

# CareSaver KiwiSaver Scheme Other Material Information

15 July 2019

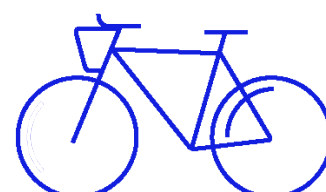


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## 1.0 General Information

**Purpose of this document:** This Other Material Information document (Document) contains additional information for the CareSaver KiwiSaver Scheme (Scheme) to help you make your investment decision. It should be read together with the Product Disclosure Statement (PDS), the Statement of Investment Policy and Objectives (SIPO), the Ethical Investment Policy and the other documents uploaded on the Scheme's offer register on the Disclose website ([www.business.govt.nz/disclose/](http://www.business.govt.nz/disclose/)).

This Document relates to the offer of units in each of the following funds (**Funds**):

Fund	Establishment Date
CareSaver Growth Fund	29 May 2019
CareSaver Balanced Fund	29 May 2019
CareSaver Conservative Fund	29 May 2019

**Some terms we use:** In this Document where the words “us”, “we”, “our” or “Pathfinder” are used they refer to Pathfinder Asset Management Limited (the manager of the Scheme). Where the words “you”, “your” or “investor” are used they refer to you as an investor in a Fund. Capitalised terms in this Document have the meaning given to them in the PDS.

**No performance guarantees:** Neither Pathfinder (as Manager) or Public Trust (as Supervisor) guarantees the performance of the Funds or any return from an investment in the Funds. The Government does not guarantee any KiwiSaver scheme or any fund in any KiwiSaver scheme.

## 2.0 Who is involved?

### Manager

Pathfinder is licensed under the Financial Markets Conduct Act 2013 as a manager of managed investment schemes. We are responsible for issuing and administering the Scheme and managing the assets in the Funds. Pathfinder specialises in ethical investment and was established in 2009 (company number 2203860).

We are a registered financial service provider (FSP number 34682) and provide investment management services for the Scheme's three Funds. More information about our licence, including its conditions, can be obtained from the Financial Service Providers Register at [fsp-register.companiesoffice.govt.nz](http://fsp-register.companiesoffice.govt.nz).

Information about each of our directors is set out below. Our directors may change from time to time without notice to you.

### Samford (Sandy) Maier

*Independent Director and Chairman, Member of the Pathfinder Audit Committee*

Sandy was appointed Chairman of Pathfinder in 2009 and has worked with the board to maintain high standards of corporate governance over the last decade.

He currently sits on a number of corporate boards including Fronde Limited, Coretex Limited and Connexionz Limited. His has previously been on boards of a number of listed and private companies in New Zealand and has held senior executive roles in the financial services industry.

Sandy has a B.A. from Yale University and a J.D. from Harvard Law School. He has a small (less than 1%) shareholding in Pathfinder.



**Anya Satyanand***Non-Executive Director*

Anya is passionate about young people's role in the future of our economy, communities and democracy. She believes wholeheartedly that young New Zealanders need to be understood as the designers, workers and creators of a more equitable and sustainable New Zealand.

She is currently Chief Executive of The Prince's Trust NZ and has previously been Chief Executive of Ara Taiohi (the peak body for youth). She was also a board member of the Commonwealth Alliance of Youth Worker Associations in 2017 and 2018. Anya brings specialist NGO and ethics skills to Pathfinder.

Anya has a B.A. from Canterbury University, a Graduate Diploma of Teaching and Learning from the Christchurch College of Education and continues her postgraduate study at Victoria University.

**Andrew Williams***Non-Executive Director*

Andrew is a Partner, Executive Board Member and Co-Chairman of Alvarium, an independent, global boutique that offers tailored investment solutions for families, foundations, institutions and sovereigns.

After founding Alvarium in 2009, Andrew served as its Chief Executive Officer until 2017 when he relocated with his family and established Alvarium in New Zealand. Alvarium (NZ) Wealth Management Holdings Limited (Alvarium Wealth) has completed a number of investments including its investment in Pathfinder.

