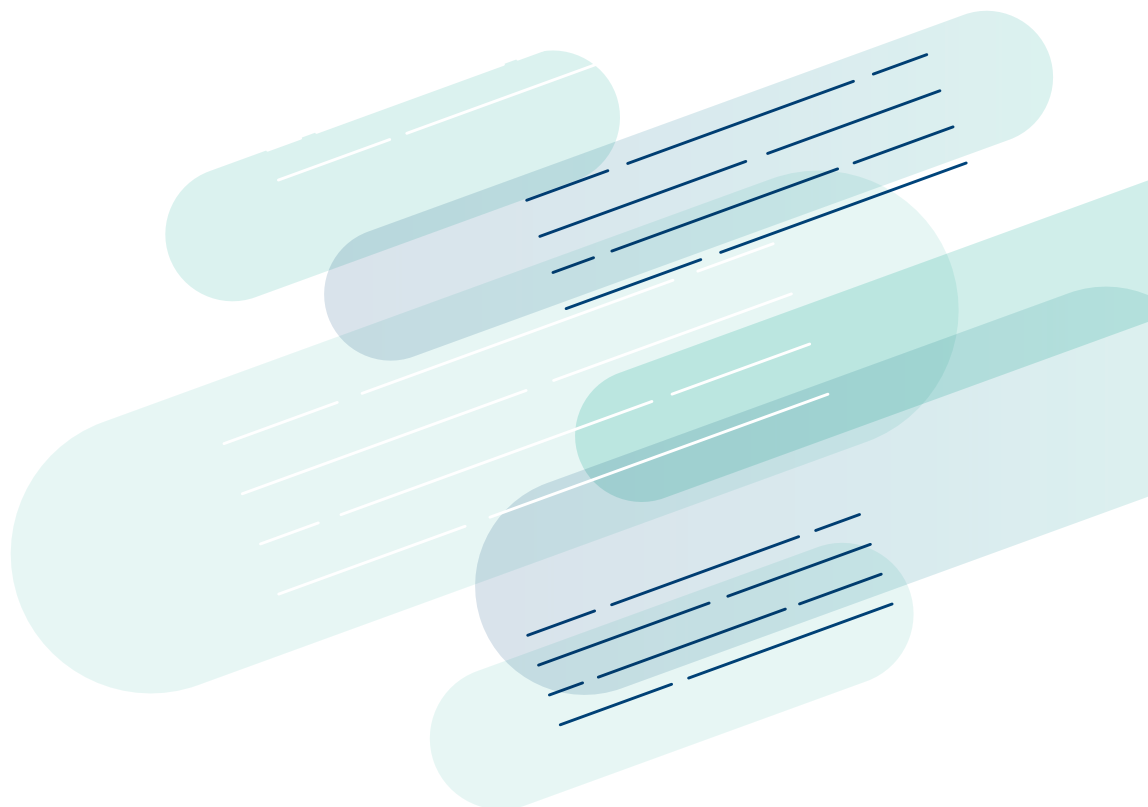


FISHER FUNDS INVESTMENT SERIES

Other Material Information

Issued by Fisher Funds Management Limited
6 July 2022



This document provides material information about Fisher Funds Investment Series (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/resources.

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, investors in the Scheme.

Fisher Funds Investment Series is distributed predominantly through third party financial advisers. Fees associated with investing in the Fisher Funds Investment Series funds through a third party adviser may vary, see your financial adviser for details.

DESCRIPTION OF THE SCHEME AND THE FUNDS

The Scheme is offered by Fisher Funds Management Limited (Fisher Funds, we, us, or our) and gives you a choice of the following five funds (each a fund and together funds) to invest in:

- » the Fisher Funds CashPlus Fund (CashPlus Fund)
- » the Fisher Funds New Zealand Fixed Income Trust (New Zealand Fixed Income Trust)
- » the Fisher Funds BondPlus Fund (BondPlus Fund)
- » the Fisher Funds Trans Tasman Equity Trust (Trans Tasman Equity Trust)
- » the Fisher Funds Global Fund (Global Fund)

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

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 respective 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

The assets held by a fund are usually valued each business day other than the first two business days in April (when we calculate PIE tax for the year ended 31 March). 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. 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, available at fisherfunds.co.nz/resources, sets out guidelines for valuing assets that are illiquid or infrequently traded, and for correcting pricing errors.

