



Smartshares CIP Funds

Other Material Information

19 April 2024





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1. General

Smartshares Limited (**Smartshares, we, our, or us**) has prepared this document to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (**FMC Act**) and clause 52 of schedule 4 of the Financial Markets Conduct Regulations 2014.

This document supplements the Product Disclosure Statement (**PDS**) for the Smartshares CIP Funds (**Funds**) and sets out important information about the Funds.

The information in this document could change in the future. Please check the offer register at disclose-register.companiesoffice.govt.nz for any updates.

2. Summary of trust deeds

There are two Funds detailed in the Smartshares CIP Funds PDS: the Smartshares CIP NZ Core Equity Fund and the Smartshares CIP NZ Yield Equity Fund. Each Fund was created under a separate Establishment Deed, both dated 17 January 2024, and under the master trust deed for the QuayStreet Funds dated 1 June 2016, as amended on 30 September 2022 (**Master Trust Deed**).

Key terms

A summary of the key terms of the Master Trust Deed and each Establishment Deed is set out below.

Applications

Only investors who are clients of Craigs Investment Partners Limited (**CIP**) or its related companies are eligible to invest in the Funds. Investors apply for units in a Fund in writing through their CIP adviser. Your investment purchases units in a Fund. All application monies are held by the Supervisor (or the Custodian on its behalf) for investment on behalf of investors. Any interest earned on application monies pending the issue of units will be credited to us.

We may accept or refuse to accept, in whole or in part, any application and we are not required to give a reason for any refusal. Any application money received by us in respect of that part of an application which is refused will be refunded to you without any interest.

Units in each Fund are issued and redeemed at the unit price. The unit price is the “net asset value” per unit on the valuation day on which the relevant unit is issued. Valuation days are every business day, unless for reasons beyond our control, valuation is impossible on the day in question.

The “net asset value” per unit is determined by taking the “gross asset value” of the relevant Fund (being the aggregate of the market value of the investments of the Fund, any income accrued or payable in respect of the Fund that is not included in the investments’ value and, if we so determine, any deferred tax assets of the Fund), deducting all liabilities of that Fund (including accrued or contingent liabilities, tax and provisions) and dividing the result by the number of units of the relevant Fund on issue.

If application monies are received by 2pm on a valuation day, units will be issued on that valuation day. Applications received after 2pm on a valuation day will be processed on the next valuation day.

The number of units that an investor will receive will be determined by dividing the investment amount, by the unit price on the valuation day on which the units are issued.

Redemptions

You can invest for any period, although units are only redeemable on a valuation day.

If you wish to withdraw from a Fund you must give written notice to us, via your CIP adviser (**Redemption Request**), which cannot be withdrawn once given. A Redemption Request will generally be actioned with effect on the valuation day following the day on which the Redemption Request is received. If a Redemption Request is received on a non-business day, it will be deemed to be received on the next business day. We may at our sole discretion redeem units on an earlier valuation day.

All withdrawals will be made by way of redemption of units. Units are redeemed at the unit price on the valuation day on which the units are redeemed. There is a minimum withdrawal amount of \$1,000.

We may compulsorily redeem your units on account of any tax payable by the relevant Fund, the Supervisor or us attributable to income attributed to you on such date as we determine. Any redemption of units for this purpose will be undertaken at the unit price applicable on the date of redemption.

We may also redeem or void units if the number of units held by a unitholder and its associated persons (as defined in the Income Tax Act 2007) would cause the relevant Fund to lose its status as a Portfolio Investment Entity (**PIE**).

Suspension of redemptions

We may suspend the processing of all Redemption Requests for a Fund, if by reason of:

- the suspension of trading on any securities exchange; or
- financial, political or economic conditions applying in respect of any financial market; or
- the nature of any investment; or
- a Redemption Request being received, or a series of Redemption Requests having been received within a period of three months, that

in aggregate relate to more than 5% (or such other percentage as we specify from time to time by not less than 30 days prior notice to unitholders) of the number of units on issue in a Fund; or

- the occurrence or existence of any other circumstance or event relating to a Fund or generally,

we form the opinion that it is not practicable or would be materially prejudicial to the interests of any unitholders in the relevant Fund, to give effect to Redemption Requests for that Fund. We may determine that units subject to Redemption Requests may be progressively redeemed by instalments with effect from one or more valuation days falling in a period determined by us or in total at the expiration of a period determined by us. In any such case, the unit price will be calculated as at the valuation day or days on which units are redeemed.

