

29 September 2021

## Forsyth Barr Investment Funds

### Other Material Information

This document contains important information relating to the offer of units in the Forsyth Barr Investment Funds that is not contained in the Product Disclosure Statement for the Forsyth Barr Investment Funds, or the other documents within the Forsyth Barr Investment Fund's entry on the register of offers of financial products at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). It should be read together with those documents.

The information in this document could change in the future. Please check the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) for any updates.

## Table of Contents

|  |    |
|--|----|
| General Information .....  | 3  |
| 1: Additional information on the Forsyth Barr Investment Funds and the persons involved.....                 | 5  |
| 2: Additional information on the terms of the Forsyth Barr Investment Funds .....                            | 8  |
| 3: Additional information on fees.....   | 14 |
| 4: Additional information on the funds in the Forsyth Barr Investment Funds .....                            | 17 |
| 5: Additional information on taxation.....   | 18 |
| 6: Additional information on risks .....   | 21 |
| 7: Related party transactions, conflicts of interest, and changes to the Forsyth Barr Investment Funds ..... | 24 |
| Changes to the Forsyth Barr Investment Funds.....  | 27 |

## General Information

In this document:

- the words ‘**you**’ or ‘**your**’ refer to you and other persons who apply to invest in the Forsyth Barr Investment Funds or who are accepted as Unit Holders
- the words ‘**we**’, ‘**us**’, ‘**Manager**’ or ‘**our**’ refer to Forsyth Barr Investment Management Limited, the Manager of the Forsyth Barr Investment Funds. We have prepared the information in this document
- where words are defined in this section, those words have the meaning given whenever they are used in this document
- where we refer to something that we or someone else ‘**currently**’ does, this describes our or their practice at the date of this document only. We can review and change our practices without notice to you, as long as we comply with the Master Trust Deed, Establishment Deeds and Governing Legislation. Other parties may change their practices at any time.

### Glossary

|                               |   |
|-------------------------------|---|
| Establishment Deed            | means, for a fund, the deed providing for the establishment of the fund, containing the details that the Supervisor and Manager consider necessary or appropriate for the fund. The Establishment Deeds are currently set out in two Consolidated Establishment Deeds dated 9 August 2016 (amended 11 December 2020) and 24 November 2020.  |
| Financial Markets Legislation | has the meaning given in the FMCA   |
| FMA                           | means the Financial Markets Authority   |
| FMCA                          | means the Financial Markets Conduct Act 2013 (and includes the Financial Markets Conduct Regulations 2014)  |
| fund                          | means one of the funds of the Forsyth Barr Investment Funds, currently: <ul style="list-style-type: none"> <li>• Forsyth Barr New Zealand Equities Fund</li> <li>• Forsyth Barr Australian Equities Fund</li> <li>• Forsyth Barr Listed Property Fund</li> <li>• Forsyth Barr Global Equities Fund</li> <li>• Forsyth Barr New Zealand Fixed Interest Fund</li> <li>• Forsyth Barr Income Fund</li> <li>• Forsyth Barr Balanced Fund</li> <li>• Forsyth Barr Growth Fund</li> </ul> |
| Governing Legislation         | means as appropriate, all laws and regulations applicable to the Manager (including compliance by the Manager with the terms of its licence under the FMCA as a manager of registered schemes), the Supervisor, and Forsyth Barr Investment Funds at applicable points in time, and which may include without limitation, the Financial Markets Legislation and methodologies or frameworks issued by the FMA under the Financial Markets Legislation                               |
| Master Trust Deed             | means the Deed under which the Forsyth Barr Investment Funds were established, and Trustees Executors Limited is appointed as Supervisor and Forsyth Barr Investment Management Limited is appointed as Manager   |
| PDS                           | means the Product Disclosure Statement for the Forsyth Barr Investment Funds (as defined in the FMCA)   |
| PIE                           | means Portfolio Investment Entity   |
| Scheme                        | means the Forsyth Barr Investment Funds as a whole, which is a registered managed investment scheme under the FMCA  |
| SIPO                          | means the Statement of Investment Policies and Objectives for the Forsyth Barr  |

---

|               | Investment Funds (as defined in the FMCA)  |
|---------------|--|
| unit          | means an undivided part or share in a fund as described in the Master Trust Deed, and includes part of a unit  |
| Unit Holder   | means, in relation to a fund, a person for the time being entered on a register as the holder of a unit in that fund   |
| Valuation Day | means, in respect of a fund, a day specified in the relevant Establishment Deed as a day in respect of which the value of the assets of the fund is determined |

---

## 1: Additional information on the Forsyth Barr Investment Funds and the persons involved

The Forsyth Barr Investment Funds were established on 27 September 2007 in Dunedin, New Zealand when the Master Trust Deed was signed.

### Manager

We act as the Manager of the Scheme. As Manager we are responsible for offering and issuing interests in the Forsyth Barr Investment Funds to Unit Holders, managing the assets of the funds, and administering the funds. We are licenced under the FMCA as a manager of registered schemes. Further information on our licence is available on the FMA website ([www.fma.govt.nz](http://www.fma.govt.nz)) and also on the Financial Service Providers Register website ([www.companiesoffice.govt.nz/fsp](http://www.companiesoffice.govt.nz/fsp)).

Some information about us as at the date of this document is below:

### Directors

#### **Neil Paviour-Smith, Wellington**

##### ***Managing Director, Forsyth Barr Limited***

Neil was appointed Managing Director of Forsyth Barr in 2001 and has been working in NZ's capital markets for 30 years. He is also Chancellor of Victoria University of Wellington and Chairman of the NZ Regulatory Board of Chartered Accountants Australia and New Zealand (CAANZ). He is a Fellow of the Institute of Finance Professionals NZ (INFINZ), a Fellow Chartered Accountant and a former director of NZX Limited.

#### **Andrew Bowley, Upper Hutt**

##### ***Head of Research, Forsyth Barr Limited***

Andy joined Forsyth Barr in 2012 as Head of Research. He has over 20 years of industry experience. Andy is a FCA Chartered Accountant and has a BEng (Hons) degree in mechanical engineering from the University of Nottingham.

#### **Nicholas Hegan, Wellington**

##### ***Head of Legal, Forsyth Barr Limited***

Nick joined Forsyth Barr in 2014. He has over 20 years' experience in the financial and legal industries in NZ and overseas. Nick holds an LLB (Hons) from Victoria University of Wellington and a BSc (Hons) Mathematics from the University of Canterbury.

#### **Shane Edmond, Christchurch**

##### ***Head of Wealth Management, Forsyth Barr Limited***

Shane joined Forsyth Barr in 2002 as Head of Retail Broking, having operated in the stockbroking industry since 1986.

Our Directors may change from time to time without notice to Unit Holders. The current directors may be found on the Companies office website, at [www.companiesoffice.govt.nz/companies](http://www.companiesoffice.govt.nz/companies) (company number 2095523).

## Senior Management

As at the date of this document we have delegated investment management and daily administration of the Forsyth Barr Investment Funds to Forsyth Barr Limited (see “**Other Parties**” below).

The following Forsyth Barr Limited personnel are involved in the management of the Forsyth Barr Investment Funds:

### **Craig Alexander**

#### **Co-Head of Funds Management**

Craig joined Forsyth Barr in 2013. He has over 25 years of experience spanning New Zealand's banking, insurance and fund management industries.

