Fisher Funds KiwiSaver Scheme

Other Material Information

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Helping Kiwis achieve their ambitions and enjoy their dream retirement.

This document provides material information about the Fisher Funds KiwiSaver Scheme (the Scheme) to help you make an informed decision about investing in the Scheme. It is an important document and it supports the Scheme's Product Disclosure Statement (PDS) and Statement of Investment Policy and Objectives (SIPO), which can be found on the Disclose Register or on our website fisherfunds.co.nz/kiwisaver.

In this document the word 'current' or 'currently' means as at the date of this document and 'you' or 'your' refers to persons who apply to become, or who are, members in the Scheme.

Description of the Scheme and the funds

The Scheme, offered by Fisher Funds Management Limited (Fisher Funds, we, us, or our), is a KiwiSaver scheme established on 11 June 2007 and registered as a managed investment scheme under the Financial Markets Conduct Act 2013 (FMCA). The Scheme gives you a choice of two funds (each a fund and together funds) to invest in:

- the Fisher Funds KiwiSaver Conservative Fund (Conservative Fund)
- the Fisher Funds KiwiSaver Growth Fund (Growth Fund)

You can invest in a mix of those funds using the Balanced Strategy, our GlidePath option, or your own mix of the two funds.

The Scheme is a trust governed by a Governing Document between Fisher Funds and Trustees Executors Limited (the Supervisor). The Governing Document sets out how the Scheme must be administered and it can be amended by the Supervisor and us.

Fisher Funds KiwiSaver Scheme is available to most New Zealanders including:

- people who apply and are eligible to join; and
- employees of employers who choose the Scheme as their preferred KiwiSaver scheme.

How do funds work?

The money you invest buys units in your choice of one or more funds based on the price per unit called the unit price. Therefore, each unit you own represents a share of a fund. Your money will be pooled with other investors' money and invested by us. The unit price is calculated each business day so that you'll know what your share of a fund is worth.

We invest only in assets described in the SIPO. The value of these assets can change daily, and this will affect the price of the units in a fund. A price fluctuation however will not change the number of units you hold. For example, if the value of the assets goes up, your units in a fund will be worth more and if the value of the assets falls then the units will be worth less.

Each unit in a fund has the same value as every other unit in that fund. Each unit represents equal interests in, and rights to, the assets of the fund. A fund may issue any number of units.

While you buy units in a fund, the units you hold do not give you any interest in any particular asset of that fund. This means that you cannot for example, ask us to transfer to you any underlying shares or property.

We, as the Manager of the Scheme, don't hold your money or own a fund's assets. A custodian, a company independent of us, holds all a fund's assets on behalf of investors. All monies which we (or an agent) receive for investment in a fund are paid into a separate bank account maintained by the custodian.

Assets — how they're valued

Listed assets held by a fund are usually valued each business day. We use an industry standard valuation method based on the last sale price of each listed asset (except where the last sale price falls outside the bid-ask spread, in which case the bid price is used) as at the close of business on each valuation day. If a fund is invested in underlying assets in offshore markets this may cause a delay in pricing of several days. This is because we must wait for the relevant markets to close before we can obtain the last sale price. Public holidays can also delay price availability.

Unlisted assets held by a fund are not usually valued each business day and are instead valued periodically (which, depending on the nature of the asset, could be quarterly, or less frequently) in accordance with our valuation policies. Additional valuations may be conducted in response to significant events, such as changes in market conditions, asset outlook, financing rounds, or liquidity events. Valuations may be performed internally or externally by an appropriate valuation expert and in accordance with the Manager's policies.

The unit price is calculated by dividing the net value of a fund's assets by the number of units in that fund. Our current Unit Pricing and Valuation Policy and Unlisted and Suspended Securities Policy, available at fisherfunds.co.nz/policies-and-privacy, set out guidelines for valuing assets that are illiquid or infrequently traded, and for correcting pricing errors.

Market indices

Market indices are used to measure the change in value of specific groups of assets in recognised investment markets e.g. the New Zealand share market. An increase in the value of these assets will lead to a corresponding increase in the value of the market index.

The market index return for a fund refers to the percentage change in the appropriate market index over a given period. As an example, the current market index (sometimes referred to as the benchmark) used for New Zealand shares is the S&P/NZX50 Gross Index including imputation credits. We use a market index return to measure the relative performance of a fund compared to the market performance of the assets it invests in.

Where a fund invests in only one type of asset, or where the combination of its assets predominantly reflects the characteristics of one asset class, the market index return for that fund may be the return of one market index.

Where a fund invests in more than one asset type (e.g. shares and fixed interest) several market indices are used. The market index return is therefore a combination or composite return and is calculated using the weighted average of the market indices. In other words, if a fund's strategy is to invest in four different asset classes equally, the fund's market index return will be 25% of the return of each market index. The SIPO outlines which market indices are used for each fund.

Our actual investment portfolios do not necessarily try to mirror market indices and your returns could differ materially from them. This is because we actively choose securities and determine their weighting in the portfolio.

Who is involved?

Manager

Fisher Funds is the Manager of the Scheme. We are responsible for issuing and administering the Scheme and managing the assets in the funds. We may delegate some of these duties to third parties. We may use third party managers to manage assets for us either directly or through underlying funds.

Appointment and removal of the Manager

The Scheme must have an appropriately licensed manager who is not an Associated Person[1] of the Supervisor.

The Supervisor may remove us as Manager if they think it's in the best interest of the members and may appoint a new manager, however if we retire as Manager we may appoint a new manager. Our removal or retirement will not take effect until a new manager has been appointed.

Supervisor

The Supervisor of the Scheme is Trustees Executors Limited. The Supervisor's ultimate holding company is Sterling Grace (NZ) Limited.