If a Redemption Request is received, or a series of Redemption Requests have been received, within a period of three months that in aggregate relate to more than 20% of the number of units on issue in a Fund, we may suspend the right of the unitholders in that Fund to make Redemption Requests on the following conditions:

- we must notify the Supervisor of our intention to suspend the right of unitholders to make Redemption Requests; and
- we must immediately call a meeting of unitholders in the Fund to consider the winding up of the Fund or such other action as the unitholders deem appropriate.

In both cases, there is no express limit on the period of suspension.

Side-pocketing

We may 'side-pocket' certain assets and liabilities of a Fund, with the approval of the Supervisor, where we consider that it is in the best interests of unitholders in a Fund generally to do so. That may be in order to, for example, address liquidity or pricing issues in relation to a particular investment that might otherwise lead to the deferral or suspension of Redemption Requests in the Fund. Side-pocketing is designed to separate illiquid assets from other more liquid assets in a Fund. This involves quarantining the illiquid assets and making special arrangements in relation to those assets, including arrangements that defer or suspend the ability of unitholders to access the part of their investment in the Fund that relates to those assets.

Separate funds

Each Fund is a separate investment fund in the QuayStreet Funds scheme and the assets of one fund will not be available to meet the liabilities of another fund in that scheme.

Transfers of units

Units may be transferred by requesting and completing a transfer in the form approved by us. Please contact us, via your CIP adviser.

Every transfer must be registered in the unit register and for this purpose the transfer must be sent to the office of the Registrar, Apex Investment Administration (NZ) Limited, PO Box 106039, Auckland City, Auckland 1143. A transferor will remain the unitholder until the transfer is registered in the unit register.

The Registrar may charge a transfer fee to process transfers of an amount agreed with us. There is currently no transfer fee. The unit register will be open for the purpose of registering transfers on business days provided that we may decline to register transfers of units for up to 28 days in each year.

We may specify from time to time the minimum number or value of units which may be transferred and may decline to transfer a parcel of units which is less than this minimum number or value. We may also fix a minimum number or value of units that you must hold after a partial transfer. The minimum value of units in each Fund which you can transfer is currently \$1,000 and there is currently no minimum number or value of units that must be held after a partial transfer.

A transfer of units will be treated as a withdrawal for PIE tax purposes. Any transfer may result in us redeeming units to pay any PIE tax liability in respect of a unitholder. We also have the right to decline a transfer if it would result in the loss of PIE status for a fund.

Manager chooses investments

We may direct the Supervisor to take any action required in respect of the investments of each Fund. The Supervisor is not obliged to act on a direction to invest by us if doing so would be contrary to the Master Trust Deed, any other provision of law or not in the interests of unitholders.

Change of manager

We may retire as manager upon giving 90 days' prior notice to the Supervisor, subject to the appointment of a new manager. We may be removed as manager only in the following circumstances:

- by a written direction of the Supervisor after the Supervisor certifies that it is in the best interests of unitholders that we are removed;
- if we are substituted by the High Court under the FMC Act; or
- by a special resolution of unitholders.

The power of appointing a temporary new manager is vested in the Supervisor. The Supervisor must take reasonable steps to appoint a permanent manager.

Supervisor

The functions of the Supervisor are:

- acting on behalf of unitholders in relation to us, any matter connected to the Master Trust Deed or the terms of the offer, any contravention or alleged contravention of our obligations as issuer and manager of the Funds and any contravention or alleged contravention of the FMC Act by any other person in connection with the Funds;
- supervising the performance by us of our functions as issuer and manager of the Funds and the financial position of us and the Funds to ascertain that it is adequate;
- holding the property of the Funds or ensuring that it is held in accordance with the FMC Act; and
- performing or exercising any other functions, powers and duties conferred or imposed on the Supervisor by or under the FMC Act, the Financial Markets Supervisors Act 2011 and the Master Trust Deed.

Change of supervisor

The Supervisor may retire upon giving 90 days' notice to us, subject to the appointment of a new Supervisor. In addition, the Supervisor may be removed from office in the circumstances set out in the FMC Act or by the High Court on application by us.

The power of appointing a new Supervisor is vested in us but if we fail or refuse to exercise this power then a new Supervisor may be appointed by a special resolution of unitholders. We have no power to remove the Supervisor.

Auditor

The Auditor is selected by us after consultation with the Supervisor. The Auditor may retire upon giving 30 days' notice to us. The Auditor may at any time be removed by us with the approval of the Supervisor or by the Supervisor if the Supervisor believes that removal is in the best interests of each Fund and/or the unitholders. A replacement Auditor will be appointed by us after consultation with the Supervisor.