Globally, Alvarium has over 200 employees and 25 Partners working across North America, Europe and Asia Pacific and currently supervises in excess of \$22 billion of assets.

Andrew is also chair of The Prince's Trust NZ, a charity committed to youth development in New Zealand.

**Mei Fong***Non-Executive Director*

Mei has extensive experience in banking and finance, tax and compliance. Mei is currently Head of Compliance at Alvarium in New Zealand and was previously Head of Compliance at New Zealand Assets Management Limited. She has worked in law firms in Hong Kong, London and Wellington, and has also managed a wine business introducing New Zealand wines to the New York market.

Mei has an LLB/BCA from Victoria University in accounting and finance.

**John Berry***Co-founder, Executive Director (since 2009), Member of the Investment Committee*

John is committed to making ethical investment accessible to all New Zealand investors. He is Chief Executive of Pathfinder, overseeing both KiwiSaver and non-KiwiSaver operations. Prior to co-founding Pathfinder John was initially a lawyer before working in capital markets. He has worked in Auckland, London and Sydney.

John is a trustee of the Men's Health Trust New Zealand (which is currently a Charity Partner of CareSaver). He is also a member of the 'Code Working Group' appointed by the Ministry of Business, Innovation and Employment to develop a new Code of Conduct for the delivery of financial advice to retail investors in New Zealand. John is a director of Punakaiki Fund Limited, an investor in early stage growth companies.

John has a BCom/LLB(Hons) from Auckland University. He co-founded Pathfinder in 2009, continues to be a significant shareholder and invests in Pathfinder's funds. He works full time for Pathfinder.

## Investment Committee

Pathfinder's Investment Committee has three members. Details for Kent Fraser and Paul Brownsey are below. Details for John Berry are above (he is also a director of Pathfinder).

### Paul Brownsey

*Co-founder, Executive Director (2009–2019), Chair of the Investment Committee*

Paul is focused on investing ethically and on helping New Zealanders understand ethical investment. He is currently Chief Investment Officer at Pathfinder, overseeing investment activities for both KiwiSaver and non-KiwiSaver operations. Prior to co-founding Pathfinder Paul had extensive experience in financial markets, particularly structuring, financial modelling and product expertise, and worked in Wellington, London, Singapore and Auckland. Paul was a director of Pathfinder from 2009 to 2019.

Paul is a member of the Arthritis New Zealand Investment Committee (which is currently a Charity Partner of CareSaver).

Paul has a B.Sc from Canterbury University majoring in Operations Research. He co-founded Pathfinder in 2009, continues to be a significant shareholder and invests in Pathfinder's funds. He works full time for Pathfinder.

### Kent Fraser

*Independent Member of the Investment Committee*

Kent lives in Auckland and his Whakapapa descends from the Te Arawa iwi. He is currently Treasurer of Heartland Bank. Kent has over 20 years' experience in financial and corporate services, risk management and capital markets. Prior to Heartland his roles included work at Transpower and PWC (in New Zealand) and HSBC (in China and South Korea). Kent has a BPA from Auckland University and has been a member of Pathfinder's Investment Committee since 2015.

## Pathfinder shareholders

The largest shareholders of Pathfinder are interests associated with Pathfinder's co-founders (John Berry and Paul Brownsey) with 47% collectively and Alvarium Wealth with 51%.

## Supervisor and Custodian

Public Trust is the Supervisor of the Scheme. The Supervisor is licensed under the Financial Markets Supervisors Act 2011 to act as a Supervisor of a KiwiSaver Scheme. A copy of the Supervisor's licence, including its conditions, can be obtained on the FMA's website [fma.govt.nz/compliance/licensed-providers/public-trust/](https://fma.govt.nz/compliance/licensed-providers/public-trust/).

