



Pie Funds Management Scheme

Other Material Information

ISSUED BY
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TABLE OF CONTENTS

Introduction	3
1. The Funds	3
2. Parties involved	4
3. Managing conflicts of interest	5
4. Risks	6
5. Taxation	9
6. Investing through a PIP or another custodial service	11
7. Other relevant information	12
Glossary	15

Introduction

This document provides additional detail about important aspects of your investment in the Pie Funds Management Scheme (**Scheme**). It applies to each fund within the Scheme, unless we specify otherwise, and should be read with the relevant fund Product Disclosure Statement (**PDS**), the Statement of Investment Policy and Objectives (**SIPO**) and any other documents held on the Disclose Register at www.disclose-register.companiesoffice.govt.nz.

In this document:

- “you” or “your” refers to a person who applies to invest in the Funds or who has invested in the Funds that make up the Scheme; and
- the words “Pie Funds”, “we”, “our” or “us” refer to Pie Funds Management Limited (**Pie Funds**), who is the manager of the Scheme.

1 The Funds

This document relates to a registered managed investment scheme known as the Pie Funds Management Scheme. There are eleven (11) managed funds in the Scheme (**each a Fund, and together the Funds**). Further important information in relation to each Fund is set out in the relevant PDS for each Fund and the SIPO.

The Governing Document governing the Scheme and each Fund (with the Conditions of Establishment for each Fund), the PDS which sets out important information in relation to each Fund and the SIPO which each Fund invests in accordance with, are available at www.piefunds.co.nz and www.disclose-register.companiesoffice.govt.nz.

The Funds are:

Australasian Growth Funds

- Pie Australasian Growth Fund (the **Australasian Growth Fund**)
- Pie Australasian Emerging Companies Fund (the **Emerging Companies Fund**) (**Closed**)
- Pie Australasian Growth 2 Fund (the **Australasian Growth 2 Fund**)
- Pie Australasian Dividend Growth Fund (the **Australasian Dividend Growth Fund**) (**Closed**)

Global Growth Funds

- Pie Global Growth Fund (the **Global Growth Fund**)
- Pie Global Growth 2 Fund (the **Global Growth 2 Fund**)
- Pie Growth UK & Europe Fund (the **Growth UK & Europe Fund**)

Diversified and Fixed Income Funds

- Pie Conservative Fund (the **Conservative Fund**)
- Pie Fixed Income Fund (the **Fixed Income Fund**)
- Pie Property and Infrastructure Fund (the **Property & Infrastructure Fund**)
- Pie Chairman’s Fund (the **Chairman’s Fund**)

2 Parties involved

Manager

The Manager of the Funds is Pie Funds. Pie Funds was incorporated in New Zealand under the Companies Act 1993 on 9 July 2007 and is responsible for investment management, issuing and administration of the Funds. Details of the directors of Pie Funds are available at companiesoffice.govt.nz/companies. The directors may change from time to time without notice to you.

Pie Funds was granted a licence to act as manager of the Scheme under the Financial Markets Conduct Act 2013 ('FMCA') by the Financial Markets Authority ('FMA') on 1 September 2015. The licence is subject to the standard conditions imposed on licensed managers of managed investment schemes by the FMA.

Supervisor

The supervisor of the Scheme is Trustees Executors Limited (Supervisor). The Supervisor is responsible for monitoring our compliance in accordance with the Governing Document, our licensing conditions and the FMCA.

A current list of the directors of the Supervisor is available online at www.companiesoffice.govt.nz/companies. The directors of the Supervisor may change from time to time without notice to you.

The Supervisor has a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed investment schemes. The Supervisor is responsible for the following material functions:

- Supervising the manager's adherence with its issuer obligations, the Governing Document and the FMCA, as well as its performance; and
- Ensuring the Fund's property is held in accordance with the FMCA.

Details of the licence are available on the FMA website, www.fma.govt.nz and on the Financial Service Providers Register website, www.companiesoffice.govt.nz/fsp.

Administration manager

Administration of the Scheme has been delegated to Apex Investment Administration (NZ) Limited ('Apex'). This includes certain administrative functions of the Funds, including investment accounting services (unit pricing and asset valuation) and registry services (scheme administration).