Details of the Supervisor's directors, which may change from time to time without notice, are available at companiesoffice.govt.nz/companies.

The Supervisor is licensed under the Financial Markets Supervisors Act 2011 to act as a Supervisor for a range of financial products, including Fisher Funds KiwiSaver Scheme. Further information about the Supervisor's licence is available on the Financial Markets Authority (FMA) website (fma.govt.nz) and on the Financial Service Providers Register website (companiesoffice.govt.nz/fsp).

Custodians

The Supervisor holds the assets of the Scheme. After having consulted us, the Supervisor may appoint one or more custodians to look after some or all of the assets. Apex Investment Administration (NZ) Limited has been appointed to look after some of the Scheme assets.

Administration managers

We may appoint one or more administration managers to assist with the administration and management of the Scheme. The administration managers appointed by us are:

- Trustees Executors Limited who, through their Trustees Fund Administration division, provides registry services.
- Apex Investment Administration (NZ) Limited who provides unit pricing and investment accounting services.

Supervisor and Manager indemnity

Subject to relevant law, if either we 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 the Scheme or a fund or any action taken or omitted in connection with the Scheme or a fund, then us or the Supervisor (as applicable) is entitled to indemnity and reimbursement out of the assets of the Scheme to the full extent of such liability and the costs of any litigation or other proceedings in which such liability has been determined (including, without limitation, legal fees and disbursements).

This indemnity does not cover losses or damages arising from us failing to meet the standard of care required under the Governing Document.

You also indemnify the Supervisor and us for tax paid on income attributed to you by the Scheme. This indemnity only applies if your interest in the Scheme is not sufficient to meet any tax liability on income attributed to you.

Fisher Funds and the Supervisor have a first claim on the assets of the Scheme for any indemnity. The indemnity also extends to any payment made to a person in good faith although it may be later found that the person was not entitled to it.

Winding up and insolvency

We may close, wind up or alter any fund as and when and on such terms and conditions as we determine, subject to providing prior written notice to the Supervisor. If a fund is wound up, we will notify you and specify the fund to which you will be deemed to have elected to transfer the relevant amount if no choice of replacement fund is exercised within the period prescribed in the notice.

The Scheme may be wound up if we so decide, if a special resolution of members is passed to wind up the Scheme, or if we are required to do so by law, or by order of the FMA.

In the event that the Scheme or any of the funds become insolvent, there's no further obligation for you to pay any money to any person.

If the Scheme is put into liquidation or wound up, any claims by creditors (e.g. banks) will rank ahead of you. After payment of all creditors, you'll rank equally with all other members in the fund. You will not have your savings returned to you; rather they will be transferred to another KiwiSaver scheme.

Fees and expenses

You will be charged fees and expenses for investing in the Scheme, and these are detailed below.

Manager's basic fee

We charge a management fee which is a fixed percentage of the Gross Asset Value (GAV) of each fund, calculated at each time the unit price is calculated and payable monthly in arrears. The fee is currently:

Conservative Fund
- 0.85% per annum

Growth Fund
- 0.95% per annum

From this fee, we pay all the costs of investment management.

Subject to the KiwiSaver Act 2006 (KiwiSaver Act), we can change the management fees with notice to the Supervisor.

Supervisor's fee

Trustees Executors Limited, acting in its role as Supervisor, is entitled to receive a fee for its services. This fee is included in the annual fund charges in the quarterly fund update for each fund, available at fisherfunds.co.nz/kiwisaver/forms-and-documents.

Administration manager fees

The administration managers (see the "Who is involved?" section") are entitled to receive fees for their services. These fees (excluding registry fees, which are paid by Fisher Funds) are included in the annual fund charges in the quarterly fund update for each fund, available at fisherfunds.co.nz/kiwisaver/forms-and-documents.

1. Has the meaning given to it in the Financial Markets Conduct Act 2013.

Manager and Supervisor expenses

The Supervisor and Fisher Funds are entitled to pay or reimburse ourselves for any costs, charges and expenses incurred by us in respect of the Scheme. These expenses are apportioned between the funds or members' accounts to which they relate at our discretion. The amount of these expenses cannot be determined until they are incurred and will vary from time to time. Details of the actual expenses incurred will be made available in the annual Scheme financial statements.

Investment in other funds

In addition to directly acquired assets, each of the funds currently invests in wholesale funds that are also managed by Fisher Funds. The funds in the Scheme generally do not incur a management fee on investments in these wholesale funds, or in the instance that a fee is incurred, Fisher Funds fully rebates the management fee.

The funds and the underlying funds they invest into may also invest in other funds managed by third parties not associated with us. Those funds may charge fees, including entry fees, exit fees, performance-based fees and management fees, and incur expenses.

The amount of the fees and expenses of any underlying funds is included in the annual fund charges in the quarterly fund update for each fund, available at fisherfunds.co.nz/kiwisaver/forms-and-documents.

The Growth Fund may gain exposure to private equity investments through funds or entities related to Fisher Funds and which provide for a share of profit (known as carried interest) to be paid to a related Fisher Funds entity. A carried interest is a share of profit which becomes payable on the realisation of the private equity investments. Any carried interest is included within the valuations of the fund's underlying investments at a frequency consistent with the valuation cycle for those investments. The value of carried interest for a particular investment can rise and fall in line with performance. An estimate of the carried interest will be included in future versions of this document, once the payment criteria have been met and a reasonable estimate can be determined, likely to be several years away.

Third party service fees

Fisher Funds may pay service fees to financial advisers, referring banks, distributors, and other intermediaries for the origination and/or ongoing servicing of members. Currently, service fees can include a one-off introduction fee of up to $75, and/or a percentage-based fee of up to 0.25% per annum of a member's balance. Fisher Funds pays the third party service fees.

