

# Midlands Smarter PIE Fund

Fund Update for the quarter ended 31 December 2025

First made publicly available on 13 February 2026.

## What is the purpose of this update?

This document tells you how the Midlands Smarter PIE Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Midlands Funds Management Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

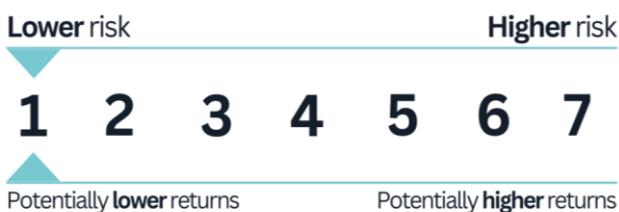
## Description of this fund

The Midlands Smarter PIE Fund (the **Fund**) holds loans secured by first mortgages over land and buildings in New Zealand and cash and cash equivalents held with registered banks. The investment objective is to provide investors with returns pre-tax (but after fees and expenses) which exceed the average 3-month term deposit rate advertised by all relevant New Zealand registered banks.

Total value of the fund:	\$161,785,967
The date the fund started:	1 November 2004

## What are the risks of investing?

Risk indicator for the Midlands Smarter PIE Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the 5 years to 31 December 2025. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

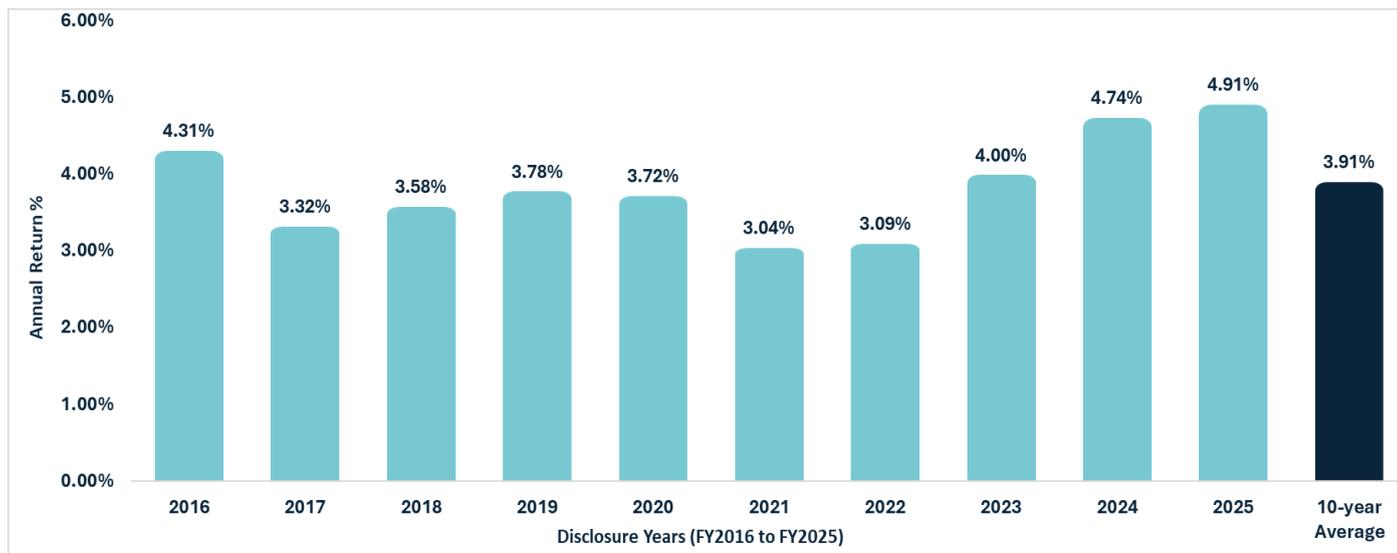
See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

## How has the fund performed?

	Average over past 5 years	Past year
<b>Annual return</b> (after deductions for charges and tax)	4.12%	4.41%
<b>Annual return</b> (after deductions for charges but before tax)	5.72%	6.12%

There is no appropriate market index and no suitable index or benchmark for the Fund against which to assess either movements in the market in relation to the returns from the assets in which the Fund invests or the performance of the Fund as a whole.

## Annual return graph



This shows the return after fund charges and tax for each year ending 31 March for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 31 December 2025.