The Supervisor is responsible for the following functions:

- supervising the performance by the manager of its functions and issuer obligations
- supervising the financial position of the manager and the Scheme
- acting on behalf of investors in relation to the Scheme and the manager
- reporting to the FMA any contravention or likely contravention of a manager's issuer obligation
- holding the scheme's property or ensuring that it is held in accordance with the FMCA
- performing or exercising any other functions, powers, and duties conferred or imposed on the Supervisor by or under the FMCA, the Financial Markets Supervisors Act 2011 and the Trust Deed

The current board members of the Supervisor can be viewed at [www.publictrust.co.nz](http://www.publictrust.co.nz).

The Supervisor's wholly owned subsidiary, Pathfinder Nominees Limited, holds the Scheme assets. No Scheme assets can be held by Pathfinder.

## Manager's and Supervisor's indemnity

Subject to the limits on permitted indemnities under the FMCA, if we are, or the Supervisor is, held personally liable to any other person in respect of any debt, liability or obligation incurred by or on behalf of any Fund or any action taken or omitted in connection with any Fund, (other than in respect of our or the Supervisor's negligence, fraud or dishonesty) then we or the Supervisor (as the case may be) are entitled to indemnity and reimbursement out of the relevant Fund to the full extent of such liability.

### 3.0 The Fees

We charge each investor a fee of \$27 per year to cover administration and registry costs. The fee is charged monthly to your account. We will not charge this fee to members whose balances are less than \$1,000.

For each Fund we have made an estimate for annual external costs. This represents our estimated cost of investing in a 'green bond' exchange traded fund. We have based our estimate on the expected holding multiplied by the management fee of the 'green bond' exchange traded fund. We estimate this expense to be 0.01% for the CareSaver Growth Fund, 0.02% for the CareSaver Balanced Fund and 0.03% for the CareSaver Conservative Fund.

We do not currently charge any performance fees, fees to enter or leave the Scheme, or fees to switch between our Funds.

The KiwiSaver Act 2006 requires certain fees charged in relation to KiwiSaver schemes to not be unreasonable. Investors or the Financial Markets Authority can apply to the court for an order that any unreasonable fee be reduced.

All fees are exclusive of GST.

### 4.0 Charity Partners

We give to social and environmental causes. Consistent with our social enterprise approach, we want to make a significant donation from the management fee we receive from you to selected non-government organisation charities ("**Charity Partners**").

Charity Partners have been carefully selected by us in accordance with our Charity Partner Selection Principles, which we call our PRIME criteria:

**Purpose:** We want to work with charities with a clear social or environmental purpose and who do great work.

**Reach:** We want to support charities who engage with an active community of supporters.

**Impact:** We want to partner with charities who are making an important difference to improve lives, communities or our natural environment.

**Mana-Enhancement:** We want to work with charities who prioritise integrity, care, transparency and innovation. These reflect Pathfinder's values of Aware, Fair and Care.

Our current Charity Partners are available on our website [www.caresaver.co.nz](http://www.caresaver.co.nz). We may accept new charities as part of our giving.

You can select your preferred Charity Partner to receive donations from us when you join CareSaver. Uniquely, while you select the charity, the donation is our cost not yours. We have agreed with Charity Partners that where investors have selected them, we will make a donation to the Charity Partner in an amount equal to the donation rate multiplied by our management fee attributable to that investor. As at the date of the PDS the donation rate is 20%. We may in our sole discretion and at any time, increase or reduce the donation rate.

If you do not select a Charity Partner, we will select one or more Charity Partners on your behalf at our discretion.

We will, from time to time, give you an opportunity to change your preferred Charity Partner. Please note that this ability to change may be limited by us to only one (or a few) times each year.

At the date of this document, donations are calculated based on unitholders at 31 March each year and are paid within 60 days. It is possible we may in future choose to calculate and pay more frequently than annually, but that is not currently the case.

