



Tempo Advice Service

Financial Advice with Tempo

15 May 2024

The financial advice we provide in the Tempo app will help you invest towards your goals. We give you advice, but you make the decisions.

The advice is provided by Tempo Limited ("Tempo"), a Forsyth Barr group company. Keep reading to find out about Tempo's financial advice service and to figure out whether it's right for you. You can sign up by downloading the Tempo app from the Apple App Store or Google Play.



Tempo is authorised to provide financial advice under a licence issued to Forsyth Barr Limited by the Financial Markets Authority.

As a financial advice provider, Tempo has duties to:

- exercise care, diligence, and skill,
- give priority to our clients' interests, and
- follow the Code of Professional Conduct for Financial Advice Services ("Code").

The Code includes standards relating to competence, knowledge, skill, ethical behaviour, conduct, and client care. You can find out more about the Code at www.financialadvicecode.govt.nz.

You can contact us by email – help@tempo.co.nz.



The Forsyth Barr Funds

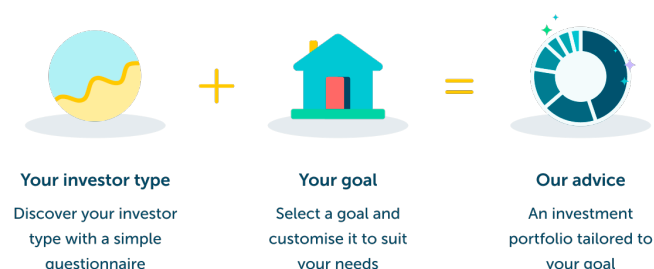
Tempo gives you customised financial advice based on your goal and in relation to the Forsyth Barr Funds. You can also choose to invest in the Forsyth Barr Funds without financial advice from Tempo. The Forsyth Barr Funds are a managed investment scheme with a range of funds that's been put together exclusively for Forsyth Barr Group companies (including Tempo) to use in connection with financial advice and investment management services. The scheme provides a broad selection of investment opportunities that can be combined to suit different investor preferences and goals, and

different investor types. The Forsyth Barr Funds are issued by Forsyth Barr Investment Management Limited. The Product Disclosure Statement for the Forsyth Barr Funds is available at www.tempo.co.nz.



Tempo Financial Advice

Tempo is a digital financial advice provider – it provides financial advice exclusively through the Tempo app about the mix of Forsyth Barr Funds in relation to an investing goal.



Your investor type

We first help you figure out your investor type – Cautious, Balanced, or Adventurous. This determines how much investment risk you're comfortable with. You can review and change that at any time.

While we provide guidance on your likely suitable investor type, you need to be satisfied that the investor type you select or confirm is appropriate. If you're unsure after working through our guidance in the app you should talk to a financial adviser.

Goal-based financial advice

We help you set an investing goal and estimate how long it will take you to achieve that goal, based on the total you're aiming for and how much you plan to invest. You can edit those amounts at any time. Based on the time we estimate it will take to achieve your goal, and on your investor type, we then recommend a mix of funds to achieve your goal. You can also customise your mix of funds – you can choose a theme and we'll recommend a mix of funds with a tilt towards that theme. Your chosen mix determines how each deposit you make to your Tempo account will be invested towards your goal.

Each day throughout your investing journey, we check the actual mix of your investments against our recommended mix. If things drift too much, we'll recommend that you rebalance back to our recommended mix.

Time is also a key factor. For example, just because you're an Adventurous investor, it doesn't mean you'll necessarily have a growth-dominated portfolio. For shorter term goals it's important not to take too much risk. For all investor types, as your goals get closer, we'll make recommendations to gradually switch your investments towards lower risk investments.

Also, if you change your investor type, we'll give you a recommendation about what changes to make to your mix of Forsyth Barr Funds to suit your new investor type. And if you edit your goal we'll check if the change means that your mix of funds needs updating. If it does we'll give you advice about that.

You can also choose to not accept a recommendation if you don't think the time is right. If you choose to not accept a recommendation then your current investment mix may no longer be optimal.

If you don't respond to, or don't accept a recommendation from us, we won't make any changes to your investment mix.

Other information about the Tempo advice service

Deposits to your Tempo account will be invested in the mix of Forsyth Barr Funds according to the Tempo recommendation you most recently accepted. So, if we've made a new recommendation that you've not accepted, then your deposit mix may also no longer be optimal.

Tempo's financial advice relies on responses and selections provided by you in determining your investor type. If different responses or selections were made, our advice may have been different. Tempo's financial advice relies on information provided by

you about the amounts you intend to invest. If the amounts actually invested are materially different from what we've been told, our advice is likely to change based on the amounts actually invested. However, it will still be based on what you told us you will do, which may no longer be right.

We encourage you to periodically review the information you've provided us about your goal.

In providing financial advice, Tempo doesn't enquire about or take into account:

- your age,
- your personal circumstances, or
- your wider financial circumstances, such as your income and expenses, other investments, your capacity to invest, or your capacity to extend an investment timeframe.

Tempo also doesn't give advice on or consider other investment opportunities that might also be suitable for you and your goals, or whether managed funds generally or the Forsyth Barr Funds in particular are the most suitable investment for you and your goals.

Tempo believes in regular investing over time and disciplined rebalancing, so doesn't try to "time the market" when making recommendations. It looks solely at what the recommended mix of Forsyth Barr Funds is at each point in time for your investment preferences, your investor type, and your goal.

When we estimate how long it will take you to achieve a goal we use assumptions about the returns we believe can be reasonably achieved for different asset classes over a range of timeframes (after fees and tax). Actual returns are likely to differ from our returns assumptions, and it may therefore take a longer or shorter time to reach your goal than what we estimate. We regularly review our returns assumptions and how they apply to Tempo portfolios.