**Important:** This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

## What fees are investors charged?

Investors in the Midlands Smarter PIE Fund are charged fund charges.

In the year to 31 March 2025 these were:

	% of net asset value
<b>Total fund charges</b>	<b>2.10%</b>
Which are made up of–	
<b>Total management and administration charges</b>	<b>2.10%</b>
Including–	
Manager's basic fee	1.78%
Other management and administration charges	0.32%
<b>Total performance-based fees</b>	<b>Nil</b>
<b>Other charges</b>	<b>Nil</b>
None	Nil

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for more information about those fees.

## Example of how this applies to an investor

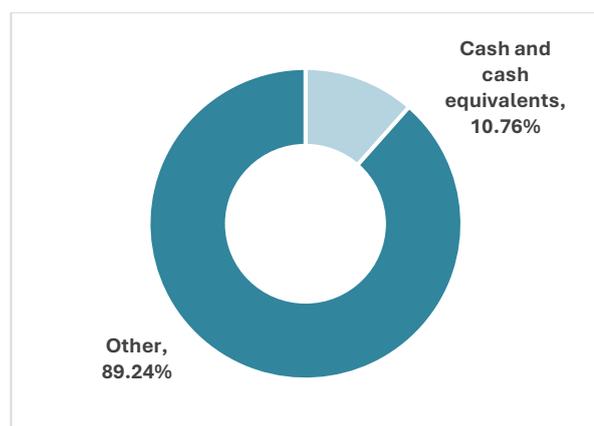
Small differences in fees and charges can have a big impact on your investment over the long term.

Julie had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Julie received a return after fund charges were deducted of \$612 (that is 6.12% of her initial \$10,000). Julie paid no other charges. This gives Julie a total return after tax of \$441 for the year.

## What does the fund invest in?

This shows the types of assets that the fund invests in.

### Actual investment mix



### Target investment mix

Cash and cash equivalents	From 5% to 25%
Other	From 75% to 95%

- Cash and cash equivalents include on-call deposits and short-term term deposits (up to 90 days) held with New Zealand registered banks.
- Other refers to loans secured by first-ranking mortgages over New Zealand properties

### Top 10 investments

Asset name	% of net asset value	Type	Country	Credit Rating
Cash & Cash Equivalents JBWere	5.87%	Cash & Cash Equivalents	New Zealand	Unrated
Cash & Cash Equivalents Rabobank Term Deposits	4.34%	Cash & Cash Equivalents	New Zealand	A
Loan secured over Residential property in Auckland	2.69%	Other	New Zealand	Unrated
Loan secured over Residential property in Auckland	2.63%	Other	New Zealand	Unrated
Loan secured over Residential property in Auckland	2.62%	Other	New Zealand	Unrated
Loan secured over Commercial property in Bay of Plenty	2.53%	Other	New Zealand	Unrated
Loan secured over Residential property in Auckland	2.33%	Other	New Zealand	Unrated
Loan secured over Residential property in Auckland	2.07%	Other	New Zealand	Unrated
Loan secured over Commercial property in Otago	2.03%	Other	New Zealand	Unrated
Loan secured over Residential property in Auckland	1.92%	Other	New Zealand	Unrated

- The total value of the 10 individual assets as a percentage of the net asset value of the Fund is 29.03%.
- Other refers to loans secured by first-ranking mortgages over New Zealand properties.

## Key personnel

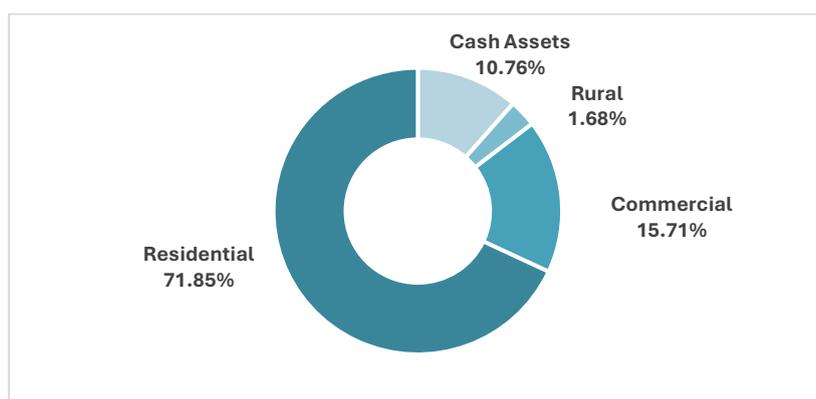
Name	Current Position	Time in current position	Previous position	Time in previous position
Rhys Trusler	Chief Executive Officer	3 years and 3 Months	Managing Partner, Southern Cross Partners	2 years and 0 months
Chris Fenwick	Chief Financial Officer	1 years and 0 Months	Finance Adviser	2 years and 11 months
Blair Cross	Head of Credit & Transformation	0 years and 7 months	General Manager – Transformation	1 year and 9 months

