

TRUST MANAGEMENT PIE FUNDS

OTHER MATERIAL INFORMATION

26 October 2022

Issued by Trust Investments Management Limited as corporate trustee of the Trust Investments Management Charitable Trust ("**Trust Management**").

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1. GENERAL

This document contains information that is considered by Trust Investments Management Limited as corporate trustee of the Trust Investments Management Charitable Trust ("**Trust Management**", "**we**", "**us**" or "**our**") to be 'material' to the Trust Management PIE Funds ("**Funds**") that is not contained in the Product Disclosure Statement for the Funds ("**PDS**") or otherwise contained in the offer register entry for the Funds at <https://disclose-register.companiesoffice.govt.nz>.

This document has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 ("**FMC Act**") and components of clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014 ("**FMC Regulations**"). All legislation referred to in this document can be viewed at www.legislation.govt.nz.

In this document, the words "you" or "your" refers to a person or entity that is an investor that invests in the Funds. Capitalised terms have the same meaning as in the Trust Deed unless they are otherwise defined in this document.

None of Trust Management, The New Zealand Guardian Trust Company Limited, or any director or nominee of any of those entities, or any other person guarantees the Funds' performance, returns or repayment of capital.

2. FUNDS

This document relates to the offer of units in the following Funds:

Fund	Date the Fund started
Trust Management Property Fund ("Property Fund")	1 April 2020
Trust Management ESG Australasian Share Fund ("Australasian Share Fund")	1 April 2020
Trust Management ESG NZ Bond Fund ("NZ Bond Fund")	1 April 2020
Trust Management ESG International Share Fund ("International Share Fund")	1 April 2020
Trust Management ESG International Bond Fund ("International Bond Fund")	1 April 2020
Trust Management ESG Balanced Fund ("Balanced Fund")	1 April 2020

The Funds are constituted within a registered scheme called the 'Trust Management PIE Funds' ("**Scheme**"). The Funds were established under a Master Trust Deed dated 18 March 2020 ("**Trust Deed**"), together with a separate Establishment Deed for each Fund.

Each Fund is invested in accordance with the statement of investment policy and objectives ("**SIPO**") for the Funds dated 26 October 2022. You can get an electronic copy of the Trust Deed, the Establishment Deeds and the SIPO from the scheme register at <https://disclose-register.companiesoffice.govt.nz>.

3. PERSONS INVOLVED

The Manager

Trust Investments Management Limited as corporate trustee of the Trust Investments Management Charitable Trust is the manager of the Funds (“**Manager**”).

Our directors

Our directors and their biographies, as at the date of this document, follow.

Andrew H Evans – BBS, GDipBus(Finan), MBA (Dist), ANZIV, FPINZ, CFInstD, Chair, Chair Due Diligence Committee

Andrew Evans has over 30 years’ experience in commercial real estate and asset management, previously holding executive positions in listed and unlisted real estate investment businesses.

Andrew is chairperson of Infinity Investment Group Limited, Mackersy Property Limited and Accessible Properties NZ Limited. In addition, Andrew is a past National President of the Property Council of New Zealand, a fellow of the New Zealand Property Institute, and a government appointee to the Land Valuation Tribunal (Waikato No.1). He is a chartered fellow of the Institute of Directors.

Christine A Scott – BA (Hons), CMInstD, CHFC

Christine Scott is Managing Director of Strategy Inc. Limited. Formerly Managing Director in New Zealand with Royal & SunAlliance (now the SunCorp Metway group of companies), she now consults with mid-large corporations in the areas of strategy, marketing, governance and performance measurement.

Christine has held directorships in numerous financial service companies in New Zealand and Canada, and is, or has been a trustee for a number of not-for-profit organisations, including UNICEF NZ, the J R McKenzie Trust, and the Auckland Rotary Foundation. She is a past director of the ISI (now the Financial Services Council).

Christine was awarded CHFC, CFP, CLU and FLMI financial sector designations in Canada. Christine also successfully completed the Officers, Partners & Directors program of the Investment Funds Institute of Canada.

James E Douglas – BCom, Chair Audit and Risk Management Committee

James has significant governance experience, his current board roles include Perpetual Trust Limited and Anglican Trust Board Services Limited. His previous executive roles included CEO of Tower Insurance’s general insurance company and Managing Director of NZ Guardian Trust.

James previously chaired the Trustee Corporation Association.

Ross G Bay – OStJ, QSM

Ross Bay is the Anglican Bishop of Auckland.

Ross worked for the Bank of New Zealand until beginning theological study in 1986, graduating with a Bachelor of Theology from the Australian College of Theology in 1990.

After a period in the United Kingdom where he gained a post-graduate diploma in theology, Ross returned to New Zealand working as the vicar of a number of parishes in Auckland. He was appointed Dean of Holy Trinity Cathedral in 2007 and became Bishop of Auckland in April 2010.