### **Jason Lindsay**

#### **Co-Head of Funds Management**

Jason joined Forsyth Barr in 2019. He has over 15 years of experience spanning New Zealand's equity research and fund management industries. Jason holds a BCA from Victoria University of Wellington and is a member of Chartered Accountants Australia and New Zealand (CAANZ).

### **Paul Robertshawe**

#### **Portfolio Manager**

Paul joined Forsyth Barr in 2021. He has 25 years of experience in New Zealand's funds management industry and has been running equity portfolios for the past 17 years. Paul holds a BBS degree in Finance and Accounting from Massey University and is a member of Chartered Accountants Australia and New Zealand (CAANZ) and the Institute of Finance Professionals (INFINZ).

### **Rob Mercer**

#### **Director/Equities, Wealth Management Research**

Rob joined Forsyth Barr in 2001. He has worked in the financial markets since 1986. He has experience in both sharebroking and funds management. Rob has a BCA degree, majoring in Finance from Victoria University of Wellington.

The ultimate holding company of both the Manager and Forsyth Barr Limited is Forsyth Barr Group Limited.

As at the date of this document we manage other managed investment schemes.

## Supervisor

Trustees Executors Limited acts as the Supervisor of the Forsyth Barr Investment Funds. The Supervisor is responsible for supervising the performance of our functions as manager. The Supervisor (or someone else it appoints) also holds all assets of the Forsyth Barr Investment Funds in trust for Unit Holders. Some information about the Supervisor is below:

## Licence

The Supervisor has been granted a full licence under the Financial Markets Supervisors Act 2011 to act as a supervisor of managed investment schemes. The licence expires on 16 January 2023 and is subject to reporting conditions. Further information on the Supervisor's licence is available on the FMA website ([www.fma.govt.nz](http://www.fma.govt.nz)) and also on the Financial Service Providers Register website ([www.companiesoffice.govt.nz/fsp](http://www.companiesoffice.govt.nz/fsp)).

## Directors

The directors of the Supervisor are:

- Ryan Bessemer of Auckland
- Victoria Grace of New York
- Graeme Kirkpatrick of Lausanne
- Richard Klipin of Auckland
- Laurence Kubiak of Auckland

The directors may change from time to time. The current list of directors may be found on the Companies Office website, at [www.companiesoffice.govt.nz/companies](http://www.companiesoffice.govt.nz/companies) (company number 142877).

#### **Incorporation and parent company**

The Supervisor was incorporated in New Zealand in 1881, and was re-registered to become a company under the Companies Act 1993 on 30 June 1997. On 1 May 2002 the Supervisor's status as a statutory trustee company was confirmed under its own Act of Parliament, the Trustees Executors Limited Act 2002. The Supervisor changed its name to Tower Trust Limited on 1 May 2002 and changed from this name to its current name on 1 August 2003. The Supervisor's ultimate holding company is Sterling Grace (NZ) Limited, incorporated in NZ on 30 July 2003.

#### **Custodian**

The Supervisor has not contracted an external custodian for the Forsyth Barr Investment Funds. It holds the assets of the funds through its wholly-owned nominee company, T.E.A. Custodians Limited.

#### **Solicitors**

DLA Piper New Zealand are the solicitors for the Supervisor.

#### **Other Parties**

##### ***Service Providers***

We may appoint administration or investment managers to carry out administration or investment management (as applicable) of the Forsyth Barr Investment Funds. Any administration or investment managers appointed by us may change from time to time without notice to you.

As at the date of this document we have delegated investment management and daily administration to:

193 Princes Street  
Private Bag 1999  
Dunedin 9016

Forsyth Barr Limited is an authorised body under our licence as a manager of registered schemes. We have delegated unit pricing, investment accounting and registry services to:

MMC Limited  
Level 25, QBE Centre  
125 Queen Street  
Auckland 1010

##### ***Auditor***

Deloitte has been appointed as Auditor of the Forsyth Barr Investment Funds. Deloitte is registered under the Auditor Regulation Act 2011. Other than in its capacity as auditor, and the provision of tax compliance services which it provides to us, Deloitte has no relationship with, or interests in, the Forsyth Barr Investment Funds.

##### ***Solicitors***

DLA Piper New Zealand has advised us in relation to preparation of the disclosure documents for the Forsyth Barr Investment Funds.

#### **No Guarantee**

There is no guarantee from the Crown or any other person in respect of the Forsyth Barr Investment Funds or any fund of the Forsyth Barr Investment Funds. No person associated with the Forsyth Barr Investment Funds guarantees the repayment of capital or the investment performance of the Forsyth Barr Investment Funds. Our obligations, and those of the Supervisor, are not guaranteed by any third party.

## 2: Additional information on the terms of the Forsyth Barr Investment Funds

This section provides information about the funds and how they work.

### Establishment

The Forsyth Barr Investment Funds was originally established under a Master Trust Deed dated 27 September 2007, as amended on 27 February 2015. That was replaced on 9 August 2016 by way of a consolidated Master Trust Deed effective 12 September 2016, being the date on which the funds of the Forsyth Barr Investment Funds opted-in to the FMCA regime. The consolidated Master Trust Deed was further amended on 24 November 2020. The Master Trust Deed is available on the schemes register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) (scheme number SCH10647).

*Under the Master Trust Deed, each fund is established under an Establishment Deed. The dates of the Establishment Deeds (and amendments) are:*

| <b>Fund(s)</b>  | <b>Date of Establishment Deed</b>   |
|---|---|
| <b>Forsyth Barr New Zealand Equities Fund</b><br><b>Forsyth Barr Australian Equities Fund</b> | 27 September 2007, each as amended on 27 March 2008, 27 June 2008, 10 September 2014, consolidated on 9 August 2016 and amended on 11 December 2020 |
| <b>Forsyth Barr Listed Property Fund</b><br><b>Forsyth Barr Global Equities Fund</b>          | 27 March 2008, each as amended on 10 September 2014, consolidated on 9 August 2016 and amended on 11 December 2020                                  |
| <b>Forsyth Barr New Zealand Fixed Interest Fund</b>   | 27 March 2008, as amended on 7 July 2008, 19 September 2008, 10 September 2014, consolidated on 9 August 2016 and amended on 11 December 2020       |
| <b>Forsyth Barr Income Fund</b>   | 24 November 2020  |
| <b>Forsyth Barr Balanced Fund</b>   | 24 November 2020  |
| <b>Forsyth Barr Growth Fund</b>   | 24 November 2020  |

The Forsyth Barr Investment Funds is registered on the register of managed investment schemes under the FMCA. The operation of the Forsyth Barr Investment Funds is governed by the FMCA.

When you become a Unit Holder in the Forsyth Barr Investment Funds you get the benefit of, and are bound by, the terms of the Forsyth Barr Investment Funds as set out in the Master Trust Deed and the relevant Establishment Deeds.

### Establishment of the funds

The Master Trust Deed allows the Supervisor and us to establish separate trusts (that is, new funds). If the establishment of a fund would affect you (as a Unit Holder in another existing fund) then we will give you one month's notice.

Each fund is established by an Establishment Deed setting out the details of the new fund.