Borrowing powers

The Supervisor has the power to borrow money in respect of a Fund and to enter into such agreements and securities over the relevant Fund's property as are necessary for that purpose. In certain circumstances we can direct the Supervisor to borrow money in respect of a Fund. The aggregate of the principal money borrowed and outstanding in respect of a Fund or secured against the investments of a Fund may not exceed 20% of the gross asset value of the relevant Fund.

Unitholders are not liable beyond their initial application monies for borrowings made by a Fund.

Expenses

We and the Supervisor are entitled to be reimbursed out of each Fund for costs incurred in performing duties under the Master Trust Deed including:

- all costs incurred with the purchase of any investments;
- the fees and expenses of the Auditor;
- all taxes and duties paid;
- all interest and other costs associated with any borrowing;
- all costs of convening and holding meetings;
- any costs of third parties engaged by us or the Supervisor;
- all costs of preparing, printing and distributing accounts, statements, offer documents and any other communications to unitholders;
- all costs incurred in running the unit register; and
- any other expenses reasonably incurred by the Supervisor, us or any delegate of ours in carrying out duties under the Master Trust Deed.

Meetings of unitholders

We are required to summon a meeting of unitholders of a Fund upon the request in writing of the Supervisor, or of unitholders holding not less than 5% of the value of units on issue in the relevant Fund. We may also convene a meeting of unitholders of a Fund.

Amendments to Master Trust Deed

We and the Supervisor may at any time make any amendment to the Master Trust Deed or any Establishment Deed if:

- the Supervisor is satisfied that the change does not have a material adverse effect on the unitholders and the Supervisor certifies to that effect; or
- the change is approved by, or contingent on approval by, a special resolution of the unitholders that are or may be adversely affected by the change.

Authorised investments

Each Fund may only be invested in the “Authorised Investments” described in that Fund’s Establishment Deed. Authorised Investments for each Fund are interests of any nature in any real or personal property of any nature whatsoever and may include derivatives or other treasury products and any right or option to acquire or take up any such interest.

Winding up

Each Fund will terminate on the earlier to occur of:

- the date which is 80 years less 2 days from the date of establishment of the Fund;
- the date on which the unitholders resolve to terminate the relevant Fund by ordinary resolution;
- the termination date notified by us to the Supervisor and the unitholders of the relevant Fund by at least 30 days’ notice in writing; and
- the date on which the Fund is wound up under the FMC Act.

Upon termination of a Fund, the Supervisor is obliged to sell all investments of the Fund, to pay all liabilities, fees, costs and expenses of the Fund and to distribute the balance amongst the unitholders in proportion to the number of units held by them in the Fund.

Unitholder liability

Unitholders do not incur any liabilities (including contingent liabilities) from holding units in a Fund, other than the liability to pay the unit price and in relation to their personal tax obligations as described below.

Every unitholder indemnifies the Supervisor, us and the relevant Fund on account of any PIE tax attributable to income attributed to that unitholder (and related penalties or interest) which has not been satisfied by redeeming units of, or by deduction from monies paid to, that unitholder. Unitholders also have adjustments made to their units (and distributions if required) to reflect tax paid or payable on their behalf by the relevant Fund.

Manager and Supervisor indemnity

Subject to the indemnity limitations in the FMC Act, if we or the Supervisor are held personally liable to any other person in respect of any debt, liability or obligation incurred by or on behalf of any Fund, except for liabilities arising from any wilful default or wilful breach of trust, then we or the Supervisor (as applicable) are entitled to indemnity and reimbursement out of the relevant Fund to the full extent of that liability. Under the FMC Act, our rights and the Supervisor’s rights to be indemnified are only available in relation to the proper performance of our statutory duties under the FMC Act.

3. Who is involved?

The manager

The manager of the QuayStreet Funds and each of the Funds is Smartshares. Smartshares is a wholly owned subsidiary of NZX Limited.

Our registered office is at:

Level 1
NZX Centre
11 Cable Street
Wellington 6011

We have the following functions as manager of the Funds:

- offering units in the Funds;
- issuing units in the Funds;
- managing the Funds' property and investments; and
- administering the Funds.

We may delegate any of our functions but will remain responsible for the acts and omissions of our delegate whether or not the delegate is acting within the terms of its delegated authority.

We have delegated investment management of the Funds to CIP.