Ross sits on a number of governance boards associated with the Auckland Anglican Diocese and wider Church. His governance roles include Chair of the Diocesan Council, Chair of Trustees of King’s College, Trustee of the General Trust Board, and President of the Selwyn Foundation. His wider community involvement has been recognised by being made an Officer of the Order of St John in 2020, and the award of a Queen’s Service Medal for services to Fire and Emergency NZ and the community in 2022.

Anne Blackburn – BA, MA, CFinstD, Chair Remuneration and HR Committee

Anne brings extensive governance experience to our Board with current appointments in the financial services sector including the Government Superannuation Fund Authority (Chair), TSB Bank, Fisher Funds, Resolution Life (Chair). As well, she serves on the boards of investee companies of a major European reinsurer.

She has served previously on central government boards – Export Credit Office and Treasury’s Commercial Operations Advisory Board – on boards within the Crown portfolio – AgResearch, TVNZ, Meridian Energy and NZVIF - and in the local government sector with Auckland Council Property Limited and Eke Panuku.

Her own not-for-profit governance experience includes chairing The Royal New Zealand Ballet and the Matatuhi Foundation.

David McClatchy - BCom

David has over 30 years’ experience in the investment and financial services industry, as an investor and running businesses in NZ, Australia, across Asia, the US and UK. David returned to New Zealand following a successful sixteen-year career based in Sydney, Australia. There, he served as Group Chief Investment Officer of Insurance Australia Group and Managing Director at IAG Asset Management until 2019, and before this held the role of CEO and Chairman at ING Investment Management Australia Ltd. Prior to his time in Australia, David spent sixteen years with banking and investment management companies in New Zealand. David is on the Board of the Guardians of New Zealand Superannuation, a Director of NZX-listed Kingfish Limited, Barramundi Limited and Marlin Global Limited, and is a Director of Waipuna Hospice Incorporated. David is a past member of the Chartered Accountants Australia and New Zealand.

Our directors may change from time to time without notice to you. A current list of directors is available online at <https://companies-register.companiesoffice.govt.nz>.

Our management team

Our management team and their biographies, as at the date of this document, follow.

Rachael McDonald - BA/LLB, CMInstD, Chief Executive

Rachael has had an extensive career in law and professional services.

She completed a conjoint Bachelor of Arts and Law degree at the University of Auckland. Rachael started her legal career with New Zealand commercial law firm, Chapman Tripp.

Rachael has worked for more than 20 years in leading international law and professional services firms in New Zealand, the Cayman Islands, the British Virgin Islands and England. Rachael joined Trust Management as Chief Executive in September 2022.

Rachael is admitted as a solicitor in New Zealand, England, the Cayman Islands and the British Virgin Islands (each non-practising). She is a Chartered Member of the New Zealand Institute of Directors and a member of Global Women New Zealand.

Shane Coward – BCom, MInstD, Chief Operating Officer

Shane is responsible for the successful implementation of the business plan objectives and client service deliverables. Shane is also responsible for the oversight of the risk management and regulatory compliance of Trust Management. In addition to these duties, Shane provides governance services to a number of our clients.

Shane has significant experience in the finance and commercial management fields. Prior to joining Trust Investments Management Limited in 2003, Shane worked for Globe International (N.Z.) Limited, as the Finance Manager.

Patrick O'Reilly – MProp, PGDipCom, BCom(VPM), MInstD, General Manager Property

Patrick leads the Property Asset Management Team and is responsible for the portfolio management and performance of the Property Fund, as well as a number of discrete property portfolios. Patrick has a wealth of experience in the New Zealand property sector, through his previous roles with NZX-listed and non-listed companies, including at Brookfield Office Properties, DNZ Property Fund (Stride), and AMP Capital.

Patrick is a fellow and past president of the Property Institute of New Zealand.

Matthew Goldsack – BCom, GradDipBus(Fin), INFINZ (Assoc), AIF, General Manager Investments

Matthew oversees the management of the Funds and the direct accounts of a number of larger clients. This includes oversight of the investment implementation process for the Funds, asset allocation, and external investment manager selection and due diligence for the PIE International and Australian funds. Matthew has previously had a range of senior roles in the institutional funds management industry, notably for BT Funds Management/Westpac and AXA Global Investors.

Sarah Hipkiss – BCom, CA, Chief Financial Officer

Sarah is responsible for Trust Management's financial services function. Sarah is also responsible for the oversight of the preparation of NZ IFRS compliant annual financial statements on behalf of the Funds and various clients, as well as liaising with external auditors and advisers.

Prior to joining Trust Management, Sarah worked for The Comfort Group and Cavalier Corporation after a number of years with KPMG, including 5 years as a partner in the audit division.

Investment Manager

We have appointed Harbour Asset Management Limited to act as the investment manager for the Australasian Share Fund. Harbour Asset Management Limited is a specialist investment management company. Further details about Harbour Asset Management Limited are contained on its website www.harbourasset.co.nz.