Custodian

Apex is the custodian of the Funds' assets (Custodian). Apex is responsible for holding assets on behalf of investors.

Auditor and other advisers

The auditor (PWC) is registered under the Auditor Regulation Act 2011. Other than in its capacity as auditor, the auditor has no relationships with, or interests in, the Funds.

MinterEllisonRuddWatts is our primary external legal adviser.

Manager and supervisor indemnity

Subject to all applicable law, Pie Funds and the Supervisor will be indemnified out of the assets of a Fund from and against any loss, expense or liability that may be incurred in performing any of our or their respective duties or exercising any of our or their respective powers in relation to a Fund.

Neither we nor the Supervisor are bound to make any payment to investors except out of the assets of a Fund, nor will the Supervisor or us be liable to investors to any greater extent than the investments, cash and other property vested in or received by the Supervisor or us, except to the extent that we or the Supervisor have failed to comply with the requirements of the FMCA (as applicable) in respect of the relevant Fund only.

3 Managing conflicts of interest

General description of conflicts of interest

Pie Funds, our directors, employees, or other associated persons may choose to invest in the Funds. Therefore, the Funds may be affected by a potential conflict of interest. This potential conflict of interest could arise through:

- Investment or operational decisions being made to benefit investors in Pie Funds Management Limited, over investors in the Funds; or
- Investment or operational decisions being made to benefit those investors in the Funds who are Pie Funds directors, employees, and associated persons ahead of those investors who do not have that status.

Either conflict, however, is contrary to Pie Funds' policies, procedures, and expectations of behaviour. It is also contrary to our obligations and duties under the FMCA.

In reality, the depth of financial involvement by Pie Funds' directors and employees in the Funds and management company are a key strength underpinning Pie Funds' alignment of interests with our investors.

Additional conflicts may include certain Funds' ability to invest in some or all of the other Funds (Other Pie Funds Products). Investment by the Chairman's Fund in any of the Other Pie Funds Products is done so on an arm's length basis and fees and expenses incurred in relation to these investments are not rebated. Although management fees are charged within the Other Pie Funds Products in which the Chairman's Fund invests, we don't charge a management fee in respect of the Chairman's Fund.

Where Funds (other than the Chairman's Fund) invest in Other Pie Funds Products, we don't charge a separate management fee for those underlying Other Pie Funds Products.

Steps taken to manage conflicts of interest

STATUTORY DUTIES OF PIE FUNDS AS MANAGER

The FMCA imposes statutory duties on us as the Manager of the Funds, such that Pie Funds must:

- act honestly in acting as a Manager;
- in exercising any powers or performing any duties as a Manager:
 1. act in the best interests of investors; and
 2. treat investors equitably;

- not make use of information acquired through being the manager in order to:
 1. gain an improper advantage for itself or any other persons; or
 2. cause detriment to investors,
- as a professional manager of a registered scheme, in exercising any powers, or performing any duties, exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in the circumstances; and
- where we contract out some or all of our functions as Manager to a third party, take all reasonable steps to:
 1. 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; and
 2. monitor the performance of those functions.

PIE FUNDS' CONFLICT OF INTERESTS POLICY

Pie Funds has in place a Conflicts of Interests Policy relating to conflicts of interest between Pie Funds (or individual staff) and investors' interests (**the Conflicts Policy**). The statutory duties under the FMCA set out above have been built into the Conflicts Policy.

The purpose of the Conflicts Policy is to allow conflicts of interest to be proactively and quickly identified and managed in a manner that is fair to investors. The Conflicts Policy is intended to facilitate Pie Funds' directors and employees to recognise, disclose, and manage conflicts between Pie Funds (or individual staff) and investors, and the Conflicts Policy sets out a procedure to manage and resolve potential or apparent conflicts in a way that is fair to investors.

Pie Funds also has in place a HR Handbook which support the Conflicts Policy.

4 Risks

The risk disclosures set out below are supplemental to the general risks disclosed in the PDS for each Fund.