CIP's contact details are:
Craigs Investment Partners Limited
PO Box 13155
Tauranga 3141

We have delegated registry, unit pricing and fund accounting functions to Apex Investment Administration (NZ) Limited (**Apex**).

Apex's contact details are:
Apex Investment Administration (NZ) Limited
PO Box 106039
Auckland City
Auckland 1143

Conflicts of Interest

Smartshares is a wholly owned subsidiary of NZX Limited (NZX) and this may result in conflicts of interest, or perceived conflicts of interest for all of the Funds. The Funds can invest in financial products issued by NZX and entities in the NZX group of companies may receive commercial benefits from this. As investment manager of the Funds, CIP chooses investments based on its own internal investment selection process and in accordance with the relevant Fund's statement of investment policy and objectives. Neither we nor CIP are influenced, nor are we likely to be influenced, in our investment choices by our relationship with NZX or any other members of the NZX group of companies.

We have internal policies and procedures in place to identify, assess and manage potential conflicts of interest. These include our related party transactions procedure that requires us to certify that a transaction is permitted or obtain the Supervisor's consent to the transaction before any benefit is given to a related party out of a Fund's property. We must also notify the Supervisor before we enter into a related party transaction.

CIP also acts as the distributor of the Funds which may give rise to a conflict of interest. You can find out more information on how this conflict is managed in CIP's financial advice provider disclosure statement available at craigsip.com.

The Supervisor & Custodian

Supervisor

The New Zealand Guardian Trust Company Limited is the Supervisor of the Funds. They supervise how we run the Funds, for the benefit of you and other investors.

The Supervisor is licensed by the Financial Markets Authority under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor of registered schemes. More information about the Supervisor's licence, including its conditions, can be obtained at the Financial Service Providers Register at: fsp-register.companiesoffice.govt.nz. If the Supervisor ceased to hold an appropriate licence, then we would be obliged to seek and appoint another supervisor.

The Supervisor can be contacted at:

c/- The New Zealand Guardian Trust Company Limited
PO Box 274, Shortland Street Auckland 1140

The custodian

Citibank N.A. is the Custodian, appointed by the Supervisor to hold assets of the Funds on behalf of investors. Their contact details are:

Citibank N.A. Citigroup Centre
Level 11, 23 Customs Street East
PO Box 3429
Auckland 1140

4. Material contracts

CIP Investment Management Agreement (IMA)

CIP and Smartshares have entered into an IMA dated 19 April pursuant to which, CIP will provide investment management services relating to the Funds. These services include proposing the strategic and tactical asset allocation of each Fund and proposing the investments to be held by each Fund in pursuance of those asset allocations.

Apex service agreement

A deed of novation entered into on 23 February 2023 between Smartshares, Craigs Investment Partners Investment Management Limited (**CIPIML**) and Apex relating to the novation from CIPIML to Smartshares of an agreement originally dated 1 June 2016 between CIPIML and Apex relating to the delegation of registry, unit pricing and fund accounting functions from CIPIML to Apex in respect of the Funds.

5. Summary of policies & procedures

Smartshares operates under both NZX Limited and Smartshares specific policies, codes and procedures. A summary of those policies is as follows:

Summary of policies, codes and procedures

Statement of investment policy and objectives (SIPO)

The SIPO covers matters such as:

- Liquidity and cash flow management
- Pricing and valuation
- Trade allocation and execution
- Trade reconciliation and risk management

The purpose of the SIPO is to document for investors and the Supervisor the investment policies of the Funds. It states each Fund's investment policy and objectives, its performance benchmarks and target asset allocations.

Derivatives policy

This policy governs the use of derivative instruments in the Funds. Derivatives may be used for the purposes of cash management.

Anti-money laundering policy

Smartshares complies with the Anti-Money Laundering and Countering of Financing of Terrorism Act 2009. Smartshares actively takes measures to guard against being used as a medium for money laundering activities. Smartshares will take reasonable measures to establish the identity of its clients and beneficial owners and will only accept clients once this process has been completed.

Code of conduct

The Code of Conduct is a statement of our commitment to integrity and high ethical standards in all that is done at Smartshares and NZX. The Code sets the minimum standards of conduct that we expect from our directors, officers and employees during all interactions with clients, competitors, business partners, government authorities, shareholders, and each other.

Conflict management policy

Smartshares Conflict Management Policy's purpose is to establish and describe Smartshares' policy and procedures in respect of conflicts of interest that could materially influence its investment decisions or the investments decisions of the external investment managers it has appointed (or both).