We may vary or alter the terms of the funds, and we may, after giving the Supervisor and you (if you are affected by the change) notice, merge funds together or divide a fund into separate funds.



### **Separate trusts**

Each fund is a separate trust, independent of the other funds, and:

- the assets of one fund may not be used to meet the liabilities of another
- all investments made with the money of a fund are held by the Supervisor as the exclusive property of that fund and for the exclusive benefit of Unit Holders in that fund
- we and the Supervisor keep separate records and accounts for each fund, although one fund may invest in another fund
- the creation of additional funds does not, in itself, affect any existing fund.

### **Units**

Each fund is divided into units. Each unit relates to a particular fund and confers an equal interest in the assets of that fund, although no investor acquires any interest in the individual investments of a fund. We may consolidate or subdivide the units in a fund, and units can be divided into part-units.

### **Applications for units**

You may apply for units in any fund. Your application is deemed to be received when we have received your instruction to apply for units in such form as we may specify, and you have forwarded or credited the necessary application money or other consideration for units. If your application is received before 5pm on a Valuation Day, your application will be effective for that Valuation Day. If your application is received at or after 5pm on a Valuation Day or on a day that is not a Valuation Day, your application will be effective for the next following Valuation Day. The actual calculation of unit values and issue of units happens on the next Valuation Day following the effective date of the application.

We may specify minimum investment amounts for initial and subsequent investments in each fund. See the PDS for the current minimums.

### **Issue of units**

The number of units issued to you will reflect the amount you have invested (less any fees that apply – see below) and the unit issue price (see below). The number of units issued is rounded down to four decimal places, if necessary.

We may, after having told the Supervisor, stop issuing units in one or more funds, for a set period or until the relevant fund is wound up.

We may refuse to accept any application for units and do not need to give you reasons why.

We may redeem, or treat as void, units where issuing them would result in a fund losing its status as a PIE. In this case the Supervisor will pay you the withdrawal value for those units.

### **Valuation**

The Master Trust Deed sets out the methodology used to value fund investments.

We may agree with the Supervisor that another method is appropriate to determine the value of specific investments.

The funds' investments are valued on each Valuation Day, in normal circumstances this will be each day that banks are open for business (other than a Saturday or Sunday) except if the Registry is closed on a business day.

### **Unit value**

The unit value for a fund is calculated by dividing the total value of the fund (its assets minus its liabilities) by the number of units that have been issued in the fund.

### **Unit issue price**

The price at which units in a fund are issued is the unit value (see above) for the Valuation Day on which your application for units is effective, adjusted to reflect an equitable proportion of the management fees, Supervisor fees, and other fees accrued or otherwise payable at the relevant time that are not already reflected in the unit value, plus any buy spread that the Manager may apply in accordance with the Master Trust Deed.

### **Distributions (Forsyth Barr Income Fund only)**

On application you notify us of your choice to have distributions reinvested in units in the fund or paid out. Distributions are paid to your nominated bank account within 20 business days of the date of declaration. You may elect to have all (but not part) of your distribution reinvested in further units rather than paid out. If you do not notify us of your choice, we will automatically reinvest any distributions payable to you. If buy/sell spreads are being applied to the fund, a buy spread will not be charged on any reinvestment. You may alter your instruction to receive distributions or reinvest at any time by contacting us in writing and giving us at least 2 business days notice.

We can alter the distribution periods or make regular distributions from the other funds in the future. The Forsyth Barr Income Fund aims to pay distributions in April, July, October and January. The amount of distribution will be calculated by us as soon as practicable after the end of the previous quarter (March, June, September and December). We will determine the distribution amount based on our assessment of income received by the fund over the previous quarter and income we determine as likely to be received over the remainder of the financial year. When determining the amount of distribution we can elect to retain a portion of income the fund has received, pay a portion of capital as a distribution; or, make no distribution payments for the quarter. We may do this in order to better manage the amount of future distributions. We may, rather than make a cash distribution, make an in specie distribution, however we may not make an in specie distribution without the consent of the Supervisor. The amount to be distributed in total for the fund is divided by the number of units on issue for that fund on the date the distribution was declared, as determined by us. This will determine the amount to be distributed for each unit that has been issued in that fund. If you have units in that fund, your entitlement will be determined by multiplying the amount to be distributed per unit by the number of units you have in that fund, as at the date the distribution was declared.

Each unit in a fund will receive the same distribution for a particular distribution period regardless of when it was issued. Prior to a distribution, any accrued income will be reflected in the unit price of the fund. Therefore, after a distribution has been declared, the unit price will generally fall by the value of the amount to be distributed per unit. If you invest just before a distribution, you may receive some of your investment back as income (and the capital value of your unit will have decreased).

For further information on the payment dates and the amount of distributions we have paid refer to [www.forsythbarr.co.nz/incomefund](http://www.forsythbarr.co.nz/incomefund).

### **Withdrawals**

You may withdraw your money from the funds by redeeming (this means cashing in) your units.

Withdrawals are made by providing us with a withdrawal notice in the form that we set, which must specify the dollar amount or number of units to be withdrawn from the fund or funds (or state that a full withdrawal is required, in which case the number of units will be adjusted for any attributed tax or tax credit).

A withdrawal notice received before 5pm on a Valuation Day will be effective for that Valuation Day. A withdrawal notice received at or after 5pm on a Valuation Day or on a day that is not a Valuation Day will be effective for the next following Valuation Day. We may decide to defer the Valuation Day on which a withdrawal notice is effective, if permitted by the fund's Establishment Deed. Currently, each fund's Establishment Deed allows for deferral for up to five business days in the event that proceeds from the sale of investments are required to meet the required cash outflow. The actual calculation of unit values and redemption of units happens on the next Valuation Day following the effective date of the withdrawal.

The withdrawal value of a unit is the unit value for the Valuation Day on which your withdrawal notice is effective, adjusted to reflect an equitable proportion of the management fees, Supervisor fees, and other fees accrued or payable at that time that are not already reflected in the unit value, less any sell spread that the Manager may apply in accordance with the Master Trust Deed.

We may prescribe a minimum amount that can be withdrawn and a minimum investment in each fund (see the PDS for the current minimums). A withdrawal notice must be in the form that we specify and may not be taken back once given.

When a withdrawal notice becomes effective, we will arrange the redemption of the requested number of units with a value equal to the withdrawal amount. We will pay this aggregate amount of money to you, less any applicable fees and taking into account any tax not already accounted for.

Instead of redeeming any units that are the subject of a withdrawal notice, we may, at our option, choose to repurchase those units from you. This will not affect the amount you receive from the withdrawal.

We may have to redeem some of your units if we think that is necessary to enable a fund to maintain its status as a PIE. If this happens we will notify you first, and follow the process detailed in the Master Trust Deed.

### **Switching**

You may switch a monetary sum or number of units between funds by sending us a switching notice. A switch notice, once given, cannot be taken back. Switching notices must be provided in the form set by us.

A switching notice takes effect as a withdrawal of units in the current fund, and an application for units in the new fund that you nominate. As a result, the provisions of the Master Trust Deed dealing with applications and withdrawals will apply (including any fees or minimum amounts applicable to the application or withdrawal) as well as any applicable buy/sell spreads.