Market Index

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 Fisher Funds Investment Series 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 Person¹ of the Supervisor.

The Supervisor may remove us as Manager if they think it's in the best interest of investors 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 the Fisher Funds Investment Series. Further information about the Supervisor's licence is available on the Financial Markets Authority website (fma.govt.nz) and on the Financial Service Providers Register website (companiesoffice.govt.nz/fsp).

Custodian

The Supervisor, after having consulted us, may appoint one or more custodians to look after the assets of the Scheme. The Custodian of the funds is Trustees Executors Limited. Assets may be registered in the name of TEA Custodians Limited or in the name of appointed international sub-custodians.

The custodian or sub-custodian may change, however we will ensure any new custodian has the appropriate skills and experience prior to the Supervisor ultimately appointing them.

Supervisor and Manager indemnity

CashPlus Fund

- » Subject to the limits on permitted indemnities under relevant law, we and the Supervisor are entitled to be indemnified out of the fund against all liabilities (including tax) and expenses incurred by us and the Supervisor in the exercise or attempted exercise of the trusts, powers and discretions vested in us or the Supervisor under the Governing Document and in respect of any matter or thing done or omitted to be done in any way by us or the Supervisor relating to the Governing Document and the fund.

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

New Zealand Fixed Income Trust

- » Subject to the limits on permitted indemnities under relevant law, we and the Supervisor are each indemnified out of the fund against any losses, expense or liability (including tax) incurred by us or the Supervisor in performing any of our respective duties or exercising any of our respective powers in relation to the fund or otherwise relating to the fund, and we and the Supervisor may recover any liability from investors which has arisen in respect of their units.

BondPlus Fund, Global Fund and Trans Tasman Equity Trust

- » Subject to the limits on permitted indemnities under relevant law, we and the Supervisor are entitled to be indemnified out of each fund for any expense or liability (including tax) that may be incurred by us or the Supervisor in prosecuting or defending any action or suit in respect of the provisions of the Governing Document and the terms of any disclosure document in respect of the units or in respect of the relevant fund and may recover any loss suffered by investors in respect of their units.

There are also various other limitations of liability under the Governing Document.

Winding up and insolvency

Each fund will terminate on the earliest of the following events:

- » if we decide to wind it up;
- » if we are required to wind-up the fund by law; or
- » on any date stated in the Governing Document.

If a fund is wound up, we will sell all the assets of the fund and, after providing for claims and liabilities (including fees and taxes); distribute the balance to investors in proportion to their holdings.

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

If a fund 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 investors in that fund.

Fees and expenses

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

Where you are investing in the funds through an adviser not employed by Fisher Funds, or if you are investing through an investment platform, the fees charged as part of the service provided by that adviser may differ to those below.

Manager's fee

We are entitled to a management fee which is calculated on each fund's Gross Asset Value (GAV) as set out in the table below, plus GST (if any). This fee is calculated each time the unit price is calculated and is payable monthly in arrears.

Fund	Management fee (per annum)
CashPlus Fund	0.50%
New Zealand Fixed Income Trust	0.85%
BondPlus Fund	1.05%
Trans Tasman Equity Trust	1.50%
Global Fund	1.50%

Please note, the management fees disclosed in the PDS are calculated on a GST inclusive basis, based on net asset value.

Entry fee

We may, but do not currently, charge an entry fee when you invest in a fund. If you use a financial adviser approved by us, and you agree with them that they should also receive an entry fee, then we may deduct a percentage of the amount you invest and pay it to them as commission. The maximum entry fee that can be charged for each fund is as follows:

Fund	Maximum entry fee
CashPlus Fund	5.00%
New Zealand Fixed Income Trust	1.50%
BondPlus Fund	1.50%
Trans Tasman Equity Trust	5.00%
Global Fund	5.00%

Supervisor, registry, custody, unit pricing and investment accounting fees

Trustees Executors Limited, acting in its role as Supervisor is entitled to receive fees for its services, and through its Member and Investor Services and Portfolio Services divisions is entitled to receive fees for registry, custody, unit pricing and investment accounting services. These expenses are included in the annual fund charges in the quarterly fund update for each fund, available at fisherfunds.co.nz/fund-updates.

