ask us any questions relating to these summaries or reports.

Investment Risk Profile

The following statements define your profile as a **Growth or Balanced Growth** investor:

- Timeframe: More than 7 year - Long Term
- Income/Growth Expectations: Mainly GROWTH with a little INCOME
- Projected range of returns: The projected range of returns over 5 year period (returns gross of tax and fees) -2.50% to 13.20%.
- Long term anticipated return 5.40% before tax, fees and inflation.
- Expected probability of a negative return over any single year 27.50%
- Expected risk or volatility: The volatility is the relative rate at which the price of a security moves up and down. Volatility is found by calculating the annualised standard deviation of daily change in price. If the price of a portfolio moves up and down rapidly over short time periods, it has high volatility.
- Investment Attitude: I am normally a mildly aggressive investor who prefers most investments to be in higher-risk areas that could offer a higher long-term return and some in low-risk areas.

The following statements define your profile as a **Balanced** investor:

- Timeframe: More than 5 years - Medium to Long Term
- Income/Growth Expectations: Mainly GROWTH with a little INCOME
- Projected range of returns: The projected range of returns over 5 year period (returns gross of tax and fees) -1.40% to 10.20%.
- Long term anticipated return 5.4% before tax, fees and inflation.
- Expected probability of a negative return over any single year 25.20%
- Expected risk or volatility: The volatility is the relative rate at which the price of a security moves up and down. Volatility is found by calculating the annualised standard deviation of daily change in price. If the price of a portfolio moves up and down rapidly over short time periods, it has high volatility.
- Investment Attitude: I am normally a balanced investor who prefers a balance of investments spread over both low risk areas and higher-risk areas that offer a higher long-term return.

Moneyworks seeks to manage your portfolio within the criteria set and will seek to give you exposure to investments that are performing in the top half of all funds over time and to adjust your asset allocation to meet current economic conditions whilst maintaining your Investment Profile. Most investments are medium to long term. Fixed interest is medium to long term; fixed interest trusts 1-3 years; shares 5 years; property 5-7 years.

Please also refer to the section on Investment Risks **in Appendix 2 in the shared Google Documents**.

[At each review you are confirming the strategy adopted as detailed above. If this is no longer appropriate you should notify your financial planner.](#)

Long Term Strategic Asset Allocation

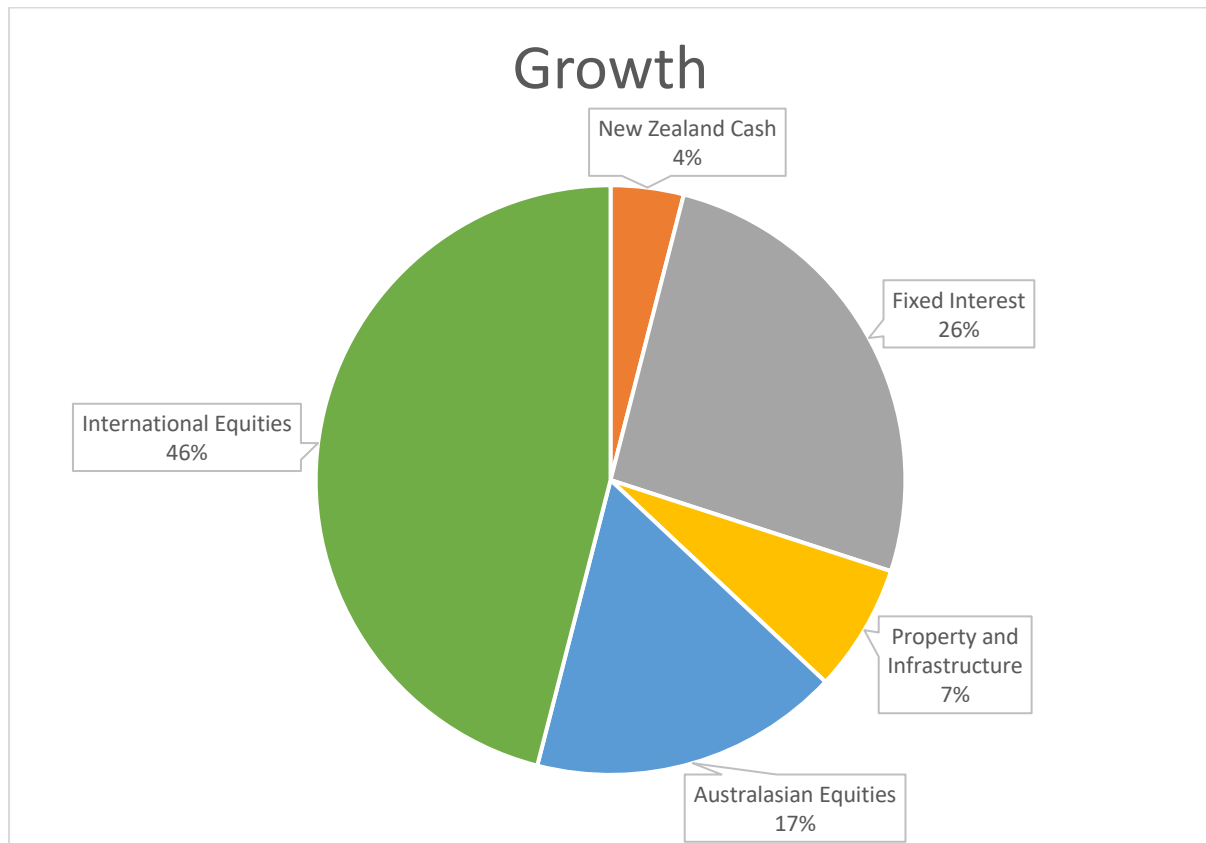
Investments require regular review in case changes need to be made. Therefore, asset allocation is vitally important to the future continued good performance of your investment portfolio.