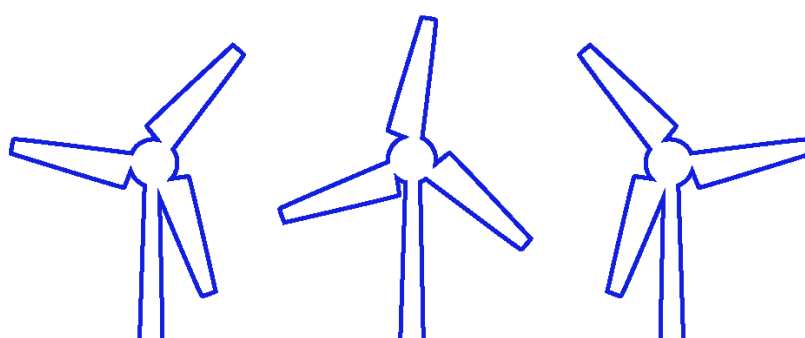
Each donation arrangement may be terminated by the Charity Partner or by us. We may terminate for example if the Charity Partner is no longer registered as a charity, no longer meets our Charity Partner Selection Principles or the Charity Partner is in breach of our agreement with them. If termination occurs that charity is likely to lose any right to both unpaid and future donations. Instead we will ask you for another charity selection. If you don't make this selection then we may pay such moneys to one or more other Charity Partners as we may determine at our discretion.

As part of our commitment to social and environmental causes in New Zealand Pathfinder and Alvarium Wealth executives may hold governance positions with one or more Charity Partners. However, all Charity Partners must still comply with the Charity Partner Selection Principles.

## 5.0 Material contracts, policies and documents

Below are material documents and contracts in relation to the Scheme and the Funds:

Document	Parties	Date	Purpose
<b>Trust Deed</b>	Pathfinder, Public Trust	29 May 2019	Governs the establishment and operation of the Scheme.
<b>Establishment Deeds</b>	Pathfinder, Public Trust	29 May 2019	Each of the Funds under the Scheme is constituted under a separate establishment deed.
<b>Statement of Investment Policy and Objectives (SIPO)</b>	n.a.	25 June 2019	This defines the investment objective and strategy for each Fund, including restrictions on investments.
<b>Service Agreement</b>	Pathfinder, MMC Limited	Services Agreement dated 8 September 2016 and amendment letter dated 5 July 2019	Appoints MMC Limited as administration manager to perform services for the Scheme such as fund accounting, fund valuations, registry, reconciliations and unit pricing.
<b>Manager Reporting Agreement</b>	Pathfinder, Public Trust	12 July 2019	This sets out the reporting requirements and frequency of reporting in relation to the Scheme and the Funds as agreed between the Manager and the Supervisor. The reporting requirements include providing quarterly certificates, monthly reports, financial information, related party transaction reporting and other requested information on the Scheme and the Funds to the Supervisor.
<b>Charity Partner Alignment Agreement</b>	Pathfinder, each charity partner on our Charity Partner List	Various dates	This sets out our agreement to make donations to each Charity Partner. Some key terms of the agreements are outlined in section 4.
<b>Scheme Provider Agreement</b>	Pathfinder, Inland Revenue	20 June 2019	Sets out Pathfinder's obligations to Inland Revenue as a KiwiSaver provider. The Scheme Provider Agreement outlines various operational and technical requirements of a KiwiSaver provider. The Scheme Provider Agreement sets out business and IT requirements, business continuity and disaster recovery plan requirements, and reporting and meeting procedures.



