

# DAINTREE FUNDS SCHEME

## OTHER MATERIAL INFORMATION

12 AUGUST 2024

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# 1. IMPORTANT INFORMATION

This is an important document in relation to an investment in the Daintree Funds Scheme (**Scheme**) made up of one fund, the Daintree Core Income PIE (the **Fund**). It contains material information that is not contained in the Product Disclosure Statement (**PDS**) or other documents available on the offer register or scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

Clarity Funds Management Limited is the Manager of the Scheme and is referred to as “**Clarity**”, “**Manager**”, “**us**” or “**we**”, in this document. Any reference to “**you**” or “**your**” refers to you, or any other investor in the Scheme.

We refer in some places to things that we “generally”, “normally” or “currently” do. This describes our practice as at the date of this document only. We can review and change our practices without notice to you, so long as we comply with the requirements set out in the Trust Deed.

Daintree Capital Management Pty Limited (**Daintree**) is the Investment Manager of the Daintree Core Income Trust (**Underlying Fund**).

This document has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 and components of clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014.

All legislation referred to in this Document can be viewed at [www.legislation.govt.nz](http://www.legislation.govt.nz).

Capitalised words that appear in this document have the same meaning as stated in the Daintree Funds Scheme Trust Deed dated 18 June 2024 (**Trust Deed**) unless they are otherwise defined.

# 2. MORE INFORMATION ABOUT THE SCHEME AND THOSE INVOLVED

The Fund is governed by the Trust Deed and invested in accordance with the Daintree Funds Scheme Statement of Investment Policy and Objectives (**SIPO**) 9 August 2024.

The Fund is established within a registered managed investment scheme under the Financial Markets Conduct Act 2013 (**FMC Act**), scheme number SCH13775. The operation of the Scheme is governed by the FMC Act. The FMC Act may be amended from time to time and any such amendment may have an impact on the Scheme. The Scheme currently comprises one investment fund, as detailed in the Daintree Funds Scheme PDS:

Fund Name	Fund Establishment Date	Performance Inception Date
Daintree Core Income PIE	18 June 2024	9 August 2024

The Fund is a separate and distinct trust with separate assets and liabilities governed by the terms and conditions, detailed in the Fund’s Establishment Deed. All investments made for the Fund are held by the Supervisor, or its nominee, as the exclusive property of the Fund and exclusively for the benefit of investors.

The process for investing in the Fund is set out in the PDS. There is no maximum number or amount of units that may be issued in the Fund.

Subject to the terms of the Trust Deed, each unit in the Fund confers an equal interest in the Fund and is of equal value. Units do not confer on any investor any interest in any particular part of the Fund nor any other Fund. Investors have no right to participate in the management of the Fund.

We use best endeavours to ensure that the PDS and Register Entry for the Fund at all times comply with the terms of the Trust Deed, Financial Markets Legislation and any other applicable legislation.

You can review a copy of the Trust Deed, SIPO and PDS at any time electronically on the Scheme’s register on [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) or by contacting us.

## 2. MORE INFORMATION ABOUT THE SCHEME AND THOSE INVOLVED

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### About The Manager

The Manager of the Fund is responsible for:

- Offering the Fund;
- Issuing units in the Fund;
- Managing and investing the Fund's investments; and
- Administering the Fund.

We have delegated some of these functions to other parties as described further in this document. In exercising or performing any of our duties as Manager, we must:

- act honestly in our capacity as Manager of the Fund;
- act in the best interests of investors;
- treat investors equitably;
- not make use of information acquired through being the Manager to gain an improper advantage for ourselves or any other person or cause detriment to investors;
- exercise the care, diligence and skill that a prudent person engaged in the profession of a manager of a registered scheme would exercise in the same circumstances;
- carry out the function of Manager in accordance with the Trust Deed, SIPO and all other 'issuer obligations'; and
- comply with the terms of the Management Agreement with the Supervisor.

Clarity is a registered financial services provider, FSP174204. You can find more information about us at [www.fsp-register.companiesoffice.govt.nz](http://www.fsp-register.companiesoffice.govt.nz).

Financial Markets Authority (FMA) granted Clarity a licence under the FMC Act, effective 1 August 2016, as a Manager of a registered scheme (other than a restricted scheme). The licence is subject to standard licence conditions that apply to all other managers of managed investment schemes. Further information about this licence can be found on the FMA's website, [www.fma.govt.nz](http://www.fma.govt.nz).