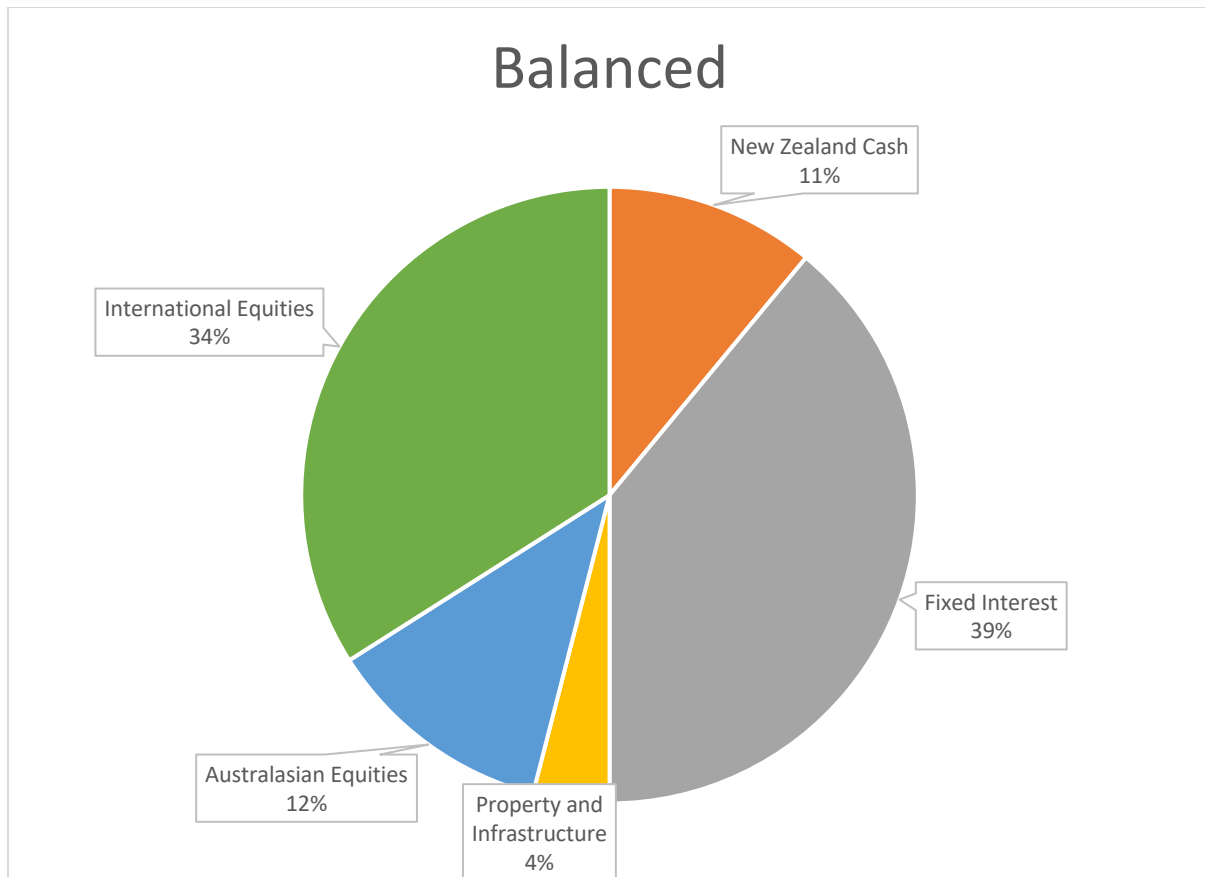
Our company uses five risk profiles and asset allocations with the long term base developed by Morningstar. We then overlay information from the quarterly Farrelly's asset allocation and research.