Financial products trading policy

Insider trading is trading in securities of a public issuer on the basis of inside information. Possession of insider information makes a person an information insider. The objective of this policy is to put in place procedures and controls to ensure that Smartshares' and NZX's directors and employees do not breach the prohibition on insider trading or create any perception of directors or employees trading financial products when they should not do so.

6. Benchmarks and market indices for the Funds

Each Fund's returns are measured against the S&P/NZX 50 Gross with Imputation Index as set out in the SIPO. More information about the S&P/NZX 50 Gross with Imputation Index can be found at spglobal.com/spdji/en/indices/equity/sp-nzx-50-index

7. Additional information on fees

Explanation of the estimates

Total annual fund charges

Included in the PDS are 'total annual fund charges', which include estimates of expenses for each Fund. We have assumed expenses will not materially change from year to year. In preparing the expense estimates we based them on the total costs incurred by other funds covered by the Master Trust Deed for the previous financial year including audit and legal fees. We therefore expect the actual expenses for each Fund will be similar to the financial year ended 31 March 2024.

Additional information

Individual action fees

No contribution, establishment, termination, or withdrawal fees are charged.

Trading costs

The Funds may incur trading costs which will affect the value of your investment.

Currently, a brokerage expense of up to 0.50% of the amount being traded are payable when a Fund buys and sells securities. This expense is deducted from the applicable Fund when incurred and reflected in its unit price.

Fees paid by the manager

We have currently agreed to meet the fees payable to the Registrar, Administration Manager, Investment Manager and Supervisor (other than special fees) from the management fee. We have also agreed to pay the valuation-based custody fees charged by the Custodian for holding and maintaining securities held by the Funds. The Funds pay any transactional fees charged by the Custodian. This may change, in which case the fees payable to the Custodian, Registrar, Administration Manager, Investment Manager and Supervisor would be paid directly out of each Fund.

We may agree to change the fees with each party, subject to any restrictions contained in the Master Trust Deed and/or Establishment Deeds, including any notice requirements.

GST will be added to any fees, if applicable, at the prevailing rate.

Supervisor and Custodian fees

A fee based on the gross asset value of each Fund is payable to the Supervisor for carrying out the supervisor functions. This fee is currently paid by Smartshares.

In addition, the Supervisor is entitled to charge special fees for services of an unusual or onerous nature outside the Supervisor's regular services. There is no limit on such special fees. However, these special fees are not paid out of the management fee.

Valuation-based fees are payable on each security held by the Funds, to Citibank N.A. in its capacity as Custodian of the Funds. The fees per security vary depending on the market and the security type (e.g. equity versus fixed interest, listed versus unlisted). These fees are currently paid by Smartshares.

Investment Manager's fees

CIP provides investment management services for the Funds and is entitled, on demand, to a one-off fee of \$10. This fee is payable by Smartshares.

Registrar & Administration Manager's fees

A fixed annual fee is payable to Apex in its capacity as Registrar.

An annual fee based on the gross asset value of each Fund is payable to Apex in its capacity as administration manager of the Funds.

These fees are currently paid by Smartshares.

8. Additional information on tax

The following statements in relation to taxation are of a general nature only and are based on current tax legislation. That legislation may change. Tax treatment may vary depending on your individual circumstances. We recommend that you seek professional tax advice. We and the Supervisor do not take any responsibility for your taxation liabilities. Returns to you are likely to be affected by taxation. The taxation rules applying to the Funds are set out below. Each Fund is a Portfolio Investment Entity (**PIE**). The following statements assume that each Fund is and remains a PIE. Should any of the Funds cease to be PIEs, different taxation rules would apply to that Fund.

As a PIE, each Fund will attribute all taxable income (or losses) across all investors based on the number of Units held. Tax is calculated on income attributed to you at your nominated Prescribed Investor Rate (**PIR**). The PIR for individuals is capped at 28%.

Your responsibilities

You must advise us, via CIP of your IRD number (or your foreign tax identification number if you are not a New Zealand tax resident) within six weeks of joining the Funds. You must also advise us, via CIP of your applicable PIR when you join the Funds, and when your tax details change.

If you are unsure of your PIR, we recommend you seek professional tax advice or contact the Inland Revenue Department.

It is your responsibility to tell us, via CIP your PIR when you invest or if your PIR changes. If you do not tell us, a default rate may be applied.