Neither we, nor any of our directors and senior managers have, during the five (5) years before the date of this document, been declared bankrupt or insolvent, convicted of any crime involving dishonesty, prohibited from acting as a director of a company, placed in statutory management or, in respect of us, placed in voluntary administration, liquidation or receivership.

### Directors and Senior Managers of the Manager

#### Alan David Lee - Auckland, New Zealand

Alan is a Financial Adviser. He is also a founding shareholder and director of JMIS Investment Management Limited, the precursor to Clarity. Alan became a director of Clarity in April 2017.

Alan has been working in financial and investment markets since 1978, having held fund management roles with NZI Investment Services Limited in both New Zealand and Australia, subsequently becoming Investment Manager for NZI Investment Services Limited in New Zealand.

He has also developed a strong commercial background in general management across a wide range of industries. Alan was previously executive director of Mainzeal Group Limited and chief executive of Mair Astley Holdings Limited.

#### Andrew Martin Kelleher - Auckland, New Zealand

Andrew is a Financial Adviser. He joined JMIS Investment Management Limited, the precursor to Clarity as a shareholder and director in 2008. Andrew became a director of Clarity in April 2017.

Andrew has worked in the financial markets for over twenty-five (25) years. Andrew started his career in the financial sector, starting as a money market trader for ASB Bank Treasury in 1987. By 2000, he held the position of Senior Manager - Risk. He assisted with the development of ASB Securities and the development of financial services to financial intermediaries. Andrew also had responsibility for the ASB Bank Private Portfolio Service (the ASB high net worth investment service).

In 2004, he pursued an independent career, consulting to the ASB Group and other financial organisations but returned to ASB Securities to act as Managing Principal and Managing Director in 2006.

## 2. MORE INFORMATION ABOUT THE SCHEME AND THOSE INVOLVED

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### Andrew Wallace – Auckland, New Zealand

Andrew Wallace is a professional director and corporate advisory consultant, following an investment banking career of over twenty-five (25) years. Andrew was appointed to the JMIS Investment Management Limited, the precursor to Clarity, Board as an independent director on 27 July 2016.

As part of his investment banking career, Andrew has spent fifteen (15) years providing corporate finance advice to companies and government entities in areas of mergers, acquisitions and divestments. Sectors that Andrew has advised on during his career include funds management, dairy and agricultural related business and infrastructure.

Prior to working in the corporate advisory industry in New Zealand, Andrew spent ten (10) years working for Bankers Trust in New Zealand, London and New York in the treasury and global markets trading areas managing foreign exchange, interest rate and equities risk for the bank.

### Mel Firmin - Auckland, New Zealand

Mel is a professional consultant and investor involved in a broad range of clients and industries. He is skilled in business strategy and implementation, client relationships, governance, operational strategy and risk and compliance. Mel was appointed to the Clarity Board as an independent director in April 2019, and subsequently assumed the Chairperson role for the Audit, Risk and Compliance Committee.

Mel has over twenty-five (25) years of experience in the financial services industry holding many senior positions. Mel was previously a Managing Director for Devon Funds Management and Chief Operating Officer for Brook Asset Management. Prior to this Mel was responsible for compliance and operations at Arcus Investment Management and held a senior management role at New Zealand Guardian Trust.

### Josh Wilson - Auckland, New Zealand

Josh Wilson is the Chief Investment Officer of Clarity responsible for overseeing the management of all Clarity Funds and is the Portfolio Manager of the Dividend Yield Fund, Trans-Tasman Value Fund and New Zealand Equity Fund. Josh joined Clarity in 2019.

He began his career in financial markets in 2004, as an investment analyst at AMP Capital in Wellington. From 2007 to 2011, he worked as an equity analyst in London for Collins Stewart, a stockbroker. From 2011, until he joined Clarity, Josh worked for NZ Funds Management as a portfolio manager.

Josh is a CFA Charterholder and also holds a Bachelor of Commerce from the University of Otago.

Our directors may change from time to time, without notice. The list of directors can be found at [www.companies-register.companiesoffice.govt.nz](http://www.companies-register.companiesoffice.govt.nz).

Additional information about the Manager and its directors and senior managers can be found on our website, [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz).

### About the Investment Manager of the Underlying Fund

The Fund invests into the NZD class of an Australian Unit Trust (AUT) managed by Daintree Capital Management Pty Limited (Daintree), the Daintree Core Income Trust.