### **Transferring units**

You may transfer your units in a fund to another Unit Holder by a written and signed document, as long as any minimums we have set are met. We can suspend registration of transfers for up to 30 business days in any calendar year (or longer, with the Supervisor's approval).

### **Suspension**

We may suspend withdrawals relating to a fund because of:

- termination of one or more funds
- suspension of trading on any market
- financial, political or economic conditions
- the nature of any investment
- any other circumstance or event relating to the fund or generally,

where we believe that accepting the withdrawal would not be practicable or would materially prejudice Unit Holders generally or the Unit Holders of the particular fund.

A suspension will result in switches out of the affected fund also being suspended.

We need to notify the Supervisor about this, and we will also notify anyone that submits a withdrawal notice or switching notice during this period. A suspension can last up to 90 days, and may be extended with the consent of the Supervisor.

### **Side-Pocketing**

We may 'side-pocket' certain assets and liabilities of a fund, with the approval of the Supervisor, where we consider that it is in the interests of Unit Holders in that fund generally to do so. Side-pocketing is designed to separate illiquid assets from other more liquid assets in a fund. This usually involves quarantining the illiquid assets and making special arrangements in relation to those assets, including arrangements that prevent or restrict your ability to access (for example for the purposes of withdrawing or transferring) the part of your investment in the fund that relates to those assets. We will notify you if this happens.

### **Winding-up**

A fund will close and be wound up:

- if we decide and notify the Supervisor (as long as that is not prohibited by the Governing Legislation);
- at the expiration of a period of 80 years from the fund's commencement date (which is the same as the original date of its Establishment Deed – see above); or
- if the Scheme is being wound up.

Within 14 days of winding up a fund we must give you notice of the winding up and of our intention to distribute the assets of that fund at a specified date. We may invite you to switch to another fund before then.

When a fund is wound up we will sell or convert into cash all investments of the fund, and pay out or make provision for any liabilities of that fund. The cash held in respect of that fund will then be reinvested in accordance with your instructions (if you have given us a switch notice), or if no instructions are received, it will be distributed to you.

The proceeds of the sale of assets will be applied first to cover the costs of winding up and settling liabilities of the fund, and then to provide for paying out remaining Unit Holders the value of their investment on a pro-rata basis.

We can also wind up the Scheme if we decide and notify the Supervisor, or if a court, regulatory authority, or other provision of the Governing Legislation requires it to be wound up.

The Supervisor will follow a procedure set out in the FMCA to let the FMA know about the wind-up.

### **Liability of, and indemnities available to, Manager and Supervisor**

The Master Trust Deed limits our liability and the liability of the Supervisor in certain circumstances, and grants certain indemnities to each of us in relation to the proper performance of our functions. In particular, but subject to the terms of the Master Trust Deed and Governing Legislation:

- We and the Supervisor act in a representative capacity for you, and are under no personal liability.
- We and the Supervisor, and each of our directors, officers and employees, have a general right of indemnity from each of the funds. This covers all liabilities and expenses incurred in operating the relevant fund or exercising our powers.

### 3: Additional information on fees

#### Annual Fund Charges

The annual fund charges (as detailed in the PDS) cover:

- a) management and administration charges paid to us out of the fund for performing our functions as manager of the funds
- b) the fund's expenses that are attributable to the fund, including expenses incurred by us in managing the Funds, and fees charged by the Supervisor and any Custodian
- c) management and administration charges paid out of any other managed investment scheme that the fund invests into (an '**underlying fund**'), including schemes where we are the manager.

The amounts in a) and b) are paid out of the relevant fund, and so directly affect the unit value for that fund.

The amounts in c) are paid out of the relevant underlying fund, and so are reflected in the value of the relevant fund's investment in that underlying fund (and as a result indirectly affect the unit value for that fund).

The annual fund charge is calculated daily. More details about the components of this charge are set out below.

#### *a) Our management fee*

We are entitled to a management fee from each fund for performing our functions as manager of the funds of an amount we determine (plus GST if any) not exceeding 2% of the net asset value of the fund, subject to the Master Trust Deed and the Governing Legislation. The fee is calculated on a basis agreed with the Supervisor (currently, daily) and is reflected in each fund's unit price. This fee is currently paid quarterly in arrears. We are able to waive or reduce our fees, either generally or for particular Unit Holders.

We adjust our fee for each fund so that the aggregate fund charge for that fund (taking account of any fee rebates) comes to the level detailed in the PDS. This means that we need to calculate the amounts in b) and c) below and take account of any relevant fee rebates so that we can calculate our fee.

We may need to estimate the amount in c) (see below), in which case our fee and the annual fund charge as a whole will be estimated.

#### *b) Expenses*

The Supervisor is entitled to a fee as agreed with us (plus GST, if any), subject to the Master Trust Deed, the Governing Legislation and any requirements in the agreement between the Supervisor and us. The fee is calculated on a basis agreed between us and the Supervisor, and is currently paid monthly in arrears. The Supervisor is also entitled to reimbursement out of the Scheme of expenses that it incurs in performing its services in relation to the Scheme. This includes any amounts paid by the Supervisor to any Custodian it appoints in respect of the services provided by the Custodian in relation to the Scheme.

We currently pay any amounts due to the Supervisor out of our management fee.

The Supervisor and Manager are entitled to be reimbursed out of the Forsyth Barr Investment Funds for all expenses, costs or liabilities incurred in respect of the funds.

Currently, we pay all such amounts out of our management fee. As a result, we do not expect any such amounts to be paid out of the funds.

We also currently pay out of our management fee any amounts due to Trustees Executors Limited for providing custody services and MMC Limited and Forsyth Barr Limited for providing administrative services in respect of the Scheme.

#### *c) Management and administration charges for underlying funds*

The other annual fund charges also include management and administration charges paid out of any other managed investment scheme that a fund invests into (an '**underlying fund**'). These management and administration

charges are paid out of the relevant underlying fund, not a fund of the Forsyth Barr Investment Funds, and are not calculated by us.

The annual fund charges that relate to a fund's investment in an underlying fund depend on both the proportion of the fund that is invested in that underlying fund, and the management and administration charges for that underlying fund. To estimate these annual fund charges in the PDS:

We estimate the proportion of the fund that the fund's investment in the relevant underlying fund is likely to represent. We do that by looking at the relevant proportion for the most recent Scheme year, and adjusting that based on what we think the fund's exposure to that underlying fund is likely to be going forward. This approach assumes that we are able accurately to predict the relevant proportion in the future – however, in practice the proportion can vary based on factors outside of our control (such as market movements).

If the management and administration charges for the underlying fund are not based on fixed percentages of net asset value, then we also estimate those charges. To do that, we use the charges disclosed in the most recent publicly available annual reports from the manager of the underlying fund at the time we make the estimation. Where these reports do not fully cover such charges, we obtain further information from the manager of the underlying fund. When calculating the estimates, we assume that the ongoing underlying fund charges will be at levels similar to these historical charges.

The actual amounts incurred may vary from our estimates.

In practice, before calculating our fee we rebate to the relevant fund an amount equal to the total management and administration charges paid out of underlying funds (using charges estimated as above where required).

All of the funds can invest into underlying funds. A number of the funds may invest into listed property vehicles, but we do not currently consider any of those vehicles to themselves constitute underlying funds.