We are able to make changes to documents in relation to the Scheme and each Fund. We set out below some of the important areas where we can make changes. This is not an exclusive list, but is intended to point out some key terms that can be changed:

Change	Notice we will give you	Restrictions on changes
<b>Fees:</b> introduce new fees or increase existing fees	One month	Under the KiwiSaver Act 2006 fees must not be unreasonable. We must give notice of any fee increase to the FMA before or as soon as reasonably practicable after the increase takes effect.
<b>Amounts:</b> minimum investment, minimum withdrawal, minimum balance	Not required.	We can change these at any time.
<b>Statement of Investment Policy Objectives (SIPO) terms:</b> such as investment objectives, asset allocation, permitted investments and Fund benchmark	Notice not required.	Written notice is required to be given to the Supervisor. The amended SIPO must be lodged on the offer register within 5 working days after the change takes effect. Material changes will be noted in our annual report.
<b>Trust deed and Establishment Deeds:</b> changes to terms	Notice may not be required (although some changes require a special resolution of investors).	Consent of the Supervisor is required. The Supervisor must not consent unless it is satisfied that the changes to the trust deed do not have an adverse material effect on the investors or unless the changes will be approved by the investors of the Scheme. Material changes will be noted in our annual report.

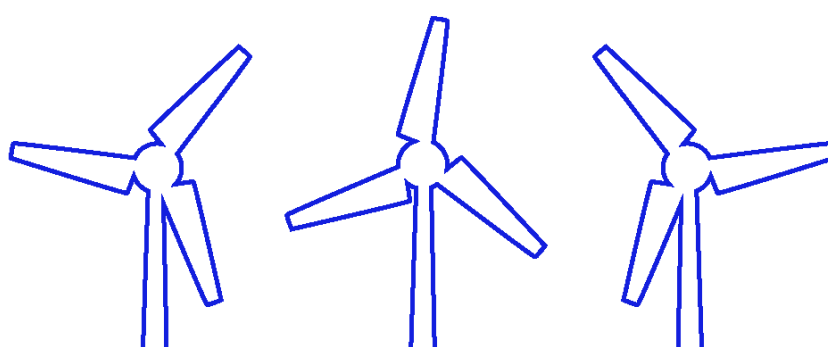




Pathfinder also has a number of internal policy documents that govern its operations. The key policies are as follows:

Policy	Purpose
<b>Ethical Investment Policy</b>	This describes how our ethical values are embedded in the way we invest.
<b>Compliance Manual</b>	This provides our framework for identifying, monitoring, managing and reporting on risks. Areas covered include: <ul style="list-style-type: none"> <li>• Pathfinder governance</li> <li>• Internal controls</li> <li>• Conflicts of interest</li> <li>• Related party transactions</li> <li>• Insurance</li> <li>• Scheme administration (unit registry, valuation, pricing)</li> <li>• Error reporting and compensation</li> </ul>
<b>Personal Account Trading Policy</b>	This sets out when a Pathfinder Director must seek pre-clearance for an investment they intend to make personally.
<b>Internal Disputes Resolution Process</b>	This defines our process for handling any investor complaints.
<b>Compliance Assurance Programme</b>	This sets out our arrangements for testing: <ul style="list-style-type: none"> <li>• the design and operation of Pathfinder’s processes</li> <li>• the adequacy of Pathfinder’s governance</li> <li>• the adequacy of Pathfinder’s management information</li> </ul>
<b>Trade Allocation Policy</b>	This determines how any purchase or sale of securities is fairly allocated across multiple funds or portfolios.
<b>Trade Execution Policy</b>	Trade Execution is covered in Pathfinder’s Compliance Manual which provides the following: Investor interests are paramount which equates to execution at the best price available, while incurring acceptable transaction costs. Transaction costs cannot be viewed in isolation – other relevant considerations include tax considerations and market liquidity.
<b>Proxy Voting Policy</b>	This explains how we will vote when we directly hold shares.
<b>Fund valuation etc</b>	Asset valuations are outsourced to MMC Limited who have the following policy documents: <ul style="list-style-type: none"> <li>• Unit Pricing Taxation Policy</li> <li>• Asset &amp; Liability Valuation Policy</li> <li>• Unit Pricing Policy &amp; Framework</li> </ul> We review their policy documents each year.