We have appointed Nikko Asset Management Limited to act as the investment manager for the NZ Bond Fund. Nikko Asset Management Limited is a specialist investment management company. Further details about Nikko Asset Management Limited are contained on its website www.nikkoam.co.nz.

The International Share Fund invests in a fund managed by State Street Global Advisors, and in this respect, State Street Global Advisors provides investment management services in relation to this Fund. Further details about State Street Global Advisors are contained on its website www.ssga.com.

The International Bond Fund invests in a fund managed by Blackrock Investment Management, and in this respect, Blackrock Investment Management (Australia) Limited provides investment management services in relation to this Fund. Further details about Blackrock are contained on its website www.blackrock.com/au.

The funds that the International Share Fund and the International Bond Fund invest into may change from time to time without us notifying you.

Supervisor

The New Zealand Guardian Trust Company Limited is the supervisor ("Supervisor") of the Funds.

The directors of the Supervisor, as at the date of this document, are:

- Robin Albert Flannagan
- Bryan David Connor

The directors of the Supervisor may change from time to time without notice to you. A current list of directors is available online at <https://companies-register.companiesoffice.govt.nz>.

The Supervisor has been granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of debt securities, non-fund schemes, specified managed funds, superannuation schemes and KiwiSaver schemes, for a term expiring on 16 March 2023. Further details are available on the Financial Market Authority's website www.fma.govt.nz.

The Supervisor was incorporated under the Companies Act 1955 in New Zealand on 7 September 1982 and was re-registered under the Companies Act 1993 on 23 April 1997.

The Supervisor's ultimate holding company is Thevelia Parent Limited, a company incorporated in the Cayman Islands.

Manager and Supervisor indemnity

Under the Trust Deed and subject to the limits on permitted indemnities under the FMC Act, we and the Supervisor are indemnified out of each Fund for any loss, expense or liability incurred in the execution or non-execution of our or the Supervisor's powers (as applicable) and against actions and costs for any matter done or omitted relating to a Fund, the Trust Deed or an Establishment Deed, except to the extent that any such loss, expense or liability has arisen because of our or the Supervisor's gross negligence or fraud or wilful breach (as applicable).

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 respective statutory duties under the FMC Act.

Further information in relation to our and the Supervisor's responsibilities and indemnities is set out in the Trust Deed.

Custodian

The Supervisor has delegated the function of holding the property of the Australasian Share Fund to Trustees Executors Limited and to Public Trust with BNP Paribas as sub-custodian for the NZ Bond Fund.

The New Zealand Guardian Trust Company Limited (acting through its nominee company TIM Nominees Limited) is custodian of the other Funds. As required by the FMC Act, the Supervisor and the custodians are independent of us.

Registry

MMC Limited provide registry services for the Funds, including certain administrative services associated with PIE tax regime.

Auditor

The Auditor of the Funds is Ernst and Young. The Auditor is registered under the Auditor Regulation Act 2011. Other than in its capacity as auditor of the Funds and the Manager, the Auditor has no relationship with, or interest in, the Funds.

Solicitors

Our solicitors are Chapman Tripp. The Supervisor's solicitors are Russell McVeagh.

4. ADDITIONAL INFORMATION ON MAKING INVESTMENTS AND WITHDRAWAL TRANSACTIONS

Making investments

The process for investing in the Funds is set out in the PDS. All application monies will be held on trust for applicants until units are allotted.

Any interest earned on application monies will be for the benefit of the relevant Fund. No interest will be paid to applicants on application monies if an application is denied in whole or in part.

Withdrawal transactions

You may request a redemption of some or all of your units in a Fund at any time by completing a redemption request form (available from us). Once submitted, your redemption request cannot be withdrawn. For some Funds, you must give a minimum period of notice (a “**notice period**”) to allow us time to realise assets if necessary to permit your redemption. Notice periods commence on the date we receive your completed redemption request. The applicable notice periods for redemptions from the Funds are set out in the PDS.

Units in a Fund are redeemed at the unit price for that Fund, adjusted for the applicable sell spread for that Fund.

The redemption of units is effected on the date on which the unit price of the relevant Fund(s) is next calculated following the later of receipt of the redemption request and the expiry of any applicable notice period.

We may refuse a redemption request, with the agreement of the Supervisor, if we are of the opinion that it would not be practicable or would be materially prejudicial to the interests of unitholders, for the redemption request to be processed. We may suspend or defer redemptions as explained below.

Suspension of redemptions

We may suspend redemptions in any of the Funds where we are, by reason of certain events (including a decision to terminate the Funds, market conditions or the nature of the investments of the Funds), of the opinion that it would not be practicable, or would be materially prejudicial to the interests of the unit holders of the Funds, to realise investments of the Funds or to borrow to permit redemption. The period of suspension will be until we give you notice that the suspension notice is cancelled or on the expiration of such period as we determine in good faith is in the best interests of unitholders (which may not exceed three months without the consent of the Supervisor), whichever is the earlier.