GST

All fees and expenses are exclusive of goods and services tax (GST) unless otherwise stated and GST will be added where required.

Buy/sell spreads

Although under normal trading and market conditions we do not apply buy and sell spreads, we may choose to do so - for example, during a period of market volatility - with the aim that transaction costs associated with members buying or selling units, or switching between funds, are met by those members and not the other members in those funds.

There are transaction costs when the underlying assets of a fund are bought and sold. These impact the fund's unit prices. To reflect the likely transaction costs of selling underlying assets we can apply a sell spread to members' withdrawals (including switches) from a fund. Similarly, a buy spread can be applied to members' investments (including switches) into a fund to reflect the likely transaction costs of buying underlying assets. Any buy or sell spread is retained by the fund to offset transaction costs and is not a fee paid to us.

You can find out if any buy or sell spreads have been applied at fisherfunds.co.nz/spread-pricing.

What are the risks?

There's always some risk when you invest and the level of risk varies depending on what you invest in. The level of risk is usually related to the possible return you might achieve from your investment. For example, investing in shares is likely to give you a higher return, however shares come with more risk than say fixed interest investments.

Investments in the Scheme are not guaranteed by the Crown, Fisher Funds, the Supervisor, or any other person or company and nor does any party promise the repayment of, or returns on, investments in the Scheme. The value of your investment can go up but it can also go down and this positive and negative movement is called volatility. You may not recover the full amount you've invested or receive any returns on your investment.

As a general rule, cash and fixed interest investments (called income assets) tend to be less volatile than commercial property, shares and alternative investments like derivatives or foreign exchange (called growth assets). Therefore the greater the proportion of growth assets in a fund, the greater the potential to experience negative returns over the period of your investment. However, higher risk investments also have the potential for higher returns.

Fisher Funds oversee this risk on your behalf. On the following pages we outline the risks associated with investing in the Scheme and how we manage those risks. It is important to note that no mitigation strategy can eliminate all risks associated with investment.

General investment risks

The following risks (summarised in Section 4 of the PDS) are some of the things that may cause a fund's value to move up and down, and which affect the risk indicator score for the funds.

Type of risk	Description	How we manage it
Investment returns risk	Different types of investments have different risks and perform differently at different times. For example, the return on growth assets tends to go up and down more than the returns from income assets. This means short term fluctuations in the value of a fund are common, especially for funds that invest mostly in growth assets like shares.	Our minimum quality criteria must be met before any investment is included in a fund's portfolio. We develop, in consultation with the Supervisor, a SIPO which describes the allowed investments, exposure levels and investment criteria for the investments held in the funds. We regularly monitor the holdings of the funds to ensure they remain within the criteria specified in the SIPO. We may visit companies or seek additional information in respect of investments held to be satisfied of their ongoing suitability.
Market risk	Investment market performance can be affected by economic conditions such as investor opinion, inflation, employment rates and interest rates (including negative interest rates). Political events, and environmental and technological issues also impact investment market performance.	We keep our knowledge of various market factors up to date through a review of economic data both locally and internationally, as well as conducting our own research. This information is used when making investment management decisions.
Climate change risk	The market value of an investment may change due to the impacts of climate change. Climate change impacts may include damage to physical assets (e.g. from severe weather events) and changes in market sentiment or increased government regulation in response to the threat of climate change.	Climate change risk is one of the many investment risk factors considered in our investment process. We may consider both the risks and the opportunities of climate change when evaluating an investment.
Currency risk	Investments in foreign assets are bought and sold with foreign currency, and the funds may hold foreign currencies directly. The value of the foreign assets and currency can change (up or down) when there are movements in the exchange rate between the New Zealand dollar and the foreign currency.	Where we can, we monitor the currency positions and may adjust the hedging levels of the currency exposure attributable to the holdings of the overseas assets.
Investment manager risk	How we choose to allocate each fund's investments (and the investment decisions made by the managers of any underlying funds in which we invest) will affect that fund's returns. In particular, our investment style may result in our returns differing from any market index and from competing investments.	We maintain an up-to-date knowledge of various market factors through a review of economic data both locally and internationally while also conducting our own research. This information is then taken into consideration when making investment management decisions. We aim to complete a review of the strategic asset allocation for the funds every two years to ensure we take into account updated capital market assumptions.

Type of risk	Description	How we manage it
Credit risk	The issuer of a security, an institution that we deposit funds with, or a third party that provides a guarantee for either may not honour their obligations, fail to complete transactions, or may become insolvent. If this occurs you may not recover the full amount of your investment in that fund.	We analyse the creditworthiness of the issuers we purchase securities from, institutions we choose to deposit funds with, and third parties that provide a guarantee for either.
Counterparty risk	A party to an investment contract may not honour their obligations, or fail to complete a transaction, or may become insolvent. If this occurs in any of the investment contracts held by a fund, you may not recover the full amount of your investment in that fund.	Fisher Funds deals with reputable brokers and trading platforms. For physical securities our preference is to pay on delivery of the financial instrument. For derivatives and OTC contracts we ask counterparties to post collateral against unrealised losses to minimise potential losses in the event of default. Not all counterparties post collateral.
Interest rate risk	Fixed interest investments may become more or less valuable depending on changes in interest rates. If market interest rates rise, existing fixed rate investments become less valuable because new fixed interest investments will pay the current, higher rate of interest, and vice versa when market interest rates fall. Interest rate risk is more applicable to funds that invest mostly in income assets such as fixed interest securities.	Where possible, we consider the expected impact of economic factors on interest rate sensitivity (i.e. the impact a change in interest rates will have) when selecting investments for the funds.
Liquidity risk	Low liquidity can affect the ability of the fund to make payments when needed (such as meeting withdrawal requests) and the fund may receive a lesser amount than expected if the assets have to be sold quickly and there are few buyers. Investment in unlisted assets increases liquidity risk, which applies particularly to any unlisted assets that the funds may hold.	We operate a portfolio liquidity risk management framework to help ensure that portfolios are well-positioned to withstand stress scenarios and to allow portfolios to potentially take advantage of opportunities provided by market dislocations.
Valuation risk	A fund may invest in unquoted and/or illiquid investments, which carry the risk of valuation uncertainty. In such cases, a verifiable and objective market value may not be readily available, potentially affecting the returns of that fund.	Such investments are valued internally or externally by an appropriate valuation expert in accordance with our valuation policies.