Perennial Investment Management Limited (PIML) is the Responsible Entity of the AUT and is responsible for the management and administration of the AUT. PIML has appointed Daintree, a Corporate Authorised Representative of Perennial Value Management Limited (PVM), to manage the assets of the AUT.

Both PVM and Daintree are related parties of PIML.

### Key Personnel for the Underlying Fund

#### Mark Mitchell - Sydney, Australia

Established Daintree in January 2017, and has over twenty-seven (27) years industry experience both in Australia and the USA, specialising in fixed income securities analysis and portfolio management.

Prior to establishing Daintree, Mark was the Head of Credit and Portfolio Manager for over seven (7) years at Kapstream Capital. There, he was ultimately responsible for the development and implementation of the credit research processes and portfolio management until the time he left in October 2015. Over this time, Kapstream grew to over \$10bn in assets under management.

Before moving to Australia, Mark achieved nearly a decade's work experience in the USA across a range of sectors, including high yield, bank loans, commodities, futures and listed equities. Mark is a CFA Charterholder and also holds a Bachelor of Science (Finance) from the DePaul University (Chicago) as well as a Chartered Market Technician (CMT).

## 2. MORE INFORMATION ABOUT THE SCHEME AND THOSE INVOLVED

### Justin Tyler – Sydney, Australia

Is a founding partner of Daintree and joined the firm in May 2017. Justin is responsible for interest rate and currency decisions at Daintree. Justin has over twenty-two (22) years of experience in the industry. Justin is a specialist in inflation and interest rates.

Prior to his current place of employment, Justin has spent over ten (10) years specialising in fixed income analysis and investment banking. Justin is a CFA Charterholder and also holds a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

### About The Supervisor

The New Zealand Guardian Trust Company Limited (**Guardian Trust**) is the Supervisor and Custodian of the Scheme.

On 17 March 2023, the Supervisor was granted a licence pursuant to the Financial Markets Supervisors Act 2011. The licence is subject to reporting conditions and expires in March 2028.

As Supervisor, Guardian Trust is responsible for:

- Acting on behalf of investors in relation to matters connected to the Scheme including any contravention of our issuer obligations.
- Supervising the performance of our functions as Manager of the Fund, our compliance with our Manager obligations, our financial position and the financial position of the Fund to ascertain that it is adequate.
- Custody of the Scheme's assets, or ensuring that investments are held, in accordance with the FMC Act.
- Performing or exercising any other functions, powers, and duties conferred or imposed on it as a Supervisor under the FMC Act, the Financial Markets Supervisors Act 2011, and the Trust Deed.

Guardian Trust will also act as custodian to hold the Scheme's assets.

As required by the FMC Act, the Supervisor and Custodian are independent of us.

### Who else is involved

In addition to those set out in the PDS, below are the key persons involved in the Scheme.

Name	Role	Description
PwC Auckland	Auditor	PwC Auckland are the auditors of the Scheme. PwC is a registered audit firm under the Auditor Regulation Act 2011. Additional details can be found at <a href="http://www.companiesoffice.govt.nz/all-registers/auditors">www.companiesoffice.govt.nz/all-registers/auditors</a> .  Neither PwC Auckland, nor any employee of PwC Auckland is a director, officer or employee of the Manager or the Supervisor.
DLA Piper New Zealand	Solicitors	DLA Piper New Zealand are the solicitors for the Manager.

### 3. MORE INFORMATION ABOUT HOW THE FUND WORKS

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#### Asset Valuations

We will determine the market value of each investment and the Net Asset Value (**NAV**) of the Fund on a consistently applied basis approved by the Supervisor and in accordance with the provisions of the Trust Deed.

The current value of the Fund is calculated each Business Day. The value is calculated by adding:

- the market value of the investments; and
- income accruing from the investments; and by deducting:
- liabilities determined by us, in agreement with the Supervisor; and
- any costs, charges, or other amounts incurred or accrued.

We may make an adjustment or provisions for any amounts which in our opinion should be included or excluded to make an equitable and reasonable determination of NAV.

We may, with the approval of the Supervisor make special determinations of the NAV of the Fund if we consider that special circumstances have arisen to warrant such a determination. Determinations of NAV take effect from the time they are made and remain in force until the next NAV determination has been made by us.