There are some risks involved in relation to investing in a Fund. Understanding and managing risk is fundamental to any successful investment policy, so it is very important that you become familiar with the concept of risk.

All investments carry some level of risk, and there is typically a direct relationship between risk and return. Generally, the greater the risk, the greater the potential return and the lower the risk, the lower the potential return over the long term. Also, the higher the degree of risk an investment carries, the more its price may fluctuate.

The main types of risks that you face are that you may not receive the returns you expect, that the capital value of your investment may end up less than you originally invested, or that you may be unable to get back your money when you need it.

This might happen as a result of changes in a broad range of variables. Investments in a Fund are not guaranteed.

Because of the risks set out below, it is foreseeable that you may receive back less than you paid to invest into a Fund if any of the risks eventuate. We describe what steps we take to mitigate these risks (where possible) below. It is important to note that despite taking such steps, we cannot mitigate the risks completely.

- **Company-specific risk:** an investment of the relevant Fund (whether directly or indirectly), in a company may be affected by unexpected changes in that company's operations, shareholder base, governance and/or ownership structure (specifically where shareholders have lodged their shares as collateral), business environment, or the company may become insolvent. Environmental, social and governance risks can arise or increase (for example, health and safety or labour issues with the company's staff; or issues arising from environmental impact of the company's activities). This risk is mitigated (but not eliminated) by us performing thorough due diligence, and by each potential investment opportunity in a company being rigorously analysed before inclusion in a Fund's portfolio. We do not invest directly in companies whose principal business activity is excluded as part of our Responsible Investment Policy. For more information, see our Responsible Investment Policy;
- **Market risk:** the performance of a Fund will be affected by the performance of investment markets generally. The value of investments may go up or down in line with market movements. This in turn affects the value of the units in a Fund. This risk is generally outside our control, and includes movements in the general price level, supply and demand in the market in which the investments are made and the sectors in which the investments are made. Markets will be affected by a range of factors including investor sentiment, political events, inflation, prevailing interest rates, economic and regulatory conditions and broader events like changes in technology and environmental events. Prices will fluctuate. This risk is mitigated (but not eliminated) by hedging (offsetting) the market risk. We periodically protect the assets of a Fund in the event of a market correction by purchasing exchange traded (or OTC) put options, short selling individual or baskets of listed shares and/or other equity derivatives. We may also protect the assets of the fund by short selling exchange traded Futures;
- **Investment manager risk:** investment management decisions (such as allocation of a Fund's investments between asset classes, investment sectors and individual investments) made by us or any underlying fund manager (e.g. where we invest through the Global Growth Fund, which can use a range of investment managers to make investment decisions) will affect returns, as will the performance of the businesses underlying the investments. Even though investment managers make the investment decisions, the outcomes cannot be predicted with certainty and results will vary accordingly. To manage this risk, we seek to utilise professional investment managers whom we regularly monitor. We select any managed fund and its investment manager for inclusion in certain Funds according to specific criteria (which involves considering a number of factors). Changes of investment manager can also affect returns;
- **Key personnel:** the departure of any of our key personnel could impact on the performance of a Fund if we are unable to find a suitable replacement. The performance of a Fund will depend largely on the quality of the management of the Fund. To minimise turnover, we foster a culture which attracts and retains key personnel while at the same time operating in a collaborative manner therefore minimising key personnel risk;