Other risks

The following are either risks that do not currently significantly impact the risk indicator scores, but may impact future fund returns or are other risks currently associated with investing in the funds.

Type of risk	Description	How we manage it
Unfulfilled investment objectives	There is no guarantee that the funds will achieve the investment objectives set out in the SIPO and these objectives should not be taken as a guarantee or assurance of returns. A failure to meet investment objectives would affect the value of the relevant fund.	We regularly monitor the returns of the assets held by the funds. We may alter the mix of investments held if our analysis indicates that this could better achieve the funds' objectives. Any amendment to the SIPO objectives must be made in consultation with the Supervisor to ensure members' best interests are considered.
Inflation	Inflation is a term used to describe the rise of average prices through the economy. Simply, inflation refers to the increased cost of living. There is a risk that if you receive returns from your investment in the Scheme that are less than the rate of inflation, you may not be able to buy as many goods and services with your money as when you initially invested in the Scheme. Inflation may impact on real returns.	Some investments may perform better than others during periods of inflation and we consider this when we design portfolios.

Type of risk	Description	How we manage it
Derivative risk	A derivative is typically a financial contract such as futures contracts or swaps, whose value depends on the future value of its underlying assets such as shares, bonds, currency or cash. Derivatives may be used as an alternative to investing in a physical asset, or as a risk management tool, providing a similar exposure to the investment without buying or selling the asset underlying the derivative. Any risks which can affect the physical asset can also affect the derivative and therefore their use may not remove all exposure they are intended to manage.	The funds and any underlying funds may use derivatives to gain exposure to assets that are consistent with the SIPO or to manage currency exposures.
Operational or systems failure	Risk may arise from a process failure, fraud, litigation, disruption to business by reason of an industrial dispute, system failure, natural disaster or other unforeseen event affecting the funds (or the markets generally).	Business continuity plans are in place for periods of business disruption caused by unforeseen circumstances.
Key personnel	The success of each of the funds depends to a significant extent upon us continuing to employ a number of key personnel. Profiles of the Fisher Funds investment team can be found at fisherfunds.co.nz/team.	To minimise turnover, Fisher Funds fosters an environment which attracts and retains key personnel, while at the same time operating in a collaborative manner therefore minimising key personnel risk.
Legislative and regulatory	Returns may be affected by any legislative or regulatory changes in both New Zealand and offshore, which could have an impact on any investment or the markets in which they operate. Changes to legislation could have a significant impact on the Scheme and your investments in the funds.	We keep abreast of proposed legislative and regulatory changes that may influence our investments, business or the markets in which we operate. When necessary we make submissions to ensure our clients and our business interests are represented.
Taxation	Changes in taxation rates or tax rules in New Zealand or overseas may affect the value of the assets of the funds and/or your return.	We consider taxation implications when selecting investments. When changes in taxation are proposed, we review them to understand any impact on existing investments, fees and/or your return.
PIE status	Should the Scheme fail to satisfy the PIE eligibility criteria necessary to retain PIE status, this could result in the Scheme being taxed at a higher rate than the individual Prescribed Investor Rate (PIR) of members. It may also result in the funds being taxed on investment gains that would not be taxable if the Scheme was a PIE.	We monitor factors influencing the Scheme's PIE status on a regular basis and have processes in place to minimise potential breaches of PIE eligibility criteria, which may include adjusting a member's unit holding to maintain PIE status.
Borrowing	Where permitted by the SIPO we may borrow on behalf of the funds and this may include borrowing against the assets of a fund. This may exaggerate the effect of any increase or decrease in the value of the assets of the fund and increase the risk of insolvency. Under our current investment strategies this risk is predominantly relevant to funds that invest in unlisted property assets. The funds may invest in other funds, which may borrow from time to time.	Portfolios are subjected to stress testing to monitor the impact of borrowing on the risk profile of the funds.

Joining Fisher Funds KiwiSaver Scheme and making investments

It's easy to join or transfer to the Scheme and the process of joining, and who can join is outlined in our PDS.

You may be enrolled automatically if your employer has chosen the Scheme as their preferred KiwiSaver scheme, or you can choose to join the Scheme directly by completing an application form. In either case you can choose the funds or strategy you wish to invest in, or take part in GlidePath. If you do not choose a fund or GlidePath you will be invested according to the Balanced Strategy.

GlidePath

GlidePath is a service that automatically invests your savings in a fund or mix of funds depending on your age; it's not a separate fund.

Until age 46 you will be fully invested in the Growth Fund with an 81% allocation to growth assets. Every year from age 46 to 86, we adjust how your investment balance and future contributions are invested in a mix of the Conservative and Growth Funds to reduce your allocation to growth assets by 1.3% per year on average. From age 86 you will be fully invested in the Conservative Fund with a 27.5% allocation to growth assets.

