

Westpac Notice Saver PIE Fund (the 'Fund') Term Sheet



Parties

Manager & Issuer

BT Funds Management (NZ) Limited ('we', 'us' and 'our'). We are the funds management arm of Westpac.

Registrar & Administration Manager

Westpac New Zealand Limited ('Westpac').

Trustee

Trustees Executors Limited.

Investors

You can invest in the Fund by opening an account at any Westpac branch.

If you're an existing Westpac customer, you can also open an account over the phone by calling 0800 400 600 or, when available, through Online Banking.

If you're not an existing Westpac customer, you'll need to comply with Westpac's account opening terms and conditions before you can invest in the Fund.

You need to be a New Zealand resident individual, organisation or trust to invest in the Fund.

You need a Westpac transaction account to operate and make withdrawals from your Fund account.

Description of Investment

Introduction

An investment in the Fund gives you the flexibility of an online savings account with Westpac but with higher, term deposit-like returns. In return, you must give a minimum period of notice to withdraw some or all of your funds.

The Fund could be ideal if you want to maximise your returns, but need the flexibility to add to your savings at any time and/or make periodic withdrawals for known payments.

As a Portfolio Investment Entity ('PIE'), the Fund can provide tax advantages that aren't available through regular savings accounts or term deposits (see the Tax section below).

If your Prescribed Investor Rate ('PIR') is less than your Income Tax Rate, you could save on tax. If your PIR equals your Income Tax Rate you can still benefit from the wider features of the Fund.

The Fund can offer a range of account types – each with different notice periods and rates of return. You can view the currently available account types at westpac.co.nz/noticesaver.

For example, a 32 Day Notice Saver PIE account means you have to give at least 32 days' notice before making any withdrawal from your account.

You can make investments into your account through Online Banking, Phone Banking, Impulse Saver, Salary Splitter, a Sweep Over facility, Branch deposit boxes, automatic payments, direct credits and bill payments.

To make a withdrawal from your account, you submit a withdrawal notice, giving at least the minimum notice period prior to the withdrawal date. Withdrawal notices may be given by calling 0800 400 600, in Branch or, when available, through Online Banking.

Investment Type

The Fund is a unit trust that is registered as a PIE for tax purposes. This can allow tax to be minimised for a range of investors. You buy units in the Fund for \$1.00 each. So a \$500 investment means you hold 500 units. The Fund invests solely in a New Zealand dollar, interest bearing account with Westpac. Trustees Executors Limited, as the independent trustee, holds the Fund's assets on behalf of all investors.

Returns

Like an online savings account, you will receive a competitive, variable rate of return which can change at any time. Due to the minimum notice period for withdrawals, we aim to offer you returns that are higher than those for a term deposit that has the same or a similar term to the minimum notice period.

Funds on Notice

When you submit a withdrawal notice, the withdrawal amount will receive a lower, variable rate of return until its withdrawal date.

You can view the current rates of return (before tax) and notice period for the available account types at westpac.co.nz/noticesaver.

Returns calculated daily and paid monthly

Your returns are calculated on a per annum basis on the daily balance of your account. Returns, net of tax are paid into your account (or another nominated Westpac account) on the last business day of each month.

Special rates

We may offer special rates from time to time in relation to investments in the Fund on such terms and conditions as we decide.

Minimum Investment

NZ\$500 (being 500 units) per account. If your account balance is below \$500, you will not receive any returns and we may close your account and pay the account balance to you. When available, you can set up a text and/or email alert to notify you when your account balance falls below \$500.

Fees

No fees or expenses are currently payable by you relating to your investment in the Fund.

A service fee may apply to your Westpac transaction account if you're a frequent user of Phone Banking.

Terms and Conditions

Investments in the Fund are subject to these terms, the Westpac Banking Funds Trust Deed dated 20 July 2009, as amended (the 'Trust Deed') and Westpac's General Terms and Conditions, any of which may change from time to time. A reference to 'Westpac' in Westpac's General Terms and Conditions includes us. A copy of the Trust Deed can be viewed on the Westpac website (westpac.co.nz/trustdeed) or at Westpac's offices for no charge. Westpac's General Terms and Conditions can be obtained from westpac.co.nz or at any Westpac branch.

Withdrawals and Tax

Withdrawals

You can generally withdraw all or part of your investment at any time, subject to giving at least the minimum notice and maintaining the minimum investment of \$500 for partial withdrawals. If you wish to make a withdrawal that would leave your account with a balance of less than \$500, you will need to withdraw all funds and close your account after giving the minimum notice.

Multiple withdrawal notices can be submitted for different amounts and withdrawal dates.

Prior to the withdrawal date, you can cancel your withdrawal notice; reduce the amount you wish to withdraw or change the destination account details.

If you cancel your withdrawal notice, the 'Funds on Notice Rate' (see above) will still be applied to the withdrawal amount for the period prior to cancellation.

If your chosen withdrawal date falls on a non-business day, your withdrawal will be processed on the next business day.

When available, you can set up a reminder text and/or email alerts that give you one day's notice that your withdrawal amount is due to be paid.

Where it is in the interests of investors or where the Fund's eligibility for PIE status would be threatened, we can suspend or delay withdrawals.