Please contact us (email: [compliance@caresaver.co.nz](mailto:compliance@caresaver.co.nz)) if you would like more information about the material contracts, policies and other documents.



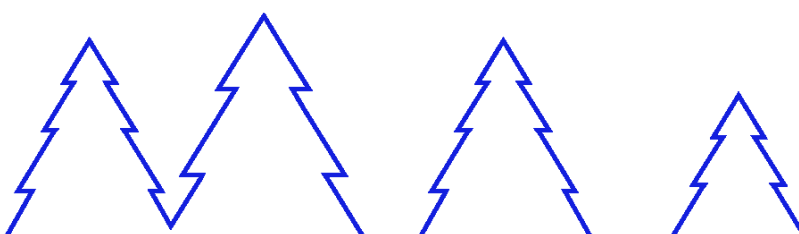
## 6.0 What are the risks of investing?

All investments involve some level of risk. This may mean (1) you do not get all your money back and/or (2) you do not get your money back at the time you want it. Before making investment decisions, you should consult a financial adviser. The following section supplements section 4 of the PDS “What are the risks?” which sets out the material risks to your investment in the Scheme. In addition, the following risks may affect the value of your investment in the Scheme.

You should only invest in the Scheme if you understand and are willing to undertake the risks involved. Carefully consider each of the risks set out in the PDS and below. The following is not a complete list of risks that may impact your investment in the Scheme, it does cover those that are more likely to arise.

### Risks for all Funds

- **Outsourcing risk:** MMC Limited (**MMC**) has been appointed as administration manager for the Funds, which includes providing registry and fund accounting services. Sustainalytics have been appointed to provide environmental, social and governance research and ratings. We have made these appointments to access the specialist skills of MMC and Sustainalytics. However, this does mean we are reliant on MMC and Sustainalytics continuing to perform their functions (it could impact the Scheme if they fail to do so).
- **Operating risk:** There is a risk of technological or other operational failure impacting on the Funds. There is also the risk that our internal processes or systems are not adequate or that they fail.
- **Key person risk:** Pathfinder is a specialist fund manager and relies on its skilled staff. If some key staff left Pathfinder (or were unable to work), this may impact the operation of the Funds.
- **Suspension or deferral of redemptions:** In normal circumstances an investment in a Fund can be redeemed. However, it is possible that redemptions may be deferred or suspended. This could happen, for example, if a Fund was unable to sell the underlying assets it holds, or if as a result of unusual events markets were not open for trading. Should this occur, it would mean you may not be able to redeem your units when you want to.
- **Change of law or regulatory risk:** This relates to changes in legislation or regulation (or interpretation or application of these) in New Zealand or a country where the Funds invest. Any such change could have an adverse effect on the Funds, your investment and/or your after-tax returns.
- **Counterparty risk:** This is the risk that the financial strength of a party to a contract with the Scheme or a Fund worsens. If such a party (which includes banks and brokers) defaults on its obligations to the Scheme or a Fund or becomes insolvent then the value of the Scheme or a Fund will be affected.
- **Hedging market risk:** Each Fund may use one or more strategies from time to time to mitigate (or “hedge”) the risk of loss from underlying investments. Such strategies may include holding a higher proportion of assets in cash and the use of derivatives (such as futures and/or options). It is important to note that if the relevant market was to fall (1) there is no guarantee that protection strategies will be in place at the time, (2) the protection strategies can only ever help limit (but never eliminate) losses from a market fall and (3) these strategies may also give rise to a cost for a Fund. There is also a risk that using these strategies may mean the Fund does not participate (or does not fully participate) in rising markets.



## 7.0 Market indices

We use a composite of market indices for the purposes of reporting Fund returns in our fund updates. As at the date of this OMI, market indices are also used to calculate the risk indicators for the Funds.

The market indices used in relation to the Funds are widely recognised in financial markets and are administered independently from us.