The GlidePath model is based on assumptions regarding retirement age, life expectancy and expected returns for each asset class. If any of these factors change significantly, we'll amend our model. This could result in a one-off change to your asset allocation to bring it into line with our new model, and could mean that the details above will change.

We will contact GlidePath members when their mix of funds is changed. The table below shows when annual changes will occur:

If your birthday falls between	Your mix of funds will be changed on or about
1 December and 28 February	15 March
1 March and 31 May	15 June
1 June and 31 August	15 September
1 September and 30 November	15 December

The times at which we buy and sell units in the funds to achieve your new asset allocation are preset and do not take into account market conditions at the time.

There are no additional charges to take part in GlidePath.

GlidePath does not take into account all your personal circumstances and may not be suitable for you, as it's based on saving for your retirement. For example, it may not be suitable if you plan to use your KiwiSaver for your first home.

GlidePath also does not take into account your personal risk tolerance and may not be suitable if you're particularly cautious when it comes to investing.

You can opt into GlidePath at any time. You can also opt out of GlidePath at any time by completing a switch form, which asks you to choose your own mix of funds to invest in. Fisher Funds reserve the right to remove the GlidePath service and we'll give you two months' notice if this happens. If GlidePath is no longer available then you'll remain invested in the combination of funds you were in when GlidePath closed or you can choose which funds to reinvest in.

Balanced Strategy

The Balanced Strategy is invested in a balance of income and growth assets. Your investment in the Balanced Strategy is automatically rebalanced each year to a target fund mix determined by us, within a range of 40% to 50% Conservative Fund and 50% to 60% Growth Fund. As at the date of this document the target fund mix is 40% Conservative Fund and 60% Growth Fund.

Over time, investment returns can cause your fund mix to move away from the target fund mix. If one of the funds performs better than the other over a certain period, you will have a higher proportion invested in the fund that has performed better.

Your investment in the Balanced Strategy is rebalanced on 15 August (or the next business day if 15 August falls on a weekend or public holiday) each year by selling units in one fund and buying units in the other to maintain the target fund mix.

For example, if the Growth Fund performs well over a certain period and has a return that is higher than the Conservative Fund, your investment mix might move to 35% Conservative Fund and 65% Growth Fund. On 15 August, your investment is then automatically rebalanced by selling units in the Growth Fund and buying units in the Conservative Fund to bring your investment back in line with the target fund mix of 40% Conservative Fund and 60% Growth Fund.

Fisher Funds KiwiSaver Scheme offers you the flexibility to switch between funds or change how much you invest in each fund at any time. If you don't want your Balanced Strategy investment to be rebalanced, you can switch out of the Balanced Strategy, choose a fund mix that matches the current target fund mix and your weighting to each fund will change over time in line with the investment returns of each fund.

Salary and wage earners

If you're working and a KiwiSaver member there is a minimum contribution rate of 3% of your before tax salary or wages. Alternatively, you can choose to contribute 4%, 6%, 8% or 10%. Your contribution is deducted from your after tax salary or wages. You have the flexibility to change your contribution rate once every three months, or more often if your employer agrees. You can request a change to your contribution rate by notifying your employer or via your online myIR account. If you don't make a contribution choice, your rate will be set at the minimum (currently 3%).

If you're paid through the PAYE system, your contributions are deducted from your earnings and paid to Inland Revenue by your employer. If this is the first KiwiSaver scheme that you join, Inland Revenue will hold all contributions it receives for you in an interest-bearing account (at a rate set by Inland Revenue) for 62 days before passing those contributions to us.

If no tax deductions are necessary from your Salary or Wages under the PAYE rules (and you're not a private, domestic worker) then you don't need to contribute to KiwiSaver from your Salary or Wages.

Your current contribution rate will follow you if you transfer from another KiwiSaver scheme without changing jobs. However, if you do change jobs your contribution rate will be set at the minimum unless you notify your new employer of a new rate.

You can also make extra contributions to KiwiSaver as often as you wish through Fisher Funds, or through Inland Revenue by internet banking using the "Pay tax" function.

Employer contributions for salary and wage earners

If you're contributing, your employer is also required to make regular contributions to your KiwiSaver. They'll contribute a minimum of 3% (or can choose to contribute more — check these details with your employer) of your before tax salary or wages (excluding government parental leave payments and ACC compensation) if you're:

- over 18; and
- under 65; and
- not on a savings suspension and are contributing.

Your employer contributions may be split between your Fisher Funds KiwiSaver Scheme and another superannuation scheme you're a member of, subject to certain criteria[2].

Your employer will deduct Employer Superannuation Contribution Tax before paying any contributions to the Scheme. Your employer can choose to stop making employer contributions once you are entitled to withdraw your investment, having reached the age of 65.

If you take paid parental leave from your workplace and you're receiving government-funded paid parental leave payments, you can choose to have KiwiSaver contributions deducted from your payments. If you do so, Inland Revenue will make employer contributions of 3% and will deduct Employer Superannuation Contribution Tax before paying any contributions to the Scheme. If you are receiving a wage or salary during your paid parental leave, your employer will continue to deduct KiwiSaver contributions from your wage or salary, unless you have a savings suspension.

2. If you joined a superannuation scheme offered by your employer prior to 1 April 2008, that was registered before 17 May 2007 (or could join such a scheme under a collective agreement that was in force before 17 May 2007), any contributions required to be paid by your employer to that scheme may count towards the compulsory employer contributions required for the Scheme to the extent they vest within the first five years of being paid.

Self-employed or not employed

If you're self-employed or not employed, you can choose to make regular contributions or lump sum payments of any amount at any time. This can be done through Inland Revenue or by completing a direct debit form available on fisherfunds.co.nz/kiwisaver/forms-and-documents. You have the flexibility to stop or change your regular contribution amounts at anytime by writing to us.