The Forsyth Barr Investment Funds do not invest in any underlying funds that charge performance-based fees.

#### ***One-off fees***

##### **Entry and exit fees**

We may charge an entry fee up to 5% of each amount invested in a fund within the Forsyth Barr Investment Funds. Currently, we do not charge an entry fee.

We may charge an exit fee of up to 5% of each amount that is withdrawn from a fund within the Forsyth Barr Investment Funds. Any exit fee would be deducted from your withdrawal amount before it is paid to you. Currently, we do not charge an exit fee.

##### **Buy/sell spreads**

Under the Master Trust Deed, buy/sell spreads (called 'transaction costs' in the Master Trust Deed) may be applied to applications, withdrawals and switches (see section 2 'Additional information on the terms of the Forsyth Barr Investment Funds'). Buy/sell spreads relate to the costs of buying or selling investments incurred by the relevant fund as a consequence of the application, withdrawal or switch. There will generally not be any buy/sell spreads if we judge market conditions to be normal. However, when market conditions are more volatile than usual, transaction costs can escalate as there may not be the normal number of buyers and sellers of investments, which can lead to a material difference between the buying and selling price of investments by the relevant fund. We can set buy/sell spreads either by estimation, or they can be a specific percentage or amount for a particular transaction.

Please refer to the Forsyth Barr website at [www.forsythbarr.co.nz/investment-funds-spreads](http://www.forsythbarr.co.nz/investment-funds-spreads) for the buy/sell spreads applicable at any time. We may apply or change the buy/sell spreads at any time without notice to investors.

### **Trail Commission**

Forsyth Barr Limited may pay a financial advice provider associated with your account an ongoing commission based on your account balance. This payment is made by Forsyth Barr Limited and is not paid out of your account.

### **The fees can be changed**

The existing fees may change or we may start charging fees which are not currently charged. Subject to the Master Trust Deed, we are able to:

- rebate or reduce any charge, in respect of any Unit Holder or group of Unit Holders.
- vary the amount or calculation basis of any fees.
- start charging entry fees (which would apply to applications and/or switches) and/or exit fees (which would apply to withdrawals and/or switches).
- apply or change buy/sell spreads (on applications, withdrawals and/or switches).
- start charging the Supervisor fee.



#### 4: Additional information on the funds in the Forsyth Barr Investment Funds

Forsyth Barr Investment Funds offers a range of funds. You can choose to invest into one or more of these funds in any combination.

See the PDS for details of the funds offered, and a summary of their investment objectives and target investment mix, as well as information relating to risks and suggested investment timeframes.

There is no guarantee that a fund will meet its investment objectives, or that a positive investment return will be achieved.

##### Statement of Investment Policies and Objectives

Each fund will invest in investments authorised under the Establishment Deed for the fund and in accordance with the SIPO that we have agreed with the Supervisor. The SIPO covers each fund and details the types of investments that can be made and any limits on those, any limits on the proportions of each type of asset invested in, and explains the way we develop and amend the investment strategy, and measure performance against the objectives of the funds.

All monies available for investment in the funds will be invested in accordance with the SIPO. The SIPO is available for review on the schemes register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) (scheme number SCH10647).

##### Underlying Funds

The funds of the Forsyth Barr Investment Funds may invest into financial products directly, or may invest indirectly by investing in another managed investment scheme (an “**underlying fund**”) to achieve the desired investment exposure.

As at the date of this document the Forsyth Barr Income, Balanced and Growth Funds intend to invest in the following underlying funds where we are the manager:

| Asset Class                | Underlying fund  |
|----------------------------|--|
| New Zealand fixed interest | Forsyth Barr New Zealand Fixed Interest Fund                                     |
| Australasian equities      | Forsyth Barr Australian Equities Fund/<br>Forsyth Barr New Zealand Equities Fund |
| International equities     | Forsyth Barr Global Equities Fund  |
| Listed property            | Forsyth Barr Listed Property Fund  |

Each of the underlying funds in the table above is a fund in the Scheme.

As at the date of this document the Forsyth Barr Income, Balanced and Growth Funds intend to invest in the following underlying fund managed by a third party that is associated with us:

| Asset Class                  | Underlying fund             |
|------------------------------|-----------------------------|
| International fixed interest | Smartshares Global Bond ETF |

## 5: Additional information on taxation

Tax will affect your returns. Tax laws are complex and can have different or further consequences than those described in this section. In addition, the information in this section is a simplified overview based on New Zealand tax laws in force as at 21 September 2021, but tax laws are subject to change. You should seek independent professional tax advice before investing or withdrawing. The following information is based on the funds being multi-rate PIEs - if a fund were to cease being a multi-rate PIE then the tax treatment of it would be different. In this tax section, references to 'resident' mean 'tax resident'.

### Taxing of multi-rate PIEs

Each of the funds is a type of portfolio investment entity ('PIE') known as a multi-rate PIE. All of the funds' taxable income (or loss) will be allocated between Unit Holders based on their proportionate interest in the funds. We calculate tax (payable)/receivable on income/(loss) allocated to each Unit Holder at their nominated or default prescribed investor rate. Tax is then paid/(refunded) as described in this section.

Unit Holders need to give us their IRD number and applicable prescribed investor rate when they join the funds. Unit Holders who do not provide a prescribed investor rate will be taxed on income allocated to them at the default rate of 28%. Inland Revenue may direct us to disregard a prescribed investor rate provided by a Unit Holder and apply a different rate instead in which case we will update your PIR and let you know.

*The prescribed investor rates for New Zealand resident individuals are:*

| If your taxable income (excluding PIE income) <sup>1</sup> was ... | and your taxable income plus your PIE income/loss was ... | in the two income years <sup>2</sup> before the relevant tax year <sup>3</sup> for ... | your prescribed investor rate is ... |
|--|---|--|--------------------------------------|
| <b>\$0 - \$14,000</b>  | \$0 - \$48,000  | either year  | 10.5%                                |
|  | \$48,001 - \$70,000                                       | either year <sup>4</sup>   | 17.5%                                |
| <b>\$14,001 - \$48,000</b>   | \$0 - \$70,000  | either year  | 17.5%                                |
| <b>\$48,001 or more</b>  | any amount  | each year  | 28%                                  |
| <b>any amount</b>  | \$70,001 or more  | each year  | 28%                                  |

- 1 Your 'taxable income', which is calculated in accordance with the Income Tax Act 2007, is based on your worldwide income, and may include income earned when you were not a tax resident in New Zealand. If a newly-resident Unit Holder chooses not to include their non-resident's foreign-sourced income when calculating their prescribed investor rate, the PIE income must be included in an income tax return.
- 2 An 'income year' is usually the period from 1 April to 31 March the following year, although Inland Revenue can approve alternative dates.
- 3 A 'tax year' is always the period from 1 April to 31 March the following year.
- 4 If you are eligible for more than one prescribed investor rate you can choose the lowest rate.