Costs and expenses

We are entitled to be reimbursed out of the funds for any costs, charges and expenses as detailed in the Governing Document incurred in respect of the funds. These expenses are apportioned between the funds 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.

Switching fee

On any third or subsequent switch in a 12-month period, we may, but do not currently, charge a fee for switching between the funds. The switch fee (if any) is 1% of the value of the units switched.

Exceptional fee

We and the Supervisor are entitled to be reimbursed for costs (including internal administration costs) and expenses that we respectively incur in connection with transactions or matters in relation to and the BondPlus Fund that are exceptional or additional to our respective usual management and administration responsibilities.

Changes to fees

We and the Supervisor may alter our fees at any time by giving three months' notice to you. In most circumstances any increase will need to be agreed by the Supervisor and us.

Investment in other funds managed by Fisher Funds (underlying 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, or in the instance that a fee is incurred, Fisher Funds fully rebates the management fee on the wholesale fund.

The funds and the underlying funds they invest into may also invest in other managed 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/fund-updates.

Third party commissions

In some instances, Fisher Funds may pay financial advisers, distributors, and other intermediaries. Commission can include a percentage-based fee of up to 0.25% per annum of an investor's balance. Fisher Funds pays third party commissions for the origination and ongoing servicing of clients.

Third party payments

In other specific instances, Fisher Funds may make payments of up to 0.02% to adviser associations to support the association's professional activities.

GST on fees and expenses

All fees and expenses above exclude goods and services tax (GST) unless otherwise stated and GST may be added where required.

Estimated annual fund charges in the PDS

The annual fund charges disclosed in the PDS are a reasonable estimate of the annual fund charges that are likely to be charged in the future, based on the fees and expenses calculated for the year ended 31 March 2021.

The management fee for the CashPlus Fund reduced from 0.60% of GAV to 0.50% on 1 July 2021. The annual fund charge for the CashPlus Fund is estimated based on the 0.50% management fee, plus the costs and expenses charged to each fund for the year ended 31 March 2021.

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 property.

Investments in the funds 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 funds. 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. Below we outline the risks associated with investing in the funds and how we manage those risks. It is important to note that no mitigation strategy can eliminate all risks associated with investment.

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.	<p>Our minimum quality criteria must be met before any investment is included in a fund's portfolio.</p> <p>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.</p> <p>We regularly monitor the holdings of the funds to ensure they remain within the criteria specified in the SIPO.</p> <p>We may visit companies or seek additional information in respect of investments held to be satisfied of their ongoing suitability.</p>
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.

Type of risk	Description	How we manage it
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.	<p>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.</p> <p>We assess external managers and monitor their performance and compliance with investment guidelines to ensure they are taking appropriate measures to mitigate their own investment manager risk.</p> <p>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.</p>
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 receive 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 receive 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 upon changes in interest rates. If market interest rates rise, the 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.

Type of risk	Description	How we manage it
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.	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.
Unfulfilled investment objectives	There is no guarantee that the funds will achieve the investment objectives set out in each fund's 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 investors' 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 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. Inflation may impact on real returns.	Some investments may perform better than others may during periods of inflation and we consider this when we design portfolios.
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 the 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 fund depends to a significant extent upon us, or any external managers, continuing to employ a number of key personnel. Profiles of the Fisher Funds investment team can be found at fisherfunds.co.nz/about/investment-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.

Type of risk	Description	How we manage it
Legislative and regulatory	Returns may be affected by any adverse 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 existing investments to understand any impact. Inland Revenue is currently reviewing the rate of GST charged on services provided by fund managers.
PIE status	Should the funds fail to satisfy the PIE eligibility criteria necessary to retain PIE status, this would result in the funds being taxed at 28%, rather than the individual Prescribed Investor Rate of investors. It may also result in the funds being taxed on investment gains.	We monitor factors influencing each funds PIE status on a regular basis and have processes in place to minimise potential breaches of PIE eligibility criteria, which may include adjusting an investor'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.