Applying tax rules to the Funds

A Fund's tax liability on PIE income is attributed to its investors and will be deducted from each investor's interests in the Fund at the following times in respect of each tax year:

- At the end of the tax year (following 31 March);
- Upon any full or partial withdrawal or switch;
or

- If at any time the balance of the remaining units is, or could potentially become, insufficient to cover a Fund's accrued tax liability on income attributed to the investor. We will consider potential market movements when determining whether the remaining units are of sufficient value to cover the tax liability.

If you select a PIR that is greater than 0%, then the tax paid by the Fund on your share of the income is generally a final tax (that is, the income need not be included in your income tax return). However, the tax paid by the Fund will not be a final tax if you select a PIR that is too low, if you are a trust that selects the 10.5% or 17.5% PIR, or if you have recently become a New Zealand tax resident and have elected to disregard foreign sourced income derived prior to becoming a New Zealand tax resident when calculating your PIR.

If you select a 0% PIR or tax at your PIR is not a final tax, then you will need to include your share of the income in your income tax return and pay any tax due on that income.

9. Additional information on risk

All investments involve risk. There is a chance with any investment of an uncertain outcome, where the actual return is different to what was expected.

Risk can cause the value of an investment to go up or down (i.e. be volatile). The extent of any volatility will depend on the specific investment

and general market conditions. In extreme circumstances, risk can result in losses which can erode an investment's entire value.

The below identified risks are additional to those referred to in our the PDS for the Funds.

Other risks

Other risks that are not reflected in the risk indicator include:

Investment Manager risk

Smartshares has appointed CIP as a third-party investment manager of each Fund and, as such, is dependent upon CIP performing its investment management activities and achieving the investment objectives of the Funds. There remains a risk that the investment manager could under-perform or fail to achieve the objectives set out in each Fund's SIPO.

General business risk

Disruption to the operations of the Funds through such events as the loss of key personnel, failure of processes and procedures, the extended loss of power, technology failure, or the destruction of premises.

Derivative risk

The Funds may invest in derivatives for the purposes of cash management. The risks associated with derivatives include market risk, credit risk of the counterparty and liquidity risk.

Counterparty risk

A third party may default on their obligations resulting in a loss of value in an investment.

Regulatory risk

Future changes to legislation or applicable regulations (including New Zealand and international taxation legislation), which could affect the operation of each Fund or unitholders' distributions or the level or nature of returns from each Fund. The Master Trust Deed could be amended in a manner that is required or permitted by law that has the effect of reducing the value of unitholders' interests or restricting access to unitholders' returns.

Insolvency risk

Any of the Funds becoming insolvent or being otherwise unable to meet their financial obligations. If this occurs, unitholders may not recover the full amount of their interest in that Fund.

PIR risk

We may either over or underpay tax within the Funds on a unitholder's behalf, for example, as a result of a unitholder providing us with the wrong PIR or not advising us to change that rate when it needed to be changed. If tax is underpaid, the unitholder will be obliged to pay additional tax (and potentially penalties or interest) to the IRD.

PIE registration risk

If a Fund fails to satisfy any eligibility criteria for PIE status and that failure is not remedied within the permitted period under the Income Tax Act 2007, a Fund could lose its PIE status. If a Fund was to lose PIE status, that Fund would be taxed at the rate of 28% rather than at each unitholder's PIR. The tax exemption for gains on sale of certain New Zealand and Australian shares (including units in unit trusts) would also cease to apply to a Fund if PIE status was lost.

Asset class risk

The Funds primarily invest in New Zealand equities, which is a growth asset. The value of a growth asset, such as shares, is reflected in the market price of the asset. Prices are generally driven by a company's performance. If the company performs poorly, or if it needs to reduce or stop paying dividends, its share price will usually decline. There are also many broader market forces that can negatively affect the value of shares, such as a weak economy, increased regulation, political uncertainty or negative investor sentiment. Issues like these, as well as many others, can result in lower share prices.

10. Other information / disclaimers

This information is issued by Smartshares Limited, a wholly owned subsidiary of NZX Limited. Smartshares is the manager of the QuayStreet Funds and each of the Funds. Anyone wishing to make an application for units in the Funds should obtain a copy of the current PDS for the Funds and consider it before making any decision to invest.

This information is provided for persons living in New Zealand and Australia and is not provided for public dissemination or persons living outside New Zealand or Australia.

This information is not intended to constitute financial advice. In preparing this information Smartshares did not take into account the financial position, needs, goals or risk tolerance of any particular person. Accordingly, before making any investment decision Smartshares recommends professional advice from a financial advice provider is sought.

Third party information, products and services

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