*The prescribed investor rates for other investors are:*

| <b>If you are ...</b>   | <b>your prescribed investor rate is ...</b>          |
|---|--|
| <b>a company, incorporated society, PIE, or registered charitable trust</b> | 0%   |
| <b>a non-resident<sup>3</sup></b>   | 28%  |
| <b>trust or superannuation scheme</b>                                       | your choice of 0%, 17.5%, or 28% <sup>2</sup>        |
| <b>testamentary trust</b>   | your choice of 0%, 10.5%, 17.5%, or 28% <sup>2</sup> |
| <b>joint investor, partnership, or unincorporated society<sup>1</sup></b>   | your choice of 0%, 10.5%, 17.5%, or 28% <sup>2</sup> |

- 1 If Unit Holders invest jointly, income will be allocated to the Unit Holder with the highest prescribed investor rate which may impact on their prescribed investor rate in the future. If more than one joint Unit Holder has the highest prescribed investor rate, income will be allocated to the joint Unit Holder named first.
- 2 If the Unit Holder is a trust and elects the 28% rate, the beneficiaries will be unable to receive PIE income at rates lower than 28%. In addition, beneficiaries will not be entitled to a credit for or refund of any excess tax paid.
- 3 The non-resident category prevails over the other categories. A non-resident will also need to consider the tax implications for the jurisdiction where they are tax resident.

The funds' tax liability on PIE income allocated to Unit Holders will ordinarily be deducted at the earliest of the following three times by cancelling units (or may adjust a distribution) equal to the value of the tax liability:

- at the end of each income year (that is, after 31 March)
- if a Unit Holder makes a full or partial withdrawal or switch to a different fund
- if at any time (and especially if a Unit Holder makes a partial withdrawal or switch) when the balance of the Unit Holder's remaining investment is, or could potentially become, insufficient to cover the funds' accrued tax liability on income allocated to that Unit Holder (the Manager will consider potential market movements when determining whether a Unit Holder's remaining investment is of sufficient value), in which case if a Unit Holder is making a partial withdrawal or switch a full withdrawal or switch will be required.

If a Unit Holder has given us a 0% prescribed investor rate, a Unit Holder gives us a rate that is lower than it should be, or if a Unit Holder is a trust that has not chosen the 28% rate, the Unit Holder will need to pay tax on PIE income that is allocated to them. This means that those Unit Holders will need to include PIE income allocated to them in their tax return, together with details of any PIE tax that we have paid on the Unit Holder's behalf.

In all other cases, if a Unit Holder has given us the correct prescribed investor rate, the tax paid on income allocated to Unit Holders will be a final tax (and this investment will not require the person to file a tax return, although the person may have other reasons to file one).

A Unit Holder's share of any tax refunds for PIE tax losses or excess tax credits in a fund they are invested in will usually be allocated to them by the issue of additional units. If a Unit Holder is a trust that has elected the 10.5% or 17.5% rate, that Unit Holder cannot include the loss attributed to them in their tax return.

PIE income from the funds may affect assistance provided by Work and Income, and is treated as income for working for families tax credits and student loan repayment obligations. In addition, if a Unit Holder is required to include PIE income in their tax return, it will be taken into account in determining child support payments.

Each year we will give Unit Holders an annual tax statement, which will include the amount of PIE income allocated to each Unit Holder and the amount of tax paid at the Unit Holder's chosen prescribed investor rate.

We will also advise you of your current prescribed investor rate and remind you to notify us if this needs to be changed.

Unit Holders need to tell us if their prescribed investor rate changes or if they cease to be a New Zealand resident, as the rate for non-residents is 28%. The Inland Revenue may also tell us to update your PIR if their records indicate a change is required, in which case we will update your PIR and let you know.

If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you. If a Unit Holder has chosen the 0% rate or is a trust and has chosen a rate other than 28%, a Unit Holder should be able to claim a credit for any tax paid on PIE income allocated.

Withdrawals and distributions from the funds are not taxed as they are excluded income (provided the correct prescribed investor rate has been applied - see above paragraphs).

#### ***Tax on investments made by the funds***

Gains or losses made by the funds on most equity holdings of New Zealand resident companies or Australian resident listed companies with franking accounts that are included on an Australian Stock Exchange approved index are not taxable or deductible, although distributions from these holdings are taxable.

Other foreign shares and foreign funds held by the funds are generally taxed under the fair dividend rate ('FDR') method which deems the funds to have income by reference to 5% per annum of average daily opening market value of those foreign shares and foreign funds. Distributions received from investments taxed under this method are not taxable, although foreign tax credits may be available to offset FDR tax payable. Foreign currency hedges of shares and funds subject to FDR may also be taxed using a version of those rules (rather than under the financial arrangement rules).

Certain foreign shares and funds held by the funds are generally taxed under the comparative value method (that is, on the basis of the annual change in market value plus distributions and any disposal gains) if they:

- offer guaranteed or fixed rate returns
- are non-participating redeemable shares
- are 80% or more invested in financial arrangements or fixed rate shares that are denominated in or hedged to New Zealand dollars
- are otherwise determined by Inland Revenue to be debt in economic terms.

Debt securities held by the funds directly are taxed under the financial arrangement rules using the IFRS taxpayer method, which reflects financial reporting.

The above comments relate to New Zealand tax - foreign investments may be subject to tax in foreign countries.

#### **PIE tax advantages**

Investing in a PIE can provide tax advantages relative to direct investment. Capital gains made on most investments in New Zealand shares, and most Australian listed shares, are not taxable irrespective of the level of trading undertaken. In addition, because the prescribed investor rates at which tax is paid on PIE income are capped at 28%, and no other tax is generally payable by individual Unit Holders, there can be tax advantages if a Unit Holder is on a higher marginal tax rate.

## 6: Additional information on risks

All investments carry risk. There are risks associated with the Forsyth Barr Investment Funds that could affect your ability to recover the amount of your investment, or impact on the returns payable from the Forsyth Barr Investment Funds. Events affecting investments cannot always be foreseen, and no-one guarantees any rate of return (or the return of capital). The value of your investments can go up and down at any time.

We cannot eliminate all risk. We will do our best to try to mitigate (meaning reduce and manage) the risks but we cannot guarantee that our risk management methods will always be successful.

Before investing in a fund you should carefully consider the risks. A financial advice provider can explain the risks in more detail, and tailor advice to suit your needs and objectives.

The main risks of investing in the Forsyth Barr Investment Funds are summarised in the PDS – namely general investment return risk (as it relates to different asset classes), and also currency risk, liquidity risk, and manager risk.

This section sets out other risks that you should consider before investing in the funds.

The Forsyth Barr Investment Funds' SIPO also provides information relating to how we manage risk.

### **Investment Return Risk**

Investment return risk comes from various sources, and is different for different asset classes. The following list describes the main investment return risks for the different asset classes. Some of these are 'market' risks - the risk that the value of investments made by the funds are affected by developments in market sentiment, inflation, interest rates, employment, or regulatory and political conditions. Others are 'company' risks - risks that are specific to an investment in a particular business or entity.

### **Cash and cash equivalents**

The borrower does not pay the interest or repay the principal amount of the debt. Inflation may also erode its value.

### **Fixed interest**

The borrower does not pay the interest or repay the principal amount of the debt. Also, the market value of fixed interest investments will generally fall if market interest rates rise, or the creditworthiness of the issuer declines. Fixed interest investments are typically more risky than cash and cash equivalents.