We apply currency hedging to market index returns for comparing to Fund returns. More information on each of these is provided below:

Fund	Market index
<b>CareSaver Growth Fund</b>	20% Bloomberg NZBond Bank Bill Index 80% Morningstar Developed Markets Net Index (50% hedged to NZD)
<b>CareSaver Balanced Fund</b>	40% Bloomberg NZBond Bank Bill Index 60% Morningstar Developed Markets Net Index (50% hedged to NZD)
<b>CareSaver Conservative Fund</b>	80% Bloomberg NZBond Bank Bill Index 20% Morningstar Developed Markets Net Index (50% hedged to NZD)

Information on the Bloomberg NZBond Bank Bill Index can be found at: [www.bloomberg.com/quote/BNZBIL:IND](http://www.bloomberg.com/quote/BNZBIL:IND).

Information on the Morningstar Developed Markets Net Index can be found at: <https://indexes.morningstar.com>.

## 8.0 Conflicts of interest

This section sets out information about any conflict of interests that could reasonably be expected to materially influence the investment decisions in our role as manager of the Scheme.

Conflicts of interest occur when our interests, as manager of the Scheme, may be inconsistent or very different to the interests of the investors in the Scheme. It is important that conflicts are identified and managed – whether the conflicts are real or perceived.

Conflicts of interest will arise from time to time. Examples of circumstances in which conflicts may arise include:

- Investments are made into funds or financial products of a related party (for example in financial products managed or arranged by Pathfinder, Alvarium Wealth or associated companies).
- Investments that are bought, sold or held by Pathfinder's non-KiwiSaver funds may also be bought, sold or held by a Fund in the Scheme.
- Pathfinder staff may want to buy, sell or hold a security personally that is also held or considered by a Fund.

**Duty to investors:** Our focus for managing conflicts of interest is our duty to act in the best interests of our investors. Our Compliance Manual recognises that to achieve this our focus is on creating processes, controls and a culture where:

- client interests are at the heart of the business
- staff understand (and care about) good outcomes for investors
- investors are treated equally and fairly and any conflicts of interest are disclosed to them

**Related party transactions:** We manage this conflict by ensuring that all transactions that provide for a related party benefit to be given comply with the requirements of the Financial Markets Conduct Act 2013 and Pathfinder's Compliance Manual. This procedure requires us to certify that the transaction, or series of transactions, is permitted by the Financial Markets Conduct Act 2013 or to obtain the Supervisor's consent to the transaction or transactions. We must also notify the Supervisor of the transaction or transactions.

## 9.0 Taxation

**Background:** Your returns from will be affected by taxation. The following is a general overview of the taxation treatment that applies. It is based on current NZ tax legislation (which may change). The impact of taxation will vary depending upon your individual circumstances. Pathfinder (as Manager) and Public Trust (as Supervisor) do not take any responsibility for your taxation liabilities. You are encouraged to seek professional tax advice on the implications for you from investing in a Fund.

**Terms used:** In this section the terms “PIE” and “PIR” are used extensively. These are defined below:

Term	Meaning
PIE	The Scheme has registered for a special designation for tax purposes called a “portfolio investment entity” (or “PIE”). This term is defined in the Income Tax Act 2007.
PIE tax	PIE tax is tax on income allocated to you as an investor. This will be determined by reference to the PIR you nominate and is generally paid by the Scheme (and not by you).
PIR or Prescribed Investor Rate	This is the tax rate an investor in a PIE may (or must) elect under the Income Tax Act 2007. Your nominated PIR is used by a PIE to calculate the tax liability on income allocated to you.

**PIE status:** The taxation rules applying assume the Scheme is a multi-rate PIE. Should the Scheme cease to be a PIE, the taxation rules applying to it (and each Fund) may change.

**Allocation of income:** Taxable income (or losses) will be allocated between investors based on the number of units held by them. We calculate tax payable on income allocated to you at your nominated PIR.