- **Liquidity risk:** we may not be able to easily convert some non-cash investments into cash. This may be due to inadequate market depth, disruptions in the market place, investment into illiquid securities or our inability to accurately value securities in listed or unlisted companies (to the extent invested in directly or indirectly). This may lead to loss of capital. Financial products may, from time to time, and especially in falling markets, become less liquid. Liquidity risk is generally greater for smaller companies and emerging companies than for large companies and generally greater for unlisted companies than for listed companies. This risk is mitigated (but not eliminated) by having controls on the maximum size of positions, the overall liquidity of the Fund relative to its withdrawal period, the maximum number of Funds which can invest in smaller illiquid companies and longer withdrawal periods for those Funds investing in smaller companies;
- **Short selling risks:** the Funds may short sell, including by using derivatives which derive their value from underlying assets. When going short through derivatives, the derivatives will simulate the sale of an underlying security that a seller has borrowed, to be repurchased in the future, with the expectation this is done for a lower price than initially sold for. As the theoretical upper limit on a share price is unlimited, the potential loss and negative impact on returns is also unlimited. If the shares are borrowed to facilitate short selling, the lender may request return of the shares which gives rise to the possibility these shares will have to be bought at a time not of our choosing, potentially resulting in losses;
- **PIE status:** the risk of a Fund failing to satisfy the eligibility criteria for PIE status and that failure not being remedied within the permitted period under the Income Tax Act 2007. If PIE status is lost by a Fund, a Fund would be taxed as a company at a rate of 28%, rather than at each investor's PIR under the PIE regime (and you would be taxed on any distributions or redemptions accordingly).
We monitor factors influencing a Fund's PIE status on a regular basis and have processes in place to minimise potential breaches of PIE eligibility criteria and processes in place to rectify potential breaches;
- **Currency risk:** as a portion of the underlying investments may be invested in overseas jurisdictions in foreign currencies, returns may be affected by movements between the other currencies and the New Zealand dollar (the NZD). If the NZD appreciates, the value of the foreign currency investments will drop (in NZD terms) which may have an adverse effect on the domestic value of international investments. We actively manage all currency exposure within the range of 0 to 100% hedged;
- **Derivative risk:** we may use Derivative Instruments such as Futures and options. Derivatives are financial contracts whose value depends on the future value of underlying assets such as shares, bonds, currency or cash. As a result of using Derivative Instruments, the investment movements may be more volatile than if a Fund is invested solely in shares (whether directly or indirectly). Risks associated with Derivative Instruments include a Fund not being able to meet its payment obligations as they arise and the risk that the other party to the Derivative Instrument will fail to perform its contractual obligations (known as the "counterparty credit risk"). This risk is mitigated (but not eliminated) by performing due diligence on derivative counterparties. We mainly use derivatives to hedge the funds' investments and mitigate market risk. Sometimes derivatives are used as an investment strategy on the financial markets;
- **Regulatory risk:** returns may be affected by any adverse regulatory changes in New Zealand, Australia or elsewhere, which could have an impact on investments or adversely affect our, or in relation to the Global Growth Fund and the Property & Infrastructure Fund, an external underlying managed fund's, cost base. We maintain a working knowledge of proposed legislative and regulatory changes that impact the Funds, and where relevant, will make submissions to regulators with a view to ensuring investors' interests are represented;
- **Counterparty credit risk:** a counterparty credit to a contract may fail to meet their obligations under it, causing loss to a Fund. This potentially arises with various financial products including Derivative Instruments and fixed interest. This risk is mitigated (but not eliminated) by Pie's Risk and Compliance Committee approving maximum counterparty credit dollar limits and monitoring these based on independent credit rating agency ratings for the individual counterparties. Actual credit risk exposure amounts for each counterparty are reported against the maximum limits;
- **Taxation and legislative change risk:** changes in taxation rates or tax rules may impact your investment returns. The taxation assumptions used in this document are based on existing New Zealand tax legislation. Any changes to such legislation may materially impact the returns of a Fund. It is recommended that you seek advice from a tax adviser before making an investment into a Fund. We maintain a working knowledge of proposed legislative and regulatory changes that impact on a Fund and where relevant, will make submissions to regulators with a view to ensuring investors' interests are represented;