#### Restrictions on Withdrawals

Where there is a material adverse change in the position (financial, economic or otherwise) of either the Fund, or the Manager, the Manager may defer or suspend the withdrawal of any or all units in the Fund. Where withdrawal is deferred, the Manager must notify the Supervisor and where withdrawal is suspended, the Manager must:

- Notify the Supervisor of our intention to suspend withdrawal requests, sending a suspension notice to all investors.
- Where we wish to suspend withdrawal requests for a period of more than two (2) weeks, we must obtain the Supervisor's prior agreement.
- There is no limit set to the length of time such restrictions can be in place.

While restrictions are allowable under the terms of the Trust Deed, we do not currently place any restrictions on withdrawals and do not intend to, except where in its opinion a material circumstance arises.

#### Borrowing

The Supervisor has the power to arrange for moneys to be borrowed from any person, including investors, and enter into the agreements necessary for that purpose. In certain circumstances we may direct the Supervisor to borrow money on behalf of the Fund.

The aggregate of the principal moneys borrowed or secured against the assets of the Fund together with any moneys proposed to be borrowed must not exceed the amount set out in the Fund Establishment Deed.

As at the date of this document no borrowing has occurred for the Fund. Our policy is that borrowing is not permitted, however this may change in the future, in consultation with the Supervisor.

#### Closure of the Fund

We may resolve to close or wind up the Fund at any time. Upon termination of the Fund the Supervisor must sell and realise the relevant Fund assets as soon as reasonably practicable, pay all liabilities, fees, costs and other expenses and distribute the balance amongst investors in proportion of the units held. The claims of all investors will rank equally.

The Supervisor must on a wind up of the Fund comply with the requirements of the FMC Act.

### 4. LIMITATION OF SUPERVISOR'S AND MANAGER'S LIABILITIES

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Subject to proper performance of their duties under the FMC Act, the Supervisor and the Manager are entitled to be indemnified against any expense or liability incurred in performing any of their respective duties or exercising any of the functions in relation to the Fund under the provisions of the Trust Deed. The indemnity does not extend to where any such expense or liability is caused by the failure of the Supervisor or Manager to show the care and diligence required by relevant legislation.

Further information in relation to the Supervisor's and the Manager's liabilities is set out in the Trust Deed.

## 5. INVESTOR LIABILITY

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No investor is liable personally for any debt or liability (contingent or otherwise) of the Fund or liable to indemnify the Manager for debts or liabilities of the Fund.

Each investor indemnifies the Supervisor and us for tax paid or payable to an investor by the Fund.

## 6. CAN THE INVESTMENT BE ALTERED?

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Together with the Supervisor we can, in certain circumstances, make an alteration or addition to the provisions of the Trust Deed and Establishment Deed. These circumstances include when amendments are minor, non-prejudicial or required for compliance with relevant legislation. All changes are subject to the requirements of the FMC Act.

We can change the investment objectives and policies as set out in the SIPO. Before making any change, we will consider investors' best interests and consult with our Supervisor.

Notice of any material change to the Trust Deed or SIPO will be sent to investors in advance of the change.

We may alter investment minimums at any time, accept amounts less than the required minimums and may at any time determine that no further units will be issued at our discretion.

We, with the approval of the Supervisor, may increase fees or impose new fees to those stated in the PDS. If we do this, we will give investors three (3) months' written notice. Payment of withdrawal requests may be suspended or deferred, as detailed in this document and further in the Trust Deed.

We may resolve to wind up the Fund. In that case, all assets of the Fund will be realised and after the deduction of liabilities permitted in the Trust Deed, each investor will be paid out their share of the Fund proportionate to the number of units held by them in the Fund.

We may take any action we deem appropriate to ensure the Fund remains eligible to be a PIE. This includes our ability to compulsorily withdraw an investor's units and pay the proceeds to that investor (and Inland Revenue, as appropriate) if that investor's PIE tax liability in the Fund exceeds 50% of the value of units held by that investor in the Fund.

If any investor's holding in the Fund falls below the minimum investment stated in the PDS, we may redeem the investment on your behalf, after giving you one (1) month's notice in writing.



## 7. MATERIAL CONTRACTS

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The following is a summary of the contracts that we consider to be material in relation to the operation of the Fund.