### **Equities (shares) and property**

The risks of equity and listed property investments are similar. They include the risk that if the entity's business performs poorly the value of the investment may fall, and there may be no profits to distribute to investors. The value of the investment may be affected by general market movements as well as issues specific to the entity. Equity and listed property investments are typically more risky than cash and fixed interest investments.

We manage investment return risk by diversifying our investments, and only making investments that are consistent with the fund's investment strategy.

### **Market risk**

Market risk is the risk of the value of a fund's investments being affected by developments in economies and financial markets (such as changes in market sentiment, inflation, interest rates, and employment), and regulatory and political conditions. This could result in reduced returns or capital being lost.

### **Credit risk**

Credit risk is the risk that a borrower defaults or is otherwise unable to meet its financial obligations, resulting in the level of returns being reduced or the full amount of the investment not being recovered. In order to mitigate credit risk the funds diversify their investments across a number of issuers, limit their exposure to any one issuer and, for a given issuer, generally have lower exposures where the issuer has a lower credit rating.

### **Counterparty risk**

Counterparty risk is the risk that a party to a contract defaults or is otherwise unable to fulfil its obligations. If this occurs the full amount invested may be lost or the scheme may be otherwise negatively affected. In order to mitigate counterparty risk, the funds restrict trade execution to counterparties who use payment and security delivery platforms that we consider to be acceptable. We also restrict over-the-counter derivative transactions to counterparties that have executed satisfactory documentation and are rated (Standard and Poor's) A or better.

### **Derivative risk**

A derivative is a financial contract the value of which depends on the current or future value of specified underlying assets, interest and foreign exchange rates, or indices. Derivative risk is the risk that a derivative is used and losses occur or are exaggerated as a result of movements in the underlying variables.

Where permitted by the Forsyth Barr Investment Funds' SIPO the funds may use derivatives as part of their investment strategy. Generally, under the SIPO derivatives are either used as a risk management tool or to provide an exposure to an underlying investment which is similar to buying or selling the actual investment. As a result, the derivatives risk for the funds is similar to the 'market risk' described above. Derivatives also give rise to counterparty risk, as described above. Underlying managed investment schemes may also use derivative strategies.

### **Benchmark risk**

Benchmark risk is the risk that, where a fund has a benchmark, the fund does not match the performance of the benchmark. For example, where the benchmark delivers a positive return, the fund could have a positive return even if it underperforms the benchmark. Currently, none of the funds in the Forsyth Barr Investment Funds are actively managed against a benchmark.

### **Underlying funds risk**

If the funds invest in other managed investment schemes, they will be exposed to any adverse circumstances that impact on those schemes.

The manager of the underlying managed investment schemes may close an investment fund without notice or on limited notice, and this may result in some of the investments of a fund being held in cash pending the identification of an appropriate replacement investment. The manager of the underlying managed investment scheme may also suspend withdrawals or switches in some circumstances. If this occurs, this may negatively affect Unit Holders' ability to withdraw from a fund or switch between funds.

### **Regulatory risk**

Regulatory risk is the risk of future changes to laws or regulations (including tax, FMCA, or other legislation) that could affect the operation of the funds or their investments, or the investments made by Unit Holders.

An example of this is the FMCA itself, which has fundamentally changed the laws that regulate the structure and offering of collective investment vehicles in New Zealand. The FMCA is relatively new legislation involving areas of law that are open to new and differing legal interpretations. The regulator's approach to overseeing and enforcing this legislation is likely to continue to develop over time.

### **Other general risks**

There are other general risks applying to the Forsyth Barr Investment Funds that could affect returns. They include:

- administration risk, which is the risk of technological or other failure in an administrative process impacting on the funds or the markets in which the funds invest;
- the risk of a fund losing its status as a multi-rate PIE, which may mean that the fund would revert to a tax status that is less favourable for investors;
- insolvency risk, where a fund becomes insolvent or is placed into receivership or similar, which could mean that a Unit Holder does not receive back the full amount of their interest in that fund; and
- the risk that those providing services in relation to the funds fail to perform their obligations.

The impact that future economic conditions may have on the Forsyth Barr Investment Funds cannot be predicted, they may be positive or negative. There may be negative returns in the funds from time to time, and negative returns could continue for a period of time. There can be no assurance that future economic conditions will not materially and adversely affect the scheme's investments. There may also be risks that are unknown at the date of this document. We recommend that you consult a financial advice provider before making a decision to invest in the funds.

## 7: Related party transactions, conflicts of interest, and changes to the Forsyth Barr Investment Funds

### Related party transactions

We will only enter into transactions where a related party (a person associated with us or the Forsyth Barr Investment Funds) benefits from the transaction where that is permitted by the Governing Legislation. We will notify the Supervisor and arrange for certification where required. Investment or administration managers and other delegates that we appoint must also comply with this requirement. However, we or any related party will not be liable to account to the funds for any profit arising from those types of transactions, unless that is required by the Governing Legislation.

### Conflicts of interest

A conflict of interest in relation to a fund means a financial or any other interest, a relationship, or any other association of ours, of an investment manager for the Forsyth Barr Investment Funds, or of a relevant person that would, or could reasonably be expected to, materially influence our investment decisions or the investment decisions of an investment manager (or both) in respect of the fund.

A relevant person for these purposes includes our and Forsyth Barr Limited’s directors and senior managers, as well as the employees of Forsyth Barr Limited who make the investment decisions for the funds.

*There are a number of conflicts of interest in relation to each fund in the Forsyth Barr Investment Funds that currently exist or may arise in the future:*

| Conflict of interest  | How the conflict of interest could influence our or Forsyth Barr Limited's investment decisions   | How the conflict of interest is managed  |
|---|---|--|
| <p><b>Secondary market purchases and sales of financial products for the funds are executed through Forsyth Barr Limited.</b></p> | <p>Forsyth Barr Limited receives brokerage for transactions executed through it. This means that the Forsyth Barr employees making the investment decisions for the funds could be encouraged by the brokerage paid to Forsyth Barr Limited to transact when they otherwise might not have.</p>   | <p>The brokerage charged by Forsyth Barr Limited to the funds is at or below normal commercial rates. There is no direct link between brokerage received by Forsyth Barr Limited or any profit that Forsyth Barr Limited makes trading on its own account, and the remuneration of the Forsyth Barr employees making investment decisions for the funds.</p> |
| <p><b>Forsyth Barr Limited trades on secondary markets for other clients and may also trade for its own account.</b></p>          | <p>If the counterparty to a transaction for a fund is a Forsyth Barr client, Forsyth Barr Limited will also receive brokerage from that client. This means that the Forsyth Barr employees making the investment decisions for the funds could be encouraged by the brokerage to be paid to Forsyth Barr Limited by the other client to transact when they otherwise might not have.</p> <p>If Forsyth Barr Limited is the counterparty to a transaction for a fund, then Forsyth Barr Limited may benefit if (in the case of a sale by the fund) the price of the financial product increases or (in</p> | <p>Our board receives regular reporting on the brokerage paid out of the funds to Forsyth Barr Limited to check that transaction levels remain appropriate. In addition see the general policies and procedures below.</p>   |