If you're self-employed and also an employee then you're required to contribute to the Scheme only out of your after-tax salary or wages from that employment.

Children

If you're under 18, you or anyone on your behalf, can make regular contributions or lump sum payments of any amount at any time. If you're under 18 and start working and are paid through the PAYE system, your employer will make your contributions however, employers do not need to make employer contributions until you reach the age of 18.

Additional contributions

Other people, including your employer, can make additional contributions to the Scheme at any time. We may accept other contributions payable to the Scheme and may impose terms and conditions, for example, we currently require direct lump sum investments to be of at least $100.

Government contribution

You may also receive a government contribution of up to $521.43 a year (50 cents for every $1 you contribute up to a maximum of $1,042.86) as long as you are between the ages of 18 and 65 and live mainly in New Zealand.

In the first year of membership the government contribution is calculated from the date your first contribution is received to 30 June following that contribution. In the year that you turn 65 the government contribution is calculated from the preceding 1 July to your 65th birthday.

Fisher Funds will collect your government contribution from Inland Revenue every year (or part way through the year if you cease your membership and are entitled to a government contribution) and allocate it across the funds you're invested in. If you also have contributions credited to a complying superannuation fund, the government contribution will be paid to the scheme that requests it first. The government may change the amount of the government contribution in the future.

Savings suspension

If you've been contributing to KiwiSaver for 12 months, you can apply to Inland Revenue for a savings suspension, which can be between three months and one year. If you're on a savings suspension your employer may reduce, suspend or stop their contributions too.

If you're suffering, or likely to suffer, financial hardship (and Inland Revenue has received at least one contribution from you) then if you apply, Inland Revenue may grant you a savings suspension of three months or longer.

Inland Revenue will notify you before your savings suspension ends and then you can apply for another savings suspension if necessary.

You may resume contributing at any time by asking your employer to start making deductions from your salary or wages.

Employer preferred KiwiSaver provider

An Employer may choose Fisher Funds KiwiSaver Scheme as their preferred provider of KiwiSaver to their employees. Once approved by Fisher Funds and Inland Revenue is notified, they become an Active Choice Employer. This means that unless you advise your employer otherwise, you'll be enrolled in the Scheme.

An Active Choice Employer must notify Inland Revenue if they wish to change or cancel their preferred choice of KiwiSaver scheme. Inland Revenue may also give the employer notice that its choice of KiwiSaver scheme has been revoked. If that occurs any existing members employed by that employer will continue as members of the Scheme.

Withdrawing your investment

KiwiSaver is a long-term investment plan, designed to help you save for the lifestyle you'd like to enjoy in the future. In most cases, you can't withdraw your savings until you've reached the age of 65. In some cases though, you may be able to cash in some or all, of your investment early and we have described these situations below in the "Early withdrawals" section.

Retirement withdrawals

Once you've reached the age of 65 you can choose to:

- continue investing in Fisher Funds KiwiSaver Scheme;
- stop contributions by giving your employer a non-deduction notice;
- make one-off or regular withdrawals from your investment;
- transfer your investment to another investment product; or
- withdraw all your investment and close your account.

You can request a withdrawal by writing to us or using the required form available at fisherfunds.co.nz/kiwisaver/forms-and-documents. We will pay withdrawals to your nominated bank account.

Minimum withdrawal amounts

Currently, if you've reached the age of 65, you can make:

- lump sum withdrawals of $500 or more; or
- regular withdrawals of $100 or more a month.

If you want to remain a member of the Scheme, you'll need to maintain a balance of $1,000 after any withdrawal. If you make a withdrawal that results in your balance falling below $1,000 we can pay you the full balance and close your account.

We may change the minimum account balance and introduce other terms and conditions for withdrawals.

Early withdrawals

In some special cases, subject to the KiwiSaver Act, you may be able to access some or all of your investment. These include:

- first home purchase
- permanent emigration to a country other than Australia
- significant financial hardship
- serious illness
- life-shortening congenital condition

First home withdrawal

One of the great benefits of KiwiSaver is that you have the flexibility to use it to purchase your first home in New Zealand. You may be eligible to make a first home withdrawal if:

- you've been a member of one or more KiwiSaver schemes or a complying superannuation fund for a combined total of three or more years; and
- you've never made a home purchase withdrawal before; and
- you intend the purchase of relevant land or an interest in a building on Māori land, to be your principal place of residence; and
- you've never owned an estate in land, either alone or jointly with another person (limited exceptions apply).

You must leave a minimum balance of $1,000 in your account and in addition you can't withdraw any amounts transferred from an Australian complying superannuation scheme although any post-transfer investment earnings on those funds can be used.

You can make a first home withdrawal application only after the sale and purchase agreement has been signed and at least ten business days before settlement. If you were not resident in New Zealand at any time while you've been a member of a KiwiSaver scheme, you need to allow an additional five days. You cannot make a first home withdrawal after your property purchase has settled. We will make payments to your solicitor or conveyancer only.

If you've owned a home before you may be eligible to make a withdrawal to purchase a home as a 'Second Chance' homeowner if you:

- meet the first three criteria above; and
- can supply written confirmation from Kāinga Ora that your financial position is what is expected of a person who has never owned a home. For more information and an application form contact Kāinga Ora on 0508 935 266 or visit kaingaora.govt.nz.

Permanent emigration

To Australia

KiwiSaver members who permanently immigrate to Australia cannot make a cash withdrawal. However, if your balance is below the maximum transfer amount set by Australian legislation you can transfer your full KiwiSaver entitlement, including government contributions, to an Australian complying superannuation scheme, which accepts such transfers.