### Trust Deed

The Fund is governed by the Trust Deed for the Scheme dated 18 June 2024. The Fund is a separate and distinct trust governed by its terms and conditions detailed in the Fund's Establishment Deed. The Trust Deed is a contract between us and the Supervisor for the benefit of investors. The Trust Deed may be amended from time to time.

A copy of the Trust and Establishment Deeds are available on the Scheme's Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

### Management Agreement

A Management Agreement between us and the Supervisor dated 27 June 2024 (as amended from time to time) sets out the arrangements between us and the Supervisor in relation to certain operational matters relating to the Scheme and the Fund. The Management Agreement specifies the reporting and information to be provided by us to the Supervisor and the requirements for record keeping. Nothing in the Management Agreement limits or alters the powers of the Supervisor or our duties under the Trust Deed and applicable law.

### Administration Agreement

We have also entered into a Service Level Agreement with our parent, Investment Services Group. Under this agreement, we have delegated certain operations and administrative functions that enable Clarity to meet its obligations as Manager of the Fund. These functions include some aspects of investment administration, accounting, legal support, information technology, marketing and human resources.

Nothing in either the Management or Administration Agreements limits or alters our duties under the Trust Deed, our Manager of Investment Schemes Manager Licence and applicable law.

### Registry Services Agreement

We have entered into an agreement with APEX for the provision of registry services for the Fund.

### Fund Hosting Agreement

We have entered into a Fund Hosting Agreement with Daintree. The Fund Hosting Agreement sets out the arrangement between Clarity and Daintree in relation to the establishment, administration, management and investment management of the Fund. In particular, the agreement sets out that Clarity is responsible for the day-to-day operation and management of the Fund. This includes overseeing the performance of Daintree as the investment manager of the Underlying Fund's assets.

## 8. CONFLICTS OF INTEREST

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Our directors, employees and other associated persons may choose to invest in the Fund.

Clarity has in place a Conflicts of Interest Policy to manage potential or actual conflicts of interest in a way that is fair to investors. This policy provides the process to identify, declare and monitor a potential conflict of interest.

The FMC Act imposes statutory duties on us as the Manager of the Fund to manage conflicts of interest:

- we must in performing any duties or exercising any powers, exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in the circumstances; act honestly in acting as a manager; act in the best interests of investors; and treat investors equitably.
- where we delegate out some or all of our functions as manager to other parties, we must ensure that those functions are performed in the same manner, and subject to the same duties and restrictions, as if we were performing them directly. We must also monitor the performance of those functions.

We have built these statutory controls into our internal compliance processes and procedures.

We will not enter into transactions with related parties who may benefit from those arrangements, except as agreed with our Supervisor and as permitted under the provisions of the FMC Act.

## 9. MORE INFORMATION ABOUT FEES AND EXPENSES

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The total annual fund charge payable by an investor is detailed in the PDS.

We and the Supervisor may also recover expenses from the Fund. Expenses chargeable to the Fund include brokerage, accounting fees, legal fees, valuation fees, audit fees, Supervisory fees, FMA levies and any other costs incurred by us in administering the Fund. We have assumed that these fees and costs will not materially alter from year to year.

The cap on management and administration charges does not include any extraordinary expenses as permitted by the Trust Deed. All charges are deducted from the Fund and reflected in that Fund's unit price. Actual fund charges for the previous twelve (12) months are available in the latest Fund Update.

We do not currently impose, nor intend to introduce, any performance fees in the Fund. Under the terms of the Trust Deed we may do so. If Clarity invests in other funds, those funds may charge fees, including performance fees. These fees are included in the total annual fund charges in the PDS. We may agree with our Supervisor to vary or introduce new fees at any time, subject to the provisions set out in the Trust Deed. All fees and expenses are stated on a GST exclusive basis. Further information on GST can be found on the IRD website: [www.ird.govt.nz](http://www.ird.govt.nz)

Fees charged by the Fund for the ongoing management and administration of your investment will be treated as tax deductible expenditure. These fees will be deducted from your PIE income to calculate the tax payable and will be detailed on your annual tax statement.

Details of any Manager, Supervisor or other fees deducted from the Fund will be included in the annual financial statements for the Fund.

### Buy/Sell Spreads

The cost of buying or selling investments can change as market conditions change. The costs are more likely to move significantly when markets are stressed. Therefore, spreads may increase or decrease at any time, without notice to you.