We also review the long term strategic asset allocation below, and apply it to the current environment. This is reviewed as needed and at least annually in our own internal Moneyworks model portfolio committee meeting – refer Appendix 1 in the Google Drive Legal and Regulatory information file.

The following graph shows the long term Morningstar strategic asset allocation for your investment risk profile(s).

If there is a difference between what you should ideally have, and what we are recommending, we will have reasons for this, which we can discuss with you.





Additional Voluntary Disclosure

We advise that the following is an estimate of the fees and income that we receive from working with you.

Direct Fees to you	Annually after year one	Amount (pa)
Membership Fee		
Annually in June	Includes GST	\$400.00
Investment/WRAP (OA) Platform Income		Plus GST
Mr J H Smith & Mrs E M Smith OA389778-001 Implementation Fee (No GST)	Nil	Nil
Mr J H Smith & Mrs E M Smith OA389778-001 Monitoring Fee (Plus GST)	All Assets under \$500k 1.00%, between \$500k-\$750k 0.80%, above \$750k 0.62%	\$8,423.93
J H Smith & E M Smith Legacy Account OA389778-002 Monitoring Fee (Plus GST)	All Assets 0.80%	\$616.80
Non-Direct Fees to you (part of the product cost)	Annually after year one	Amount (pa)
Pathfinder Jane	Between 0.20% and 0.50% (usually 0.25%)	\$53.10
Pathfinder John	Between 0.20% and 0.50% (usually 0.25%)	\$54.78
TOTAL		\$9,548.61

Duties information

Moneyworks NZ Ltd and our financial advisers have duties when we give financial advice, under the Financial Markets Conduct Act 2013 relating to the way that we give advice.

We are required to:

- give priority to your interests by taking all reasonable steps to make sure our advice isn't materially influenced by our own interests
- exercise care, diligence, and skill in providing you with advice
- meet standards of competence, knowledge and skill set by the Code of Professional Conduct for Financial Advice Services (these are designed to make sure that we have the expertise needed to provide you with advice)
- meet standards of ethical behaviour, conduct and client care set by the Code of Professional Conduct for Financial Advice Services (these are designed to make sure that we treat you as we should, and give you suitable advice.)

This is only a summary of the duties that we have. More information is available by contacting us, or by visiting the Financial Markets Authority website at www.fma.govt.nz.

Appendices

The following reports relevant to your portfolio are attached:

1. **OneAnswer Investment Report –**

Performance Summary of your OneAnswer investment portfolio, including the valuation, gains/losses, tax, fees and rebates, performance by asset, graphical summary, and cash account balances of investments held under the OneAnswer wrap platform for the last 12 months.

2. **OneAnswer Rebalancing Spreadsheet**

3. **KiwiSaver Report**

The report that we have provided you with is the information available to us on your provider's website. The information relating to your investment returns are under the 'Investment returns for your non-portfolio investments' section.

Enclosures:

- Contract of Engagement
- **Membership Fee invoice sent electronically when it is due**
- RIAA Spectrum Picture

Shared with you through Google Drive

- Investment/Product Disclosure Statements
- Investment Product Summary Sheets
- Appendix 1: Moneyworks Investment Philosophy
- Appendix 2: Investment Mandate
- Appendix 3: Investment principles
- Appendix 4: Investment Risks
- Appendix 5: Our fees and how they work
- Appendix 6: FNZ Disclosure Statement
- Appendix 7: Complaints Procedure

Insurers Financial Strength Ratings (these apply to you if you have insurance in place with these providers)

Resolution Life (A - Strong, Fitch Australia), Partners (A - Excellent, AM Best)