To other countries

If you've permanently emigrated from New Zealand to anywhere other than Australia you can,

- after one year — withdraw your investment (excluding the government contribution amount and any Australian sourced amounts); or
- at any time after emigration transfer your investment (excluding government contribution amount) to a foreign authorised superannuation scheme.

In both circumstances, we'll repay your government contribution amount to the Government. Any Australian sourced amounts will remain in the Fisher Funds KiwiSaver Scheme.

To make a permanent emigration withdrawal or transfer you'll need to provide:

- a statutory declaration confirming that you've permanently emigrated from New Zealand; and
- documentary evidence proving when you left New Zealand and that you've lived at an overseas address at some time during the year after departure.

After emigrating, you can leave your balance in the Scheme until you reach the age of 65 and then choose whether to withdraw it as outlined in the "Retirement withdrawals" section.

Significant financial hardship

If you're experiencing significant financial hardship (as defined in the KiwiSaver Act), or are likely to, you may be able to access your KiwiSaver savings. The following are key points about significant financial hardship:

- the Supervisor reviews and decides all applications for significant financial hardship;
- the Supervisor must be reasonably satisfied that you're suffering or likely to suffer from significant financial hardship and that you've explored and exhausted reasonable alternative sources of funding;
- the Supervisor must be satisfied that the withdrawal amount is required to alleviate the hardship;
- the amount of the withdrawal is at the discretion of the Supervisor and may not be for the full amount you've requested;
- withdrawal amounts will not include any kick-start contribution and government contribution amounts; and
- a statutory declaration will be required which includes your assets and liabilities.

Serious illness

If you're suffering from a serious illness (as defined in the KiwiSaver Act), you may be able to make an early withdrawal. The Supervisor reviews and decides all applications for serious illness withdrawals and must be reasonably satisfied that you're suffering from a serious illness. Medical evidence will be required to support your withdrawal request.

The amount of the serious illness withdrawal may be up to the full value of your KiwiSaver account.

Life-shortening congenital condition

If you have a life-shortening congenital condition (as defined in the KiwiSaver Act), you may be able to make an early withdrawal. The Supervisor reviews and decides all applications for such withdrawals and must be reasonably satisfied that you have a life-shortening congenital condition. Medical evidence will be required to support your withdrawal request.

The amount of the withdrawal may be up to the full value of your KiwiSaver account. If you choose to make a life-shortening congenital condition withdrawal, then you are treated as having reached the New Zealand superannuation qualification age and you will forgo your right to compulsory employer contributions and the government contribution.

Death

Fisher Funds will on request, ensure your KiwiSaver savings are paid to the executors or administrators of your estate if you die. If, at that time, your full balance is less than a prescribed amount (currently $15,000) we may pay your balance directly to a personal representative, such as a surviving partner or child. The personal representative will need to provide documentary proof of their relationship with you and complete a signed declaration.

Other circumstances of withdrawal

We will comply with any legislation or court order requiring us to release your KiwiSaver savings. This includes a property sharing order made under the Property (Relationships) Act 1976.

You can withdraw savings transferred into your KiwiSaver from an Australian complying superannuation scheme if you've reached age 60 and satisfy the retirement definition in Australian legislation. You'll need to sign a statutory declaration that you do not intend to work again to qualify for access to your Australian savings.

Requests to accept transfers from non-Australian superannuation schemes are assessed on a case-by-case basis. If you transferred savings from such a scheme to your KiwiSaver before 9 April 2015 you may make a withdrawal to pay any associated tax liability or student loan repayments. Applications must be made within two years of the tax liability or student loan repayment obligations being assessed. In some circumstances, the withdrawal may trigger a foreign tax liability. We recommend that you seek independent tax advice if you're in this situation.

If at any time, you did not mainly reside in New Zealand you won't be entitled to government contributions for the period you were away. If you've received government contributions for these periods, it's important that a statutory declaration is supplied at the time of your withdrawal stating any periods for which you did not reside mainly in New Zealand to ensure we're aware your government contribution amount is wrong.

Payments

Payments can take up to 15 business days to be paid to your nominated bank account or to an authorised recipient.

If you are invested in both the Conservative and Growth Funds you may make a partial withdrawal from one or both. If you do not make a choice the withdrawal amount will be deducted from the funds in the same proportion as your current investment balance (e.g. if your balance is 70% in fund A and 30% in fund B, 70% of your withdrawal value will be taken from fund A and the remaining 30% from fund B).

Any tax payable or refundable will be adjusted for either from your payment in the case of a full withdrawal or from your remaining balance in the case of a partial withdrawal.

Leaving Fisher Funds KiwiSaver Scheme membership

You will end your membership in the following instances:

- you withdraw all your KiwiSaver savings;
- you transfer to another KiwiSaver scheme (or an Australian complying superannuation scheme or other approved overseas scheme when emigrating);
- you die;
- the Scheme is closed;
- we give you notice that the balance of your account is zero and your membership is terminated; or
- at our discretion, if your account balance is equal to or less than your tax liability; or
- you opt out of the Scheme in accordance with the KiwiSaver Act.

Transferring your investment to or from another scheme

You may transfer to or from another KiwiSaver scheme at any time but you can only belong to one KiwiSaver scheme at a time.

Suspension or deferral of withdrawals

We may suspend or defer the timing of withdrawals, transfers and switches if we determine that the redemption of units is not practicable or desirable, would be prejudicial to the interests of members or would threaten the Scheme's eligibility for PIE status. This may happen, for example, because of financial, political or economic conditions affecting investment markets.

In certain circumstances (for example to address liquidity issues) we may make an initial partial withdrawal or transfer payment, with the remaining amount paid out at a later date.

We will notify you if we invoke a suspension.