- **Operational risk:** it is very important that we and, in respect of the Global Growth Fund and the Property & Infrastructure Fund, any external underlying managed funds, maintain systems and practices that ensure investment operations run smoothly and accurately. Failures in this area can lead to large losses due to such things as incorrect trade settlements, incorrect payment instructions or poorly defined documentation. This risk is mitigated (but not eliminated) by regularly reviewing our systems and practices and performing operational due diligence on each fund manager of a managed fund as part of our rigorous research process undertaken prior to investment and on any third party to which we outsource any of our core operational functions;
- **Service provider risk:** you could be adversely affected if any of the various parties involved in the operation of a Fund, including the Supervisor, us, or other underlying administration, fund or investment managers, fail to perform their obligations. This risk is mitigated (but not eliminated) by undertaking due diligence on all third-party service providers to a Fund, and using third-party service providers who are well regarded in the New Zealand market or their respective overseas markets;
- **Product risk:** changes may be made to a Fund from time to time including changing the Authorised Investments, a Fund's investment strategy, changing fees and charges or minimum investment amounts. These changes could impact on a Fund's returns. Any material changes are made in agreement with the Supervisor or by notice to the Supervisor (or in some cases to investors) and will be subject to our internal processes; and
- **Portfolio concentration risk:** as some of the Funds hold concentrated portfolios, returns of the Funds may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in a Fund's unit price and may affect performance.

This is not an exhaustive list and there may be additional risks which arise. For other specific fund risks, please refer to the relevant Fund PDS.

5 Taxation

This section briefly summarises the New Zealand taxation regime as it applies to the Funds. It is intended as a general guide only and is based on legislation in effect at the date of this document.

All investors have different taxation positions, and you should seek your own tax advice prior to investing. Investors should also periodically monitor the tax implications of investing in the Funds and should not assume that the position will remain the same as it is when they start investing.

None of Pie Funds, the Supervisor, the Administration Manager, nor any of their respective directors, officers, employees, consultants, agents, partners, or advisers accepts any liability or responsibility for the taxation consequences of an investor's investments in the Funds.

Each Fund is a Portfolio Investment Entities ('PIE') for tax purposes and the following comments are based on the Funds remaining a PIE. Tax concessions apply to entities which qualify as PIEs. In particular, certain types of investors in a PIE (such as natural persons) will be taxed differently where they invest in a PIE. In addition, gains derived by PIEs in relation to disposals of New Zealand and certain listed Australian companies are not subject to tax.

The Fair Dividend Rate calculation method ('FDR') applies to calculate taxable income from most investments in offshore equities (excluding certain Australian resident listed companies) provided the Fund holds less than 10% of the shares (or units).

This method calculates taxable income based on a deemed annual return of 5% of the market value of the offshore equity investments determined on a daily basis. In addition, FDR assessable income includes a component of any realised gains on 'quick sales' undertaken throughout the tax year. Any dividends or other returns flowing from overseas shares and interests in managed funds should not be separately taxed in New Zealand. In addition, tax deductions may not be made for any losses in respect of holdings in overseas shares and interests in managed funds.

Portfolio investment entities

Under the PIE regime, we will attribute taxable income earned by the Funds to you in accordance with the proportion of your interest in the overall Funds. The income attributed to you will be taxed at your 'prescribed investor rate' ('PIR'), which is currently capped at 28%. Unless you have a PIR of 0%, we will effectively pay tax on your behalf and undertake any necessary adjustments to your

interests in the Funds (by way of cancellation or issue of units) to reflect that the Funds pay tax at varying rates on behalf of different investors. The Administration Manager has been delegated these functions by us.

PIRs for individuals

If you are an individual your PIR will either be 10.5%, 17.5% or 28%. Your PIR will be 10.5% if:

- you are a New Zealand tax resident; and
- your taxable income in either of the two immediately prior tax years was \$15,600 or less (excluding income from PIEs); and
- your combined taxable income and attributed PIE income (after subtracting any attributable PIE loss) in either of the two immediately prior tax years was \$53,500 or less; and
- you have supplied the Funds with your Inland Revenue Department (IRD) number and elected the 10.5% rate.

Your PIR will be 17.5% if:

- you are a New Zealand tax resident who does not qualify for the 10.5% rate; and
- your taxable income in either of the two immediately prior tax years was \$53,500 or less (excluding income from PIEs); and
- your combined taxable income and attributed PIE income (after subtracting any attributable PIE loss) in either of the two immediately prior tax years was \$78,100 or less; and
- you have supplied the Funds with your IRD number and elected the 17.5% rate.

If you do not qualify for the 10.5% PIR or 17.5% PIR, your PIR will be 28%. Individuals investing jointly with another person should each provide us with their individual PIR. Income attributable to the jointly held investment will be taxed using the highest PIR of the joint account holders.