Buy/sell spreads are not a fee and they are not paid to us or to Daintree. They cover transaction costs that the Fund is expected to incur when it transacts. Any difference between spread costs charged and transaction costs incurred remains in the Fund and is reflected in the Fund investment returns. At the date of this document, only a sell spread is applied.

For more information, contact us at [info@clarityfunds.co.nz](mailto:info@clarityfunds.co.nz) or 0800 990 055.

## 10. MORE INFORMATION ABOUT TAXES

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This section is based on our current understanding of New Zealand tax law and briefly summarises the taxation regime as it applies to investors in the Fund as at the date of this document. It is intended as a general guide only. All investors have different taxation positions and tax law changes frequently which may impact each investor differently. You should always seek independent professional taxation advice prior to investing.

### Portfolio Investment Entities

The Fund is registered multi-rate Portfolio Investment Entities (PIEs). This means that taxable income is attributed to you based on your interest in the Fund and taxed at your Prescribed Investor Rate (PIR) of either 0%, 10.5%, 17.5% or 28%. It is important that you give us your correct PIR and advise us as soon as possible if it changes. We calculate the taxable income (or loss) as well as any tax credits or other amounts attributable to you every day. We then pay tax (if any) annually on the taxable income of the Fund that is attributed to you at your PIR.

If you do not tell us your IRD number and PIR, a PIR of 28% will be applied to your investment returns.

The IRD can instruct us to apply a different PIR to the one notified by you if they believe it is incorrect. If this occurs, we must begin to use that rate as soon as reasonably practicable. If you disagree with this rate, you can provide us with a different PIR, but you must also contact the IRD to resolve the difference.

We arrange for all taxes that apply to your investment account to be paid or refunded by redeeming or issuing units in your investment account either at the end of the tax year (following 31 March), or earlier if you withdraw, transfer or switch all of your investment from the Fund.

Generally, provided you advise us of the correct PIR each year, tax paid by the Fund on income attributed to you will be a final tax. This means you don't have to include your PIE taxable income in your income tax return. If you've provided the correct PIR, your PIE tax liability (either at the end of the year or at the time of a taxable event like a withdrawal) will be taken care of.

## 10. MORE INFORMATION ABOUT TAXES

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However, if the PIR you give us is too low, you will have to complete an income tax return to make up any tax shortfall (which you'll need to pay at your personal income tax rate). If the PIR you give us is too high any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amounts will be refunded to you.

To help us comply with tax requirements, you must also advise us of your IRD number, contact details and tax residency information. Where the Fund investment is jointly owned by you and other investors, the same information is also required for all joint investors. If you do not provide this information within six (6) weeks, we may suspend your withdrawals and/or terminate your investment with the balance of your investment being paid out to you after accounting for tax. Where we reasonably determine that the continued holding of units by you may contribute to the Fund ceasing to be eligible to be a PIE, we may require you to give, or deem you to have given a redemption notice in respect of such holding.

We intend to reflect PIE tax or credits by redeeming or issuing units to you or other unit holders. Upon your full or partial withdrawal (including by switching) from the Fund, any tax liability on income allocated to you will be satisfied by cancellation of units at the time of the withdrawal or switch.

Tax deducted from you will be held in an interest bearing bank account outside the Fund until payment is made to IRD, and will not be included in the calculation of the Fund values. Any interest earned on this money, less any costs incurred in operating the account, will be returned to the Fund on an equitable basis agreed with the Supervisor from time to time.

### Individuals

Individual investors who are New Zealand tax residents will have a PIR of either 10.5%, 17.5% or 28%. To qualify for the 10.5% or the 17.5% PIR, you must provide us with a valid IRD number and meet the IRD criteria set out at [www.ird.govt.nz/pir](http://www.ird.govt.nz/pir) in either of the preceding two tax years (generally, a tax year is the twelve (12) month period beginning 1 April and ending 31 March).

If you are investing jointly with another person, you must provide both of your IRD numbers and PIRs, or the default rate of 28% will apply. Where the PIRs are not the same for joint investors, tax will be deducted at the higher PIR with PIE income evenly attributed to each joint investor. If you have a 0% PIR you will be required to include your PIE income (or loss) in your tax return and you will be liable for the income tax on the PIE income attributed to you.

### Entities

The PIR of a company, a managed investment scheme and charity investors will be 0% unless that investor does not provide a valid IRD number or notify its PIR to us in which case a PIR of 28% will apply.