Transfers from overseas superannuation schemes

You can transfer savings from an Australian complying superannuation scheme to the Scheme if you've permanently immigrated to New Zealand. Requests to accept transfers from non-Australian superannuation schemes are assessed on a case-by-case basis.

Any exchange rate and currency conversion fees applied by the Australian complying superannuation scheme responsible for transferring the money to New Zealand will affect the value of any Australian transfer.

We may apply conditions and restrictions (including fees, amounts and frequency) that we consider appropriate on transfers from Australian complying superannuation schemes, though none apply currently.

Transferring ownership to another person

Units you hold in any fund can't be sold, assigned or otherwise transferred to any other person unless required by law.

Tax

We provide the following information on tax related to the Scheme as a general guide only and neither we nor the Supervisor accept any responsibility for your taxation liabilities. Please seek independent tax advice before investing.

PIE tax treatment and timing

The Scheme is a multi-rate Portfolio Investment Entity (PIE) for tax purposes. This means that your share of any taxable income of the Scheme will be taxed at your Prescribed Investor Rate (PIR).

Your PIE tax payable to Inland Revenue will be funded by cancelling a portion of your units. We'll issue additional units to reflect the amount of any tax rebate owed to you, this may not occur until the rebate is received from Inland Revenue. PIE tax payable is withheld as at 31 March or on any full or partial withdrawals, including switches between funds.

If your balance is equal to or less than the tax that is payable on income earned since the start of the tax year, we will cancel any remaining units and pay the tax liability to Inland Revenue. If your balance is less than the tax liability, then you, at our discretion, indemnify us (and where applicable, the Supervisor) in respect of any tax payable.

PIRs and individual members

Individuals who are New Zealand tax residents determine their PIR based on their taxable income and their total income, including PIE income in the previous two income years. To work out your PIR, go to Inland Revenue's website ird.govt.nz/pir or call us on 0508 347 437.

If you do not provide your PIR, the default PIR of 28% will be used.

Provided that you advise us of your correct PIR, tax paid by the Scheme on income attributed to you will generally be a final tax:

- For NZ tax residents, Inland Revenue will calculate any PIE tax over/under paid based on the PIR applied and add that to your end of year income tax position as part of its automated year end assessment process. No further action is required where the PIR applied is correct for the year.
- For non-NZ tax residents, if your PIE income is taxed using:
    - o the 28% PIR, no further action should be required.
    - o an advised PIR less than the 28% PIR, you may be required to file a NZ income tax return and be liable to Inland Revenue for further tax and penalties.

We'll provide you with a tax statement before 30 June each year. This information will help you determine whether you need to change your PIR for the next tax year. Please notify us of any updates to your PIR by emailing us at enquiries@fisherfunds.co.nz.

Fisher Funds may be notified of a change to your PIR

If Inland Revenue believes your PIR is incorrect, they may notify us of the PIR that is to be applied for you. We are required to apply the PIR notified by Inland Revenue as soon as reasonably practicable. You can subsequently update your PIR if you believe the PIR Inland Revenue provided is incorrect.

New residents to New Zealand

When determining your PIR on becoming a New Zealand resident, you must treat gross income earned from foreign sources (in the income year you became a New Zealand resident and in the preceding two income years) as if it were taxable income. However, you may choose that this rule does not apply if you expect that your taxable income in the relevant year will be significantly lower than your total income in the income year prior to becoming a New Zealand resident.

Investment in NZ resident companies or certain Australian listed companies

Funds holding shares in New Zealand resident companies or certain companies resident in Australia that are listed on the Australian Securities Exchange are taxed only on dividends from these companies, with a credit allowed for any imputation credits attached to the dividend (but not for any Australian franking credits). Subject to some limitations, the funds are entitled to a tax credit for any withholding tax deducted from such dividends. Tax should not be payable by the funds on any gains from the sale of such shares.

Investment in other foreign shares subject to the Foreign Investment Fund (FIF) Regime

Other international shares held by the funds may have taxable income calculated under the Fair Dividend Rate (FDR) method or the comparative value (CV) method. The majority of shares held by the funds are taxed under the FDR method.

Under the FDR method, the taxable income is equal to 5% of the market value of the shares at the start of each valuation period adjusted for the proportion of the year the valuation period relates to. The funds are entitled to a credit for any withholding tax paid on dividends received from these shares, subject to certain limits. Any dividends or profits from sales of the shares are ignored for tax purposes. No tax deduction may be claimed for any losses in respect of the shares taxed under this method.

Under the CV method, the Scheme derives taxable income equal to the difference between the value of the relevant international shares at the end of a valuation period and the value of those shares at the start of the valuation period, with adjustments made for certain gains (including any relevant dividends and tax credits, and any proceeds from disposing of the relevant shares) and costs (including any relevant foreign income tax that is paid or payable and any costs in relation to purchasing the relevant shares).

Other investments

Tax payable on a fund's other income (e.g. fixed interest securities and interest on bank deposits) will be calculated according to the relevant tax rules. Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

Investment in other PIEs

Where the Scheme invests in funds that are themselves PIEs, the funds should attribute PIE income to the Scheme to be taxed in the same way as if the underlying investments had been held by the Scheme directly.

Tax on contributions

The Scheme does not deduct tax from your contributions to the Scheme.

Tax on withdrawals

Under current legislation, except any PIE tax payable as described above, when you withdraw funds the amount withdrawn will not usually be subject to any further New Zealand tax if you are a New Zealand tax resident.

Relevant policies

Copies of the following policy documents are available at fisherfunds.co.nz/policies-and-privacy:

- Conflicts of Interest
- Portfolio Trading
- Proxy Voting
- Responsible Investment
- Unit Pricing and Valuation
- Unlisted and Suspended Securities
- Liquidity Risk Management

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