Redemptions are not permitted during a suspension period. Unsatisfied redemption requests will be effected on the date the unit price for the applicable Fund is next calculated after the suspension expires or is cancelled, at the unit price for that Fund calculated on that date and adjusted for the applicable sell spread for that Fund.

Deferral of redemptions

We may also defer redemptions if, over any 21-day period, redemption requests received are of an amount that we believe could detrimentally affect the interests of other unitholders of the Funds. The period of deferral will be until we give you notice that the deferral notice is cancelled or on the expiration of three months (or such other period that we determine in good faith is in the best interests of unitholders of the relevant Fund), whichever is the earlier.

We have a discretion to satisfy redemption requests on an equitable basis during a deferral period at the unit price for the relevant Fund, adjusted for the applicable sell spread for that Fund, on the date on which the units are redeemed. If we have not exercised our discretion to satisfy redemption requests before the expiry or cancellation of the deferral period, units will be redeemed on the date the unit price for the applicable Fund is next calculated after the deferral expires or is cancelled, at the unit price for that Fund calculated on that date and adjusted for the applicable sell spread for that Fund.

5. ADDITIONAL INFORMATION ON PIE TAX

The following summary of the New Zealand taxation regime as it applies to the Funds is intended as a general guide only. The circumstances and tax position of each investor is different, and all investors should seek their own independent tax advice before investing.

Portfolio investment entities

Each Fund is a Portfolio Investment Entity (PIE) for tax purposes.

Under the PIE regime, each Fund will attribute taxable income to its investors in accordance with their interest in the Fund and, where applicable, pay PIE tax calculated by reference to investors' notified Prescribed Investor Rate (PIR). Investors who have notified a correct PIR greater than zero should not have any further tax to pay in respect of their attributed income or on withdrawal. Investors with a notified PIR of 0% must account for tax on attributed taxable income from the Funds in their own tax returns.

You must notify us of your PIR and valid IRD number when you apply to invest in a Fund. You must also notify us if your PIR change at any time. You will be asked to reconfirm your PIR at least once a year. Investors who do not notify their PIR or provide a valid IRD number will be treated as having a notified PIR at the default rate of 28%. Inland Revenue may notify us to disregard an investor's notified PIR and apply a different rate if Inland Revenue considers the notified PIR to be incorrect.

If the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

PIR for New Zealand resident non-individual investors

A New Zealand tax resident company, unit trust, registered charitable entity, PIE, PIE investor proxy and superannuation fund (unless they choose a PIR of 28% or 17.5%) has a PIR of 0%. These zero-rated investors must include the attributed taxable income from the Funds in their own tax returns.

PIR for New Zealand resident trustees

A New Zealand tax resident trustee that is not the trustee of a registered charitable entity may choose a PIR of 0%, 17.5% or 28%. A New Zealand resident trustee of a testamentary trust may also choose a PIR of 10.5%. These investors must include the attributed taxable income from the Fund in their own tax returns unless they have a notified PIR of 28%.

PIR for New Zealand resident individuals

A New Zealand tax resident individual's PIR is determined based on their taxable income and their total income (taxable income plus net attributed PIE income) in the two immediate prior income years. Broadly, a New Zealand resident individual has a PIR of:

- 10.5% if in either of the two income years they derive \$14,000 or less in taxable income and \$48,000 or less in taxable income plus net attributed PIE income
- 17.5% if in either of the two income years they derive \$48,000 or less in taxable income and \$70,000 or less in taxable income plus net attributed PIE income
- 28% in all other cases (even if their marginal tax rate is higher).

PIR for non-residents

An investor who is not New Zealand tax resident has a PIR of 28%. Funds known as “foreign investment zero rate PIEs” and “foreign investment variable rate PIEs” are intended to reduce taxation of foreign investors’ investments in PIEs. We do not currently offer these types of funds as most of our investors are New Zealand investors.

Joint investors

We will use the highest notified PIR in respect of joint investors. If PIRs have not been provided by all joint investors, we will apply the default rate of 28%.

Investments not subject to the Foreign Investment Fund (FIF) regime

As long as a Fund remains a PIE, the Fund will not be subject to tax on any gains from the sale of shares in New Zealand resident companies or certain companies resident in Australia that are listed on the Australian Securities Exchange. Ordinary New Zealand tax rules apply to dividends on such shares.

Investments subject to the FIF regime

Other foreign shares held by a Fund will generally be taxed under the fair dividend rate (FDR) method. Under this method, a Fund will be deemed to have taxable income in an income year based on 5% of the market value of the shares calculated on a daily basis. Any dividends and gains from sale of the shares will not be taxed separately, but a Fund should be entitled to a credit for foreign withholding tax paid on dividends, subject to certain limits. No tax deduction may be claimed for any losses in respect of the shares.

Other non-equity investments

Other income derived by a Fund will be subject to ordinary tax rules.

PIE tax payment and timing

The Funds may pay tax in respect of investors at different rates and may receive tax credits that are only attributable to certain investors. If applicable, we may adjust the units held by investors to take account of such tax and tax credits.

6. ADDITIONAL INFORMATION ON FEES AND EXPENSES

Manager's fees

We receive annual remuneration for acting as manager of each Fund. Our remuneration is payable quarterly, at the same time as the distributable income of a Fund is paid to the investors in that Fund.

For the Property Fund, our remuneration at the date of this document comprises:

- Management fees: 0.55% pa of the gross asset value of the property investments plus 0.3% pa of the market value of any cash and fixed interest investments.
- Facilities management fees: 3% of the gross income earned by the Fund, plus a fee for negotiation of a rent review or re-leasing of any property as follows:
 - Rent reviews: 1% of the existing net annual rent plus 10% of any increase in the annual rent achieved;
 - Leasing: for leases under three years: 10% of the gross annual rental income; for leases of more than three years: 11% of the gross annual rental income plus 1% for each year in excess of three years to a maximum of 15%; and for leases with an annual gross income of under \$100,000, a minimum fee of two months' rental applies.
- Special projects fees: can be charged for special projects relating to the acquisition or sale of a property. For example, if we find a purchaser for a property in the Property Fund and negotiate the sale of that property to that purchaser, we may charge a special projects fee similar in nature to the fee that a third party may charge the Fund if it provided the same services to the Fund. Any special projects fee must be agreed upon between the Manager and the Supervisor and would not be expected to be greater than the reasonable fee that a third party would charge if it provided the same services to the Fund.

For each of the other Funds we are entitled to an annual management fee based on the current value of the relevant Fund, as shown in the table below:

Fund	Management fee
ESG Australasian Share Fund	0.45%
ESG NZ Bond Fund	0.30%
ESG International Share Fund	0.30%
ESG International Bond Fund	0.25%
ESG Balanced Fund	0.65%

Each of the International Share Fund, the International Bond Fund and the Balanced Fund invest in underlying funds, as further described under the heading "Investment in other funds" below. We ensure you do not bear the cost of any management fees charged to those underlying funds by reducing our own management fees to the Funds by an equivalent amount. As such, the table above shows the total annual management fees, including underlying manager fees.

We are also paid accounting fees in relation to the Funds. These fees are set by agreement with the Supervisor from time to time. The current annual accounting fees are shown in the table below:

Fund	Accounting Fee
Property Fund	\$40,000
ESG Australasian Share Fund	\$20,000
ESG NZ Bond Fund	\$15,000
ESG International Share Fund	\$12,500
ESG International Bond Fund	\$12,500
ESG Balanced Fund	\$7,500

We may, in our absolute discretion, in respect of each Fund, waive part or all of our management or accounting fees.

Supervisor's fee

The Supervisor is entitled to be paid, by way of remuneration for its services, a fee out of each of the Funds. The Supervisor's fee is up to 0.060% on funds under management for the Property Fund and all the other funds are charged a Supervisor's fee of up to 0.035% of funds under management. The Supervisor's fee is paid quarterly in arrears.

To the extent that the Balanced Fund invests into the other Funds, there will be no Supervisor's fee charged to the Balanced Fund.

Investment Manager's fee

We have appointed Harbour Asset Management Limited to act as investment manager for the ESG Australasian Share Fund, and Nikko Asset Management Limited as investment manager for the ESG NZ Bond Fund. The investment managers are entitled to be paid a fee in respect of their services performed for that Fund, which is paid out of our management fee for that Fund.

Custodian's fees

The Custodian is entitled to a fee from the Australasian Share Fund for the safekeeping of the assets of the Fund. The custody fee is paid monthly in arrears from each of the Funds. The custody fee for the Fund currently comprises:

- Australasian Share Fund: 0.03% per annum of the gross asset value of the New Zealand dollar-denominated assets of the Fund and 0.04% per annum of the gross asset value of the Australian dollar-denominated assets of the Fund subject to a minimum annual fee of \$5,000. Where the minimum fee applies, it will be charged to the Fund in proportion to the funds under management in the Fund.

Investment in other funds

The Balanced Fund invests in other Funds. The International Share Fund and the International Bond Fund (the "**International Funds**") invest in other funds not connected with the Manager. In the case of the Balanced Fund, the Manager's fee and the Supervisor's fee are reduced to take account of the fees charged to the other Funds in which the Balanced Fund invests. In the case of the International Funds, the Manager's fee is reduced by the amount of the management fees charged to the underlying funds in which the International Funds invest.

Expenses

The Manager is entitled to reimbursement of all reasonable expenses incurred by it in the administration of the Funds and the Supervisor is entitled to reimbursement for all reasonable expenses incurred by it in the supervision of the Funds. These expenses are payable from the relevant Fund, subject to the terms of the Trust Deed. Reimbursable expenses include those relating to the issue of additional units, the costs of any document in relation to the offer of units in the Funds, the expenses the Manager and the Supervisor incur in carrying out their respective duties under the Trust Deed and the Establishment Deeds, and the costs of carrying out unitholders' directions for each of the Funds.

The Funds will also incur trading expenses in respect of the investments of the Funds (such as brokerage fees and spreads) and, in the case of the Property Fund, expenses incurred in respect of the property assets of that Fund (e.g., repairs and maintenance costs, third party agency fees on the disposal of properties) (together “**actual investment expenses**”).

There is no limit on the amount of reimbursement of expenses to which the Manager and the Supervisor are entitled.

The payment of these expenses (excluding actual investment expenses) is included as part of the ‘administration charges’ in the ‘fund charges’ for which an estimate is provided in the PDS and that will be disclosed in the fund updates (once available) and on the offer register at <https://disclose-register.companiesoffice.govt.nz>.

Basis for estimates of fund charges in PDS

Included in the PDS are ‘total annual fund charges’, which include estimates of administration charges for each Fund and leasing, rent review and special projects fees for the Property Fund.

Administration charges

The administration charges cover the fees and costs charged in the general management of each Fund, e.g. supervisor, legal, audit, accounting and custodial fees and annual FMA levies, and any such fees and costs charged by underlying funds into which the Funds invest.

We have assumed these fees and costs for each Fund will not materially change from year to year. In preparing the estimates of these fees and costs we based them on the equivalent charges incurred by each Fund in the previous financial year including audit and legal fees.

Property Fund

Within the Property Fund, we may earn fees for the negotiation of a rent review or re-leasing of a property or for special projects relating to the acquisition or sale of a property. Such fees are one-offs and are event-driven, rather than regular fees.

When rent review or re-leasing fees are earned, they are spread (amortised) over the life of the relevant lease. We have assumed the amount of these fees will not materially change from year to year and have based the estimates of these fees included in the total annual fund charge for the Property Fund on the same level of such fees amortised by that Fund in the previous financial year.

We may also charge special projects fees for special projects in relation to the acquisition or sale of a property. The fund charges in the PDS exclude an estimate for special projects fees, based on the one-off nature of these fees, the information available to us as Manager of the Fund as at the date of this document and the degree of uncertainty that any such fees will be charged in the next 12 months. There is no guarantee, however, that special projects fees will not be charged in the future, or that any actual fees charged will vary from this estimate.

GST

Goods and services tax (GST) is not included in any of the stated fees. GST will be added to any fees where applicable.

7. ADDITIONAL INFORMATION ON RISKS

Any investment has risks associated with it, and an investment in the Funds is no exception. The below identifies risks, which may cause the Funds' value to move up and down, are additional to those risks disclosed in the PDS.

Specific investment risk

Funds may hold specific individual securities in a company that may be affected by unexpected changes in the company's operations or business environments which affect the value of the company's underlying business and may in turn reduce the value of the investment by the relevant Fund. The Property Fund, and indirectly the Balanced Fund, holds specific property assets that may face unforeseen events which may adversely affect the value of the relevant property and therein the value of those Funds.

Investment manager risk

Investment decisions regarding the allocation of a Fund's investments between asset classes, investment sectors and individual investments will affect returns, as will performance of the entities and assets underlying the investments. Even though investment managers make the investment decisions, the outcomes cannot be predicted with certainty and results will vary accordingly.

Benchmark relative risk

The incorporation of ethical investment practices (including ethical screens) in the management of a Fund's investments may increase the likelihood of the Fund's returns deviating from the returns of the benchmark. Where a Fund is actively managed, the size of this deviation may be even larger.

Regulatory risk

Any changes to tax or other applicable legislation or regulation could affect the level or nature of returns from each Fund or the operation of each Fund.

Operational risk

Risks may arise from a failure of processes and procedures (including, in the case of the Property Fund, having sufficient liquid assets to meet capital expenses in relation to property assets of the Fund), fraud, litigation, disruption to business by industrial disputes, system failures (including cyber security and data integrity failure), pandemics, natural disasters and other unforeseen external events which might affect our business or a Fund and its assets.

Concentration risk

A Fund's investments may be concentrated in particular assets, types of assets, other managed funds, geographic areas or industries. In that case, the poor performance of a single investment or group of investments can significantly impact your returns and increase volatility.

In the case of the Property Fund, as at 30 September 2022, the Fund is invested in 21 properties, the largest of which (by value) represents 10.22% of the Fund's property portfolio by value whereas the highest rental income contribution from a property is 11.06%. As such, the value of the Fund's assets and its returns may be significantly impacted by events affecting a particular property, such as the loss or default of a tenant of that property or the need to undertake unplanned repairs and maintenance to that property. The metrics outlined above are based on the latest independent valuations.

In addition, as at the date of this document, the Fund owns three properties which are leased to General Distributors Limited ('GDL') and are operated as Countdown Supermarkets and one property owned by Foodstuffs North Island Limited and is operated as a Gilmours Supermarket. The Fund has an industry (food retail) and tenant concentration risk in respect of these properties representing 21.48% of the Fund's property portfolio by value, and 21.49% of the rental income of the Fund.

Counterparty risk

A third party may fail to perform their obligations resulting in a loss of value in an investment of a Fund. This may arise where a counterparty to a bond or forward foreign currency contract held by a Fund defaults on its obligations under the relevant bond or contract, or where a third party fails to properly provide services to a Fund.

Property Fund: Property market risk

The Property Fund invests in a portfolio of commercial properties in New Zealand and, as such, is subject to the prevailing property market conditions in New Zealand.

Fluctuations in the supply of and demand for the types of properties owned by the Fund, the availability of suitable properties for acquisition and the activity of competitors in the market may negatively impact the Fund's availability to acquire, manage or sell assets, as well as the value of the Fund's assets and its performance.

Property Fund: Tenant risk

If a tenant of a property owned by the Property Fund fails to pay its rent when due, it may affect the value of the property as well as the Fund's earnings. Similarly, any significant distress in a tenant's business could also negatively impact the rental flow and so the value of the relevant property. Refer to the concentration risk disclosure above for analysis of key concentrations of material exposure to specific tenants.

Property Fund: Landlord costs risk

Capital works and repairs and maintenance to the Property Fund's properties may exceed planned expenditure, reducing the Fund's profit and distributions and potentially affecting the Fund's ability to repay you when you want to withdraw your investment from the Fund.

Property Fund: Vacancy risk

The loss of a major tenant, or a number of smaller tenants, non-renewal of existing leases on expiry or early termination, or the inability to find a tenant for a vacant space at acceptable rental levels or at all, could adversely affect the Property Fund's earnings or the value of the Property Fund's assets.

Property Fund: Natural disaster and insurance risk

A natural disaster such as an earthquake or volcanic eruption, in particular in Auckland, Hamilton, Wellington or Christchurch, may affect the Property Fund's assets. For example, as at 30 September 2022, the Property Fund's assets (by valuation) have the following approximate concentrations Auckland (50%), Tauranga (12%), Hamilton (16%), Wellington (1%) and Christchurch (21%). If a natural disaster occurred that was centred in Auckland, Hamilton, Tauranga or Christchurch, a significant portion of the Fund's property assets could be impacted.

The Property Fund has insurance in place to cover reasonably insurable risks, including damage by earthquake. However, there is a risk that insurance proceeds may not cover all of the costs resulting from an insurable event, that insurance claims may be disputed after an insurable event, or that such an event makes subsequent insurance cover difficult or costly to obtain.

A reduction or interruption in rental income from the Property Fund's properties caused by a natural disaster could materially negatively impact on the Fund's financial performance. In addition, a reduction in the market value of the property assets (whether from reduced rental returns or other market factors) would negatively impact the value of the Property Fund and reduce the value of your investment in the Fund.

PIE status risk

Should the Funds fail to satisfy the PIE eligibility criteria necessary to retain PIE status, this would result in the Funds being taxed at 28%, rather than the individual Prescribed Investor Rate of investors. It may also result in the Funds being taxed on investment gains.

The factors influencing the Funds' PIE status are regularly monitored, and processes are in place to minimise potential breaches of PIE eligibility criteria (which may include, but are not limited to, adjusting an investor's unit holding to maintain PIE status).

Liquidity

In times of significant market stress, liquidity may be an issue for some asset classes and certain types of assets. Liquidity issues in underlying assets or portfolios could result in difficulties in meeting redemption requests, should the liquidity stresses rise to a material level.

Reduced liquidity in the market may impact the ability of the Property Fund to meet redemption requests as they occur, should a significant volume of redemptions be received within a short period of time. The Balanced Fund may be affected to a similar degree to the extent that it invests in the Property Fund.

Buy/Sell Spreads

The buy/sell spreads on the Funds represent the cost of transacting to meet redemptions and to invest applications. During times of significant market stress, underlying fund managers may elect to widen their buy/sell spreads. Such changes would then be reflected in the buy/sell spreads of the Funds. Similarly, within the Funds, we may elect to widen the buy/sell spread to better reflect the cost of transacting, during times of market stress. Buy/sell spreads included in the PDS are current as at the date of the PDS and are indicative only. The spreads may change at any time without prior notice to investors.

8. MARKET INDICES FOR THE FUNDS

As the Funds have existed for less than five years, market index returns or other returns data needs to be used to calculate the risk indicators of the Funds.

For all funds other than the Property Fund and the Balanced Fund, the risk indicators are calculated based on, and the Fund's returns are measured against, various market indices as set out in the SIPO. More information about these market indices can be found at the following web pages:

- S&P/NZX Indices: <http://us.spindices.com/regional-exposure/asia-pacific/new-zealand>
- MSCI Indices: <https://www.msci.com/indexes>
- Bloomberg Indices: <https://www.bloomberg.com/professional/product/indices>

For the Property Fund, the Manager has determined that there is no appropriate market index or suitable peer group index for the Fund that reflects the assets of the Fund that would be helpful to investors for assessing movements in the market in relation to the returns of the Fund. Accordingly, the Manager is relying on the exemption in the Financial Markets Conduct (Market Index) Exemption Notice 2018 in relation to the Property Fund.

For the purposes of the disclosure requirements of the Financial Markets Conduct Act 2013, the Manager has determined that due to the Balanced Fund's holdings in the Property Fund for which there is no appropriate market index, there is no appropriate market index or suitable peer group index for the Balanced Fund that would be helpful to investors for assessing movements in the market in relation to the returns of the Fund. Accordingly, the Manager is relying on the exemption in the Financial Markets Conduct (Market Index) Exemption Notice 2018 in relation to the Balanced Fund.

The Manager has calculated the risk indicator for the Property Fund using historical returns data for the Trust Investments Property Fund (*the Property GIF*), which was formerly offered under the Trust Investments Group Investment Funds scheme. On 1 April 2020, the Property Fund acquired all of the assets of the Property GIF. Therefore, the Manager believes that the historical returns data for the Property GIF is the most helpful for investors in assessing the Property Fund. As actual returns data becomes available for the Property Fund, the Manager will use a composite of the actual returns data and the Property GIF data for the risk indicator calculation. This is the methodology that the Manager reasonably considers will allow the Property Fund's risk indicator to reflect the potential future volatility of the Property Fund. The Manager has applied the same methodology for the Balanced Fund, using the historical returns data from the Trust Investments – Balanced Fund to create a composite for the risk indicator calculation.

9. CONFLICTS OF INTEREST

General description of conflicts

The following give rise to inherent conflicts of interest:

- We act as manager of the Balanced Fund, which invests exclusively in the other Funds, which we also manage ("**Balanced Fund Conflict**").
- In addition to acting as manager of the Property Fund, we also act as property investment advisers to certain wholesale clients in respect of their own property portfolios ("**Property Fund Conflict**"). Certain of these wholesale clients jointly own properties with the Property Fund.

Funds affected

The Balanced Fund is affected by the Balanced Fund Conflict. The Property Fund and the Balanced Fund (to the extent it invests in the Property Fund) are affected by the Property Fund Conflict.

How conflicts would/could materially influence investment decisions

Balanced Fund conflict

We may have an incentive to invest in certain Funds ahead of other Funds, for example where we may stand to receive a greater management fee from certain Funds ahead of other Funds.

Property Fund conflict

- We may have an incentive to have other property portfolios advised by us acquire suitable properties identified by us for acquisition, ahead of the Property Fund.
- Where a wholesale client to which we provide property investment advice determines to sell its interest in a property that it jointly owns with the Property Fund, our relationship with that wholesale client could influence us to favour selling the Property Fund's interest in that property at the same time.

Steps taken to manage conflicts of interest

The FMC Act imposes statutory controls on conflicts of interest:

- We must, in exercising any power, or performing any duties, exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in those circumstances; act honestly as manager; act in the best interests of investors, and treat investors fairly.
- A related party transaction that provides a related party benefit as prescribed by the FMC Act may only be done if we notify the Supervisor and either (i) we provide any certifications required by the FMC Act or (ii) we obtain the Supervisor's consent.

Trust Management Related Party Benefits Policy and Property Allocation to Clients Policy

In addition to the statutory controls, we have adopted and comply with the Trust Management Related Party Benefits Policy which sets out a process for identifying and managing related party transactions and is consistent with the related party transaction rules set out in the FMC Act.

We have also adopted and comply with a Property Allocation to Clients Policy, which provides a framework for how to identify, manage and mitigate circumstances where the Property Fund and another property portfolio advised by us may have an interest in acquiring the same property. Any decision to acquire a property by the Property Fund in such circumstances is made by Trust Management's Board (which is comprised of a majority of independent directors) to ensure that the decision is made in the best interests of investors in the Property Fund.

We have also entered into tenants-in-common agreements with those persons with whom the Property Fund co-owns property, to assist in mitigating potential conflicts as to the disposal of such properties. These tenants-in-common agreements provide that if either party wishes to dispose of its interest in a property, they must first offer it to the other party. In the case of the Property Fund, any decision to exercise this pre-emptive right, or to sell the Property Fund's interest in such a property, is made by Trust Management's Board to ensure the decision is made solely taking into account the interests of investors in the Property Fund.

10. DISCLAIMERS

This information is issued by Trust Management, the Manager of the Funds. If investors wish to make an application for units in the Funds, they should obtain a copy of the current PDS and consider it, together with the information contained in the offer register at <https://disclose-register.companiesoffice.govt.nz>, before making any decision to invest.

Where we have provided links to third-party websites, such links are not an endorsement by us of any information, products or services provided on or via such websites. The use of such links is entirely at your own risk, and we accept no responsibility or liability for the content, use or availability of such websites. We have not verified the truth, accuracy, reasonability, reliability or completeness of any content of such websites.