We may be notified by Inland Revenue to update your PIR if they believe it is incorrect and we are required to apply this updated PIR (subject to you subsequently providing a different PIR). Please contact Inland Revenue if you have any queries about this.

Information on current PIRs and how to determine your PIR can be found at www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate.

PIRs for other investors

Trust investors will have a PIR of 0% unless they elect to apply a 17.5% or 28% PIR. A trustee of a testamentary trust may also elect a 10.5% PIR. If a 0% PIR applies, the Funds will not pay tax on the trust's behalf and the trust must include the attributed income or loss and tax credits in its own tax return at the appropriate rate. If trust investors elect to apply a 10.5% or 17.5% PIR, the trust must include the attributed income in its own tax return at the appropriate rate (and claim a credit for the tax already paid by the Funds). If trust investors elect a 28% PIR, the Funds will pay tax on the trust's behalf at the 28% rate and that will be a final tax.

New Zealand resident companies, charities, PIEs, superannuation funds and portfolio investor proxies that provide a valid IRD number will have a PIR of 0%. The Funds will not pay tax on their behalf. Instead, they must include the attributed income in their own tax return.

Other taxation information

You should advise us of your PIR and IRD number when you make an application to become an investor. You should also advise us of any changes to your PIR. If you do not advise a PIR and IRD number, we will apply the 28% tax rate.

Generally, provided investors advise us of a valid IRD number and the correct PIR, tax paid by a PIE on income attributed to investors will be a final tax. Therefore, in most circumstances investors will not have an obligation to file a tax return in respect of PIE income. Additionally, the income attributed to an investor by the Funds will not have an impact on family assistance eligibility, student loan repayment obligations and child support obligations.

If you notify us of a lower PIR than you are entitled to, you may be required to pay the resulting tax shortfall to the IRD personally and you may be liable for interest and penalties on that shortfall. However, if you notify us of a higher PIR while you are eligible for a lower PIR, any additional tax paid on your behalf may reduce your income tax liability for the relevant income year, and you may receive a refund via IRD. You may be asked to reconfirm your PIR. The IRD can instruct us to disregard your notified PIR if the IRD considers that the rate you notified is incorrect. In such cases, we must apply the rate the IRD considers appropriate (subject to you subsequently providing a different PIR).

Taxable income is attributed daily and your tax position is crystallised at 31 March each year or when you withdraw.

If the Funds are in a tax loss position or have excess tax credits (which will include imputation credits received by the Funds, but will not include foreign tax credits), the Funds will receive a refund for investors not on a 0% PIR. The benefit of the refund will be passed on to these investors by way of additional units in the Funds. Investors electing a 0% PIR can claim their share of the loss or excess credits in their own tax return.

Other income

Other income of the Funds 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).

This document has been written for New Zealand tax residents only. The favourable tax status of the Funds may well NOT apply for non-New Zealand tax purposes to individuals, trusts, or corporates from outside New Zealand.

6 Investing through a PIP or another custodial service

You may invest in the Funds directly or through a Portfolio Investment Proxy ('**PIP**') or other custodial service or a wrap account (Custodial Service) we have approved to introduce clients to our Funds.

If you invest through a Custodial Service, you will not become a direct investor in the Funds and will not have a direct relationship with us or the Supervisor. Rather, the PIP or the Custodial Service will have the direct relationship with us and will be able to exercise any rights attached to Units held. You will have a direct investment relationship with your PIP or the Custodial Service.

A PIP or the Custodial Service will have an agreement with you governing the terms of the custodial arrangement. Although you will not become a registered Investor in a Fund, you are entitled to rely on the PDS, this Document and any other information on the Disclose Register in respect of the offer of Units in the Fund. Reports, notices, and other documentation will be sent directly to the PIP or the Custodial Service and all correspondence will be conducted by us with the PIP or the Custodial Service.

The PDS, this Document and any other information on the Disclose Register will outline the terms and conditions of investment in the Funds made by a PIP or the Custodial Service. However, the PIP or the Custodial Service may well have entered into an arrangement with us that varies these terms and conditions so you should contact them to ascertain whether any variations have been agreed between us and them.