Early withdrawals without notice

Outside of the seven business days cooling off period (described below), you can withdraw all or part of your investment without giving the minimum notice period, only if we agree. In deciding whether to agree, we will apply our early withdrawal policy which assesses such requests on the basis of hardship. Our early withdrawal policy may change from time to time. Details of our current early withdrawal policy are set out at westpac.co.nz/noticesaver and are available from any Westpac branch, free of charge.

Return reduction for early withdrawals

If an early withdrawal is approved, the return earned to date on your account is reduced.

The return is reduced by the amount that the early withdrawal amount would have earned over the minimum notice period.

The return reduction = withdrawn amount x (Funds on Notice Rate ÷ 365) x minimum notice period.

The return reduction will never exceed the total amount earned since your account was opened.

For an example of how this return reduction is calculated, please see westpac.co.nz/noticesaver.

If your PIR is greater than 0%, the return reduction may give rise to a PIE tax refund (see the Tax section below).

Cooling off period

You have a seven business days cooling off period starting on the date you open your account. During this period, you may cancel your investment and receive your investment back. You will receive no return unless a return has already been paid during the cooling off period.

Tax

The Fund is a PIE for tax purposes. If your PIR is lower than your Income Tax Rate, you'll pay less tax on your savings in a PIE than in a regular savings account or term deposit (unless your PIR is 0% or you are a trust that elects a PIR less than 28%). To compare, use the 'Best Returns' calculator at westpac.co.nz/best-return and click 'Find My Rate'.

The Fund will deduct and pay tax from your return payments at the PIR you notify to us for the Fund. If you make an early withdrawal without giving the minimum notice that causes a return reduction, the Fund will issue you additional units equal in total value to the amount of any resulting tax refund.

You must advise us both of your IRD number and PIR otherwise your returns will be taxed at the default PIR (currently 28%).

Please advise us of your correct PIR. If you advise us of a PIR lower than your correct rate, you may be obliged to pay any tax shortfall at your Income Tax Rate (plus any interest and penalties) and may be required to file a tax return. If you notify us of a PIR higher than your correct rate, any excess tax paid on your behalf cannot be claimed back as PIE tax is a final tax in this situation. Information to work out your correct PIR is available on the IRD website at ird.govt.nz (search for 'correct PIR').

If your PIR changes, you must notify us as soon as possible. While we cannot apply your new PIR to returns already taxed, it is important to correct your PIR for any future returns.

The Fund treats joint investors as a single investor with a PIR equal to the highest PIR of all joint investors. Each joint investor must provide us with their PIR and IRD number or tax will be deducted at the default PIR.

If the Fund fails to comply with PIE eligibility criteria (as defined in the applicable tax legislation) and does not remedy the failure within the period permitted, the Fund may lose its PIE status. If this happens, the Fund will be taxed at 28% on its taxable income and any distributions and redemptions will become taxable to you at your Income Tax Rate, with a tax credit available for any imputation credits. We have implemented processes to monitor ongoing PIE eligibility compliance, and have a number of powers available to us to proactively manage this risk.

In some cases, you could pay more tax on your investment in the Fund than if you invest in a regular savings account or term deposit. For more information on the PIE tax benefits and disadvantages, including how these apply to companies, please see westpac.co.nz/noticesaver.

Further information on PIEs can be found at ird.govt.nz (search for 'PIE for investors').

Westpac, BT Funds Management (NZ) Limited and Trustees Executors Limited do not accept any responsibility for the tax consequences of your investment in the Fund. You should seek independent professional advice as to your particular tax position.

Additional Information

Westpac Disclosure Statement

Important information about Westpac's financial position can also be found in the current disclosure statement issued by Westpac. You are entitled to a copy of that disclosure statement on request at any branch of Westpac, free of charge. A copy is also available at westpac.co.nz (click on the link 'Disclosure Statements' which is located at the bottom left corner of the homepage).

Financial Statements

A copy of the most recent financial statements for the funds established under the Trust Deed is available on the Westpac website (westpac.co.nz/pieannualreport).

Consider Carefully

Investment decisions are very important. They often have long-term consequences. Read these terms and Westpac's General Terms and Conditions carefully. westpac.co.nz/noticesaver and the Trust Deed also provide more detailed information. Ask questions. Seek advice before committing yourself.

Changes to Terms

The rate of return is variable and can change at any time without notice. We will not change the minimum notice period applicable to your account. We may change the other terms and conditions that apply to investments in the Fund by giving notice at least 14 days in advance in accordance with Westpac's General Terms and Conditions.

Westpac's and our Obligations

Investments made in the Fund do not represent bank deposits or other liabilities of Westpac Banking Corporation ABN 33 007 457 141 or Westpac. The Fund however, invests directly in a New Zealand dollar, interest bearing account with Westpac.

The ultimate holding company of BT Funds Management (NZ) Limited is Westpac Banking Corporation. None of Westpac Banking Corporation, Westpac, BT Funds Management (NZ) Limited, any other member of the Westpac group of companies or Trustees Executors Limited guarantees the Fund's performance, returns or repayment of capital. Investments in the Fund are subject to investment and other risks, including possible delays in payment of withdrawal amounts in some circumstances, and loss of investment value including principal invested. The Fund is not offered, and this term sheet does not constitute an offer, in any jurisdiction other than in New Zealand.

This term sheet is dated 8 January 2018.