New Zealand resident trustees (other than trustees of managed investment schemes and charitable trusts) will have a PIR of 0% unless the trustees elect a 17.5% or 28% PIR. A testamentary trust (i.e. a trust created through a will) may also elect a 10.5% PIR. If a trust fails to provide a valid IRD number or notify its PIR to us it will default to a 28% PIR. If a 0%, 10.5%, or 17.5% PIR applies, the trust must account for PIE income within its own tax return (at the appropriate rate of tax depending upon whether taxable income is treated by the trust as trustee or beneficiary income) and claim a credit for any tax already paid by a Fund.

If the trust elects a 28% PIR this will be a final tax and the trust will not include the income in its tax return. We recommend trustees seek independent tax advice before electing a PIR rate.

### Foreign Residents

If you are not a New Zealand resident, you will have a PIR of 28%. You will not be able to elect for a lower PIR to be applied. We recommend non-resident investors seek independent tax advice before electing a PIR rate.

### Taxation of Investments

As the Fund is a PIE whose underlying assets are debt securities, taxable income on the underlying assets is calculated using the Comparative Value method, which taxes investors on their actual gain (or loss) each year from the Underlying Fund.

Other income of the Fund will be subject to the relevant normal tax rules. Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

## 11. MORE INFORMATION ABOUT RISKS

All investments carry some level of risk. The main risks faced by you as an investor are that you may not receive the returns you expect, that the capital value of your investments may end up less than you originally invested, or that you may be unable to withdraw your money when you need it. In any event, no investor will be required to pay more money than the amount they invest into the Fund.

No person, including the Supervisor or the Manager or their respective directors and shareholders guarantees the performance of the Fund, any particular rate of return, or the return of an investor's capital. An investor's investment is not secured against any assets.

The risks set out below are supplemental to the general risks disclosed in the PDS. We describe what steps we take to mitigate these risks (where possible). There may be other risks that arise from time-to-time which are not included, therefore we recommend that you seek professional advice before investing in the Fund to understand what risks are associated with this type of investment, especially in relation to your personal circumstances.

Risk	Likelihood of Impact	Magnitude of Impact
<b>General Risks</b>		
<b>Tax risk</b> Changes in taxation rates and tax rules may materially impact your investment returns. The taxation assumptions used are based on existing New Zealand tax legislation. You should consult your tax adviser before investing in the Fund.	Low	Low
<b>Operational Risks</b>		
<b>Operational risk</b> This is the risk resulting from the failure of processes, systems and people or external events. This can include business systems or process failures; human error or failure; fraud; data integrity risk; security risk and non-compliance with legal and regulatory obligations. We have established processes to mitigate these risks, where possible.	Medium / Low	Low
<b>Service provider risk</b> If any parties involved in the operation of the Fund (including the Custodian and Administration Manager) fail to perform their obligations, there is the risk that this could adversely affect investors.	Low	Medium
<b>Investment manager risk</b> This risk is related to the key professionals involved in the Fund whose departure could impact its performance. The Manager will only select investment managers who have taken appropriate steps to address key person risk. This reduces the potential effect on your investment if one key professional leaves the investment manager.	Medium / Low	Medium / Low

## 12. FINANCIAL STATEMENTS AND AUDITOR'S REPORT

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Clarity is responsible for preparing the Financial Statements in respect of the Fund at the end of each financial year. The Fund has a 31 March balance date. The Fund's financial statements for the most recent accounting period will be uploaded to the Scheme Register by 31 July each year for that year.

The Fund's financial statements are audited by a qualified auditor, currently PwC Auckland. The auditor's audit report on the financial statements will accompany the financial statements uploaded to the Scheme Register each year.

We provide a copy of the financial statements to investors.

## 13. INFORMATION ON MARKET INDICES

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The Fund's returns are measured against appropriate market indices as set out in the SIPO and the PDS. The use of a market index can assist investors to compare the Fund's returns.

The Fund and website link to its index are listed below:

- Daintree Core Income PIE: Bloomberg AusBond Composite 0-5 Yr  
[www.bloomberg.com/quote/BACR05:IND](http://www.bloomberg.com/quote/BACR05:IND)

The index used may be replaced from time to time, in consultation with our Supervisor and in accordance with the FMC Act, without notice to investors.

## 14. NO GUARANTEE

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None of the Manager, the Supervisor, their respective directors or any other person guarantees any particular return nor the repayment of your investment in the Fund.