**Notification of IRD number and PIR:** You must provide us with your IRD number and PIR when you join a Fund (and when these details change). If you do not provide your IRD number within 6 weeks of joining a Fund, by law we are not able to accept your investment and you will be required to exit the Fund. If you do not nominate a PIR, then income allocated to you will be taxed at the 28% default rate. Inland Revenue can also require us to change a PIR that you nominate.

**Explanation of PIRs:** The PIR rules are as follows:

- **10.5% and 17.5%:** The applicable rate will depend on your taxable and net PIE income (i.e. PIE income less PIE losses) in one of the two previous income years:

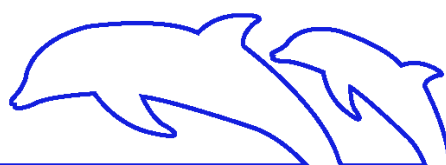
Taxable income	Taxable + Net PIE income	Prescribed Investor Rate
\$0 – \$14,000	\$0 – \$48,000	10.5%
\$0 – \$48,000	\$0 – \$70,000	17.5%

- **28%:** This rate applies if you are not eligible to elect a PIR of 10.5% or 17.5% or if you become non-resident.

For further information on determining your PIR, go to <https://www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates>

**Payment of tax:** PIE tax will be deducted by cancelling units equal to the value of the tax liability on PIE income allocated to investors. The Scheme’s tax liability on PIE income allocated to investors will be deducted at the earliest of the following times:

- at the end of the income year (following 31 March); or
- upon any full or partial withdrawal of your investment or a transfer to another Fund



**Tax refunds:** A refund of tax will be provided to the Scheme to compensate for any PIE tax losses or excess NZ tax credits for investors. This is then allocated to investors by issuing additional units in the relevant Fund.

**Final tax:** If you nominate your correct PIR then the PIE tax paid on income allocated to you will be a final tax. This means there is no obligation for you to file a tax return in respect of an investment in a Fund.

**Advising the correct PIR:** You must advise us if your PIR (or tax residence) changes and nominate the new correct tax rate (if applicable). Failure to advise us, or providing a lower rate than that applicable, will mean you are personally liable to pay any resulting tax shortfall. Penalties and interest may apply and it may also mean you are required to file a tax return. We cannot change your nominated PIR in respect of PIE tax that has already been calculated and deducted. This means if your nominated PIR is too high, under current law, no credit or refund will be available where too much tax has been paid.

**Impact on social policy entitlements:** PIE income allocated to you will not impact any entitlements you may have to Working for Families (as the Funds are registered KiwiSaver funds).

**Cancellation of units:** If the value of your units is not regarded as likely to be sufficient to fund the PIE tax liability on income allocated to you, the units will be redeemed to fund that liability. Each investor indemnifies the Supervisor and Manager if the value of their units is not sufficient to meet any PIE tax liability attributable to the investor.

**PIE tax on withdrawals and transfers:** If you withdraw your investment, or transfer your investment to another Fund, prior to 1 April in any year you will bear the cost of PIE tax on income allocated to you. This will be calculated from the beginning of the income year to the date of withdrawal or transfer by you.

### New residents and transitional residents

Special PIR rules apply for investors that are new NZ tax residents or who meet the definition of a “transitional resident” (in the Income Tax Act 2007). Please seek professional advice if these definitions apply to you.

### Other important taxation information

**Tax certificate:** We will provide you with an annual tax certificate. The certificate includes the PIE income allocated to you and the amount of tax paid at your nominated PIR.

**Gains and distributions:** Redemption gains on a transfer or withdrawal from a Fund will not be taxable to you.

**Holding restrictions:** PIEs have restrictions on the percentage of units you can hold (generally no more than 20% of the Scheme and a particular Fund). We may redeem or cancel units held by investors exceeding the permitted threshold to ensure the Scheme’s PIE status is maintained.

***The impact of taxation will vary depending upon your individual circumstances. You are strongly encouraged to seek professional financial and tax advice.***