You should ascertain from your PIP or the Custodial Service:

- whether any minimum investments or minimum withdrawals (other than those specified in the PDS) have been agreed between us and the PIP;
- the minimum amount that the PIP or Custodial Service requires to be invested and the consequences of failing to maintain that minimum amount;
- whether there are any timing cut-off times for transacting (e.g. applications and withdrawals); and
- whether any fees and charges are payable to the PIP or the Custodial Service (in addition to fees and charges set out in the PDS).

If your Custodial Service is a PIP, it will undertake certain responsibilities instead of us or the Supervisor, including

- calculating and organising payment of tax liability on income attributed to the PIP by applying the PIRs of the underlying Investors;
- making adjustments to the Units held on behalf of underlying investors (by requesting the redemption of Units) or the distributions (if any) made to underlying investors or requiring payments to be made by the underlying investors which reflect the tax liability on income attributed to the underlying investors;
- organising the provision of returns and other information to the IRD; and
- providing us any information concerning the underlying investors that may be relevant to whether the Fund continues to meet PIE eligibility requirements.

7 Other relevant information

Market indices – Further information

Where relevant, we may reference an appropriate local market index for comparative purposes in demonstrating a Fund's returns. However, we do not formally benchmark the performance of the Funds or have benchmark asset allocation or ranges for the Funds against which we monitor and rebalance actual asset allocations (currently only the Conservative Fund, the Fixed Income Fund and the Property & Infrastructure Fund do).

Please refer to the Schedules in the SIPO which set out the relevant local market indices against which each Fund is compared for the purposes of demonstrating its returns.

All of the indices are reported in NZD (where they are not already NZD indices). The local market indices Pie Funds uses for comparative purposes in demonstrating a Fund's returns may be updated by Pie Funds at any time.

The indices may be renamed or replaced from time to time without notice to investors.

Overseas investors

The offer to invest in the Funds is being made to retail investors in New Zealand.

No person may offer, invite, sell, or deliver any units, distribute any document (including this document) to any person outside New Zealand except in accordance with all the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with us, an applicant for units in any Fund will be deemed to represent that they are not in a jurisdiction that prevents the making of the offer or invitation contained in the PDS and that the application is not for the account or benefit of a person within such jurisdiction.

We may, at our sole discretion, offer units in the Funds in Australia to persons who are professional investors or otherwise wholesale clients under the Corporations Act 2001 (Cth).

We may in the future, at our sole discretion offer units in the Funds in Australia in accordance with the requirements for Australian offerings under the Trans-Tasman Mutual Recognition Scheme. If we do so, the following prescribed warning statement would be applicable to Australian investors:

PART 1 – WARNING STATEMENT

- This offer to Australian investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and Regulations. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 of New Zealand and the Financial Markets Conduct Regulations 2014 of New Zealand.
- This offer and the content of the offer document are principally governed by New Zealand rather than Australian law. In the main, the Financial Markets Conduct Act 2013 of New Zealand and the Financial Markets Conduct Regulations 2014 of New Zealand set out how the offer must be made.
- There are differences in how securities and financial products are regulated under New Zealand, as opposed to Australian, law. For example, the disclosure of fees for managed investment schemes is different under New Zealand law.
- The rights, remedies, and compensation arrangements available to Australian investors in New Zealand securities and financial products may differ from the rights, remedies, and compensation arrangements for Australian securities and financial products.
- Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Australian Securities and Investments Commission (ASIC). The Australian and New Zealand regulators will work together to settle your complaint.
- The taxation treatment of New Zealand securities and financial products is not the same as that for Australian securities and financial products.
- If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

PART 2 – ADDITIONAL WARNING STATEMENT: CURRENCY EXCHANGE RISK

- The offer may involve a currency exchange risk. The currency for the security or financial product is in dollars that are not Australian dollars. The value of the security or financial product will go up or down according to changes in the exchange rate between those dollars and Australian dollars. These changes may be significant.

- If you receive any payments in relation to the security or financial product that are not in Australian dollars, you may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.

PART