## Additional information

Midlands Funds Management Limited has prepared the following information in accordance with the Financial Markets Conduct (Managed Funds - Loan Disclosure Requirements) Exemption Notice 2024.

### Actual investment composition with secured property breakdown

The chart below shows the composition of the Fund's assets, expressed as a percentage of the value of total assets according to the asset types shown:



### Loan risk by region and asset type

The table below shows the composition of the Fund's secured loans by geographical region, and within each region, the proportion allocated to commercial, residential, and rural property types. The figures are expressed as a percentage of total secured loans.

Region	Total Loan Exposure (%)	Commercial (%)	Residential (%)	Rural (%)
Auckland	45.75%	17.72%	52.94%	0.00%
Bay of Plenty	6.56%	15.67%	3.62%	47.21%
Canterbury	11.28%	2.36%	13.50%	0.00%
Gisborne	0.00%	0.00%	0.00%	0.00%
Hawkes Bay	13.66%	20.79%	11.19%	52.79%
Manawatu-Whanganui	0.27%	0.00%	0.33%	0.00%
Marlborough	0.00%	0.00%	0.00%	0.00%
Nelson	0.00%	0.00%	0.00%	0.00%

<b>Northland</b>	5.92%	4.87%	6.29%	0.00%
<b>Otago</b>	4.20%	17.32%	1.42%	0.00%
<b>Southland</b>	0.52%	2.96%	0.00%	0.00%
<b>Taranaki</b>	1.12%	2.59%	0.82%	0.00%
<b>Tasman</b>	0.00%	0.00%	0.00%	0.00%
<b>Waikato</b>	5.84%	11.74%	4.68%	0.00%
<b>West Coast</b>	0.00%	0.00%	0.00%	0.00%
<b>Wellington</b>	4.89%	3.98%	5.20%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Impaired mortgage loans

The table below shows the value of the Fund's impaired loans by geographical region, and within each region, the proportion allocated to commercial, residential, and rural property types. The figures are expressed as a percentage of total secured loans.

<b>Region</b>	<b>Total impaired mortgage loans (%)</b>	<b>Commercial (%)</b>	<b>Residential (%)</b>	<b>Rural (%)</b>
Southland	0.52%	2.96%	-	-
<b>Total</b>	<b>0.52%</b>	<b>2.96%</b>	<b>-</b>	<b>-</b>

Secured loans are allocated an asset type based on the zoning of the principal secured property (by value) as defined in the relevant local council's district plan.

### Lending limits

The Fund's maximum LVR limits as at the date on which the loan is approved are as follows:

<b>Loans secured (or principally secured) by mortgage over residential property</b>	<b>Loans secured (or principally secured) by mortgage over commercial property</b>	<b>Loans secured (or principally secured) by mortgage over rural property</b>
Fee simple or cross-lease land and buildings: up to 75% LVR	Fee simple or cross-lease land and buildings: up to 66.7% LVR	Fee simple or cross-lease land and buildings: 60% LVR
		Property used for dairy farming (fee simple and cross lease): up to 66.67% LVR provided collateral security is obtained over cooperative shares
Leasehold: up to 50% LVR	Leasehold: up to 50% LVR	Leasehold: up to 50% LVR
Vacant land: up to 50% LVR	Vacant land: up to 50% LVR	Vacant land: up to 50% LVR

Note: LVR means loan-to-value ratio. LVR shows the amount of a loan as a percentage of the value of the property that secures the loan. The lower the LVR, the lower the amount of the loan relative to the value of the secured property.

### Further information

You can also obtain this information, the PDS for the Midlands Smarter PIE Fund, and some additional information from the offer register at <https://disclose-register.companiesoffice.govt.nz>.