In certain extreme or limited circumstances Tempo may temporarily suspend the availability of the Tempo app or the availability of certain features or functionality within the Tempo app (including financial advice).



Fees

With advice in the Tempo app you'll invest in a portfolio of Forsyth Barr Funds. There is no separate charge for Tempo's financial advice. The Forsyth Barr Fund fees cover all the features, benefits, and services you get through the Tempo app, including financial advice from Tempo.

Each Forsyth Barr Fund invests into an underlying fund. So the total annual fund charges for each Forsyth Barr Fund are made up of a flat Forsyth Barr Fund fee of 0.85% plus the fund charges charged within the underlying fund (which we estimate to be between 0.10% and 0.75%, depending on the fund). The actual amounts charged within the underlying funds may differ from our estimates.

However, with financial advice from Tempo you'll invest in a combination of funds. Your fund charges will be a blend of the fund charges that apply to individual funds. The blended total annual fund charges across a portfolio, with financial advice from Tempo, will range from 1.10% to approximately 1.27% of the amount invested, per annum. The actual total fund charges will depend on your fund mix. For example, a Balanced investor with a 5 to 6 year goal in our Classic mix would have a portfolio fee for that year of approximately 1.21%.

The Forsyth Barr Fund fees are calculated and deducted daily for each fund and are reflected in the value of your investments. Similarly, underlying fund charges are charged by the managers of the funds that the Forsyth Barr Funds invest into and are reflected in the value of those underlying funds.

The Forsyth Barr Fund fee is what gets paid to Forsyth Barr Investment Management Limited from the Forsyth Barr Funds. This is shared with Tempo for distributing the Forsyth Barr Funds through the Tempo app and for the related services provided within the app (including financial advice). Forsyth Barr Investment Management is also the issuer of the Octagon Investment Funds, and so also receives the fees charged within those underlying funds.



Conflicts of interest and incentives

Tempo only gives financial advice in relation to the Forsyth Barr Funds, which are issued by Forsyth Barr Investment Management Limited, a related company of Tempo. Tempo has taken a number of steps, as outlined below to manage this and other potential conflicts of interest. A key step is this disclosure, which provides transparency.

The fixed Forsyth Barr Fund fee described above is the same for each Forsyth Barr Fund. This means, from a Tempo perspective, there's no financial incentive for Tempo to prefer any fund over another when giving advice. If the Forsyth Barr Fund fee was not the same for each fund then that would potentially create an incentive to skew advice towards funds with a higher Forsyth Barr Fund fee.

From a Forsyth Barr Funds perspective, having a fixed Forsyth Barr Fund fee rather than fixed total fund charges means the selection of underlying funds is based on an assessment of value rather than there being an incentive to merely select the cheapest underlying fund that meets the investment objective.

Some Forsyth Barr Funds invest into the Octagon Investment Funds which are also issued by Forsyth Barr Investment Management Limited. This means that, in addition to receiving a portion of the Forsyth Barr Fund fee, Forsyth Barr Investment Management Limited also receives fees in respect of the underlying funds it is the issuer of (and our related company, Octagon Asset Management Limited, as the investment manager of those funds also receives a portion of those fees). The fees charged are also different depending on the fund. From a Forsyth Barr group perspective, this potentially creates an incentive for Tempo to skew advice about asset allocation and the mix of funds towards (a) the Forsyth Barr Funds that invest into the Octagon Investment Funds, and (b) the Forsyth Barr Funds that invest in the Octagon Investment Funds with the higher fees.

However, in giving financial advice, Tempo is bound by the duty to give priority to clients' interests, which includes taking all reasonable steps to ensure advice is not materially influenced by the fees received by related companies. The relevant decisions that underpin the advice from Tempo about asset allocation and the mix of funds, are made by the Tempo Investment Committee, which is a committee of Forsyth Barr Limited employees who do not directly benefit from the revenue from Forsyth Barr or Octagon fund charges (although the Forsyth Barr group as a whole may, and Tempo Investment Committee members may be shareholders of the parent company). The relevant decisions made by the Committee are made on the assumption that the total fund charges received by Forsyth Barr group companies is the same for each Forsyth Barr Fund and for each Octagon Investment Fund. The Tempo Investment Committee also reviews the performance and ongoing selection of all of all underlying funds that the Forsyth Barr Funds invest in.

The total fund charges for investing into the Octagon Investment Funds through the Forsyth Barr Funds are different from the total fund charges when investing directly into the Octagon Investment Funds (and as at the date of this document the total fund charges for investing through the Forsyth Barr Funds are higher). The difference is because the product features and services provided to Tempo investors through the Tempo app are different from the product features and services provided to investors investing directly into the Octagon Investment Funds.



Tempo complaints process

A happy customer is very important to us. If you have a complaint you can get in touch by emailing us at help@tempo.co.nz.

We'll carefully consider your complaint and what you think we need to do resolve the matter. Sometimes we'll be able to resolve your complaint to your satisfaction quite quickly. On occasion though, it may take us a little longer to investigate and respond to you. We'll do our best to resolve a complaint within 20 business days. If it's going to take us longer, we'll let you know why and how much more time we need.



Tempo dispute resolution process

If you're not happy with our response to your complaint, you can refer the matter to Financial Services Complaints Limited ("FSCL") – A Financial Ombudsman Service. FSCL is a dispute resolution scheme approved by the Ministry of Consumer Affairs. FSCL provides a free, independent dispute resolution service which may help investigate or resolve your complaint if you're not satisfied with our response.

You can contact FSCL by:

Email: at info@fscl.org.nz

Phone: on 0800 347 257

Mail: to FSCL, PO Box 5967, Wellington 6140

Full details of how to access the FSCL scheme can be found on FSCL's website www.fscl.org.nz.