UNDERSTANDING YOUR INVESTMENT

Investing in Fisher Funds Investment Series

It's easy to invest in the funds and they're open to most people predominantly living in New Zealand including;

- » Individuals (including joint investment)
- » Trusts or Partnerships
- » Charities
- » Companies
- » Incorporated Societies or Associations

You can invest in the funds by speaking to your financial adviser or by completing the application form at the back of the PDS.

We are required by law to identify you, which means you will be required to provide identification, proof of address and, in some cases, evidence of where your application money has been sourced.

We are not obliged to register more than two people as the investors which hold any unit. Where two or more people are registered as the investors, they will each be liable for all payments in respect of that investment. On the death of one investor, we will recognise the survivor or survivors as owning the investment.

All notices, payments or other communications from us or the Supervisor, including instructions for distributions will be sent only to the person whose name appears first on the register.

Withdrawing your investment

You can withdraw part or all of your investment at any time by sending us a completed withdrawal form signed by all registered investors.

Your withdrawal will be processed at the unit price calculated as at the day we accept your withdrawal request.

When you make a full withdrawal the withdrawal amount paid is adjusted for any tax payable or refundable. In the case of a partial withdrawal your remaining balance is adjusted for any tax payable or refundable.

If you are invested in multiple funds you may make a partial withdrawal from one or more funds of your choice. 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).

Payments can take up to 7 business days to be paid to your nominated bank account or to an authorised recipient.

If you are invested via an investment platform the withdrawal criteria applicable to that platform will also apply.

Deferral of payments

In certain circumstances specified in the Governing Document, we can suspend transactions for up to 30 days in the Global Fund and Trans Tasman Equity Trust, and up to 90 days in the other funds in the Scheme, or defer payment of withdrawals if we in good faith determine that it is not practicable or desirable, or would be prejudicial to the interests of investors of a fund or funds concerned, to redeem or repurchase units in the relevant fund, or that it would be in the best interests generally of all investors in a fund to defer immediate redemption or repurchase of the total units requested (subject to extension by special resolution of the investors in the fund).

Compulsory redemptions

We may, in consultation with the Supervisor, compel the redemption of all or some of your units if your holding of them might in our opinion result in any legal, pecuniary, regulatory, tax or material administrative disadvantage for the Scheme, the fund or to the investors in the Scheme or the fund as a whole.

Maintaining a minimum account balance

If your account balance falls below the minimum of \$5,000 (or \$1000 if you invested in the BondPlus Fund, Trans Tasman Equity Trust or the Global Fund before 1 November 2005), or if you decided to invest by regular investment only and do not reach the required minimum balance per fund selected within 24 months, we may repurchase your units and pay the proceeds to your nominated bank account.

We may also decline any withdrawal or transfer request, if it would threaten the relevant fund's eligibility for PIE status.

Tax

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

Investment not subject to the Foreign Investment Fund (FIF) Regime

Funds holding shares in New Zealand resident companies or certain companies resident in Australia that are listed on the Australian Securities Exchange are taxed on those shares under the ordinary New Zealand tax rules. Dividends on such shares are usually fully taxable, with a credit allowed for any attached imputation credits (but not for any Australian franking credits). 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 subject to the FIF Regime

Other international shares held by the funds are usually taxed under the Fair Dividend Rate (FDR) method in the FIF regime. Under that method, these shares give rise to deemed income in an income year (being 1 April – 31 March) equal to 5% (or a pro rata portion) of the average daily market value of the shares for that income year (or part year). The funds are entitled to a credit for any withholding tax paid on dividends received from the 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 under this method.

Other non-equity investments

Interest earned by the funds, foreign exchange gains from non-New Zealand dollar denominated debt instruments and income derived from hedging contracts and other derivatives are generally taxable. The funds are entitled to a deduction for expenses incurred in earning their income and for any foreign exchange and hedging losses.

PIE tax treatment and timing

Each fund is a multi-rate Portfolio Investment Entity (PIE) for tax purposes. This means that any taxable income of a fund will be taxed at your Prescribed Investor Rate (PIR). Providing the correct PIR will also mean no further tax is payable each year or when you make a withdrawal. Shortly after the end of the tax year (the period from 1 April to 31 March) or after you fully withdraw from the funds, we will send you information on your investment, including the amount of income attributed to you and the amount of any PIE tax on your investment for the year. This information will help you determine whether you need to change your PIR for the next tax year.

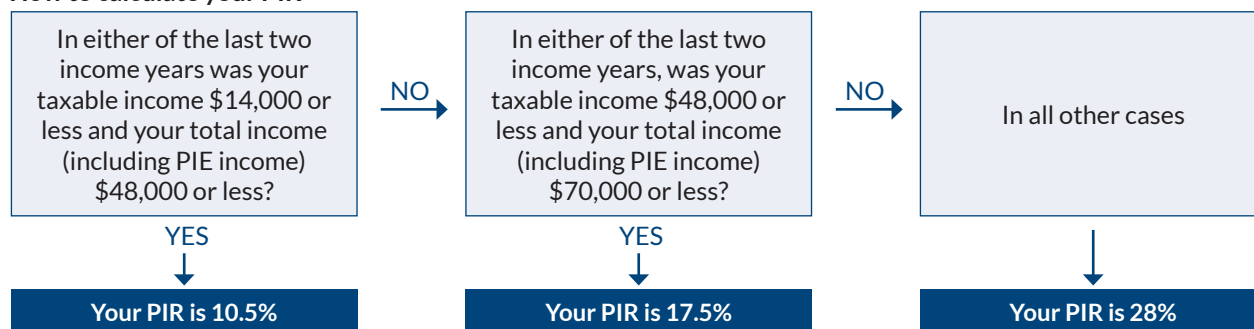
We'll calculate the tax on your share of taxable income based on the PIR that you provide and cancel units held by you to the value of the amount owed by you and pay the tax to Inland Revenue. We'll also issue additional units to you to reflect the amount of any tax credit owed to you. Tax adjustments are made as at 31 March each year or whenever you switch, transfer or withdraw units.

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.

PIRs for New Zealand resident individuals

Individuals who are New Zealand tax residents determine their PIR based on their taxable income and their total income (i.e. taxable income plus attributed PIE income less attributed PIE loss) in the previous two income years. To work out your PIR, use the table below, call us on 0508 347 437, or go to Inland Revenue's website ird.govt.nz/toii/pir.

How to calculate your PIR



Fisher Funds may be notified of a change to your PIR

If Inland Revenue believes your PIR is incorrect, they may provide us with an updated PIR for you. We would then update your account with the new PIR. You can subsequently provide us with a different PIR if you believe the PIR Inland Revenue provided is incorrect.

New residents to New Zealand

In determining your PIR, 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. In that case, your returns from the fund will be taxable, with a credit being available for any PIE tax paid.

PIRs and non-residents

If you stop being a New Zealand tax resident, your PIR will be 28%. Although a non-resident may not need to file a New Zealand tax return, you may need to file a return in your country of residence.

Trustees

Trustees can choose a 0%, 17.5% or 28% PIR to best suit the beneficiaries of the trust. Trustees of testamentary trusts may also choose a PIR of 10.5%. If the trustees choose any rate other than 28%, they will have to include their share of fund income in the trust's tax return.

Companies, Charities, Collective Investment Schemes

A New Zealand resident company, unit trust, charitable entity, PIE, PIE investor proxy or superannuation fund has a PIR of 0% (unless the superannuation fund chooses a PIR of 28% or 17.5%). Companies must include their share of taxable fund income in their tax returns.

Joint investors

It is important that all investors investing jointly provide their PIR as we will use the highest rate. If not all PIRs are provided we will pay tax at 28% even if one investor has notified us of a lower rate.

Relevant policies

Copies of the following policy documents are available at fisherfunds.co.nz/resources:

- » Broker Selection
- » Conflicts of Interest
- » Portfolio Trading
- » Proxy Voting
- » Responsible Investment
- » Soft Dollar Commission
- » Unit Pricing and Valuation
- » Unlisted and Suspended Securities
- » Liquidity Risk Management



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