| Conflict of interest  | How the conflict of interest could influence our or Forsyth Barr Limited's investment decisions   | How the conflict of interest is managed  |
|---|---|--|
|   | <p>the case of a purchase) the price of the financial product decreases. This means that the Forsyth Barr employees making the investment decisions for the funds could be encouraged by Forsyth Barr Limited's opportunity to benefit from the transaction to transact with Forsyth Barr Limited as a counterparty when they otherwise might not have.</p>   |  |
| <p><b>Forsyth Barr Limited is currently involved, and is likely in the future to be involved, in offers of financial products for issue or sale (including IPOs) as an arranger, lead manager, or co-manager.</b></p> <p><b>Related companies such as Forsyth Barr Group Limited may be involved in making firm commitments of demand for, or underwriting, those offers.</b></p> <p><b>The financial products offered may be acquired by a fund.</b></p> | <p>Forsyth Barr Limited will receive management, advisory or other fees in connection with its role. Forsyth Barr Group Limited or the relevant related company will receive firm commitment, underwriting, or other fees in connection with its role.</p> <p>This means that the Forsyth Barr employees making the investment decisions for the funds could be encouraged by the fees to be paid to Forsyth Barr Limited or Forsyth Bar Group Limited to participate in offers of financial products when they otherwise might not have.</p> | <p>There is no direct link between the fees received by Forsyth Barr Limited or Forsyth Barr Group Limited and the remuneration of the Forsyth Barr employees making investment decisions for the funds.</p> <p>Our board receives regular reporting on fees received by Forsyth Barr Limited or Forsyth Barr Group Limited in relation to transactions undertaken by the funds to check that transaction levels remain appropriate.</p> <p>In addition see the general policies and procedures below.</p> |
| <p><b>The funds have voting rights in relation to the securities they hold. The firm may be a corporate adviser to issuers of securities, including issuers whose securities are held by the funds. The fees the firm receives from an issuer may depend on whether security holders approve certain transactions, for example transactions the firm is advising on.</b></p>  | <p>The staff making the voting decisions for the funds could be encouraged by the prospect of fees being paid to the firm to exercise the funds' voting rights differently than they would if acting in the best interests of investors in the funds.</p>   | <p>There is no direct link between fees received from issuers by Forsyth Barr Limited and the remuneration of the Forsyth Barr employees making investment decisions for the funds.</p> <p>Voting decisions are approved by the Co - Head of Funds Management.</p> <p>Our board receives regular reporting on voting decisions by the funds to check that the decisions are appropriate.</p> <p>In addition see the general policies and procedures below.</p>   |
| <p><b>The Forsyth Barr employees making the investment decisions for the funds may have a direct or indirect financial interest in financial products in which they transact for the funds, or have personal relationships or outside business interests that give rise to non-work duties or interests relevant to the issuer of those financial products.</b></p>   | <p>The employees making the investment decisions for the funds could be encouraged by their personal financial or other interests to transact for the funds when they otherwise might not have.</p>   | <p>The Forsyth Barr employees making the investment decisions for the funds are required to disclose their personal holdings of financial products, their outside business interests and any other relevant conflicts of interest, and their investment decisions are monitored in light of those disclosures.</p>   |

| Conflict of interest   | How the conflict of interest could influence our or Forsyth Barr Limited's investment decisions   | How the conflict of interest is managed   |
|--|---|---|
| <b>Many of the directors and senior managers within the Forsyth Barr Group are shareholders of Forsyth Barr Group Limited, our parent company.</b> | Shareholders may receive dividends from Forsyth Barr Group Limited, and the value of their shares may increase, depending on the overall financial performance of the group. This means that the Forsyth Barr employees making the investment decisions for the funds could be encouraged to transact in a manner that financially advantages entities in the Forsyth Barr group of companies to the detriment of investors in the funds. | In addition see the general policies and procedures below.<br><br>See above for how particular conflicts of interest for the Forsyth Barr employees making investment decisions are managed, and the general policies and procedures below. |

Each fund may be affected by each conflict of interest disclosed above.

We have a number of policies and procedures in place to ensure that any potential conflicts of interest are identified and managed. The key policies and procedures in this regard are:

- Disclosing the existence of conflicts of interest to Unit Holders, including through this document.
- The Forsyth Barr Code of Conduct, which applies to all employees of Forsyth Barr. The Code provides that employees must never permit their personal interests to conflict with, or to appear to conflict with, the interests of clients or Forsyth Barr. All employees must make all reasonable efforts to avoid conflicts of interest and ensure that clients are fairly treated.
- Our Conflict Management Arrangements which set out the Forsyth Barr Group's procedures for identifying and dealing with conflicts, or potential conflicts, of interest.
- Internal supervision by our Compliance team which seeks to ensure that our directors and employees comply with the laws and rules referred to above.
- Regular reporting on compliance-related issues to our board, including on brokerage and other fees paid out of the funds to Forsyth Barr Limited or Forsyth Barr Group Limited, and on voting decisions made by Forsyth Barr employees in relation to financial products held by the funds.

## Changes to the Forsyth Barr Investment Funds

Certain aspects of the operation of the Forsyth Barr Investment Funds are prescribed in the Governing Legislation. The Governing Legislation may be amended from time to time by the Government and any such amendment may impact on the Forsyth Barr Investment Funds.

*Subject to relevant law, we may make the following changes to the Forsyth Barr Investment Funds from time to time.*

|  | <b>How changes may be made</b>   |
|--|--|
| <b>SIPO</b>                                      | We will review the SIPO annually and if changes in market conditions necessitate changes to either the nature or type of investments that can be made and any limits on those; or any limits on the proportion of each type of asset invested in. Following that review we may make changes to the SIPO, if we decide a change is needed. If any changes are made to the SIPO, then notice will be given to the Supervisor, and the register entry for the Forsyth Barr Investment Funds will be updated accordingly. A copy of the current SIPO is available on the Forsyth Barr Investment Funds' entry on the scheme register available at <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a> . |
| <b>Master Trust Deed and Establishment Deeds</b> | We may agree with the Supervisor to amend or replace all or part of the Master Trust Deed or an Establishment Deed, subject to the provisions of the Master Trust Deed and the Governing Legislation. Amendments can be made where the Supervisor is satisfied that the amendment will not have a material adverse effect on investors, where investors approve the amendment, or otherwise in accordance with the FMCA. Where required we will give you notice of the changes. Copies of the current Master Trust Deed and Establishment Deeds are available on the Forsyth Barr Investment Funds' entry on the scheme register at <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a> .           |
| <b>Fees</b>                                      | We are entitled to alter charges (including increasing fees or starting to charge fees) at any time, within the limits set by the Master Trust Deed and the Governing Legislation. Please see section 3 'Additional information on fees' for more details.   |
| <b>Minimum requirements</b>                      | We may alter the minimum investment, minimum switch, minimum transfer, minimum withdrawal and minimum account balance requirements for the Forsyth Barr Investment Funds. The current minimum requirements are set out in the PDS for the Forsyth Barr Investment Funds available on the Forsyth Barr Investment Funds' entry on the offer register at <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a> .  |
| <b>Funds</b>                                     | We may establish new funds, alter existing funds, and merge funds together or divide funds into separate funds, subject to the provisions of the Master Trust Deed and the Governing Legislation. Where required we will agree changes with the Supervisor in advance, and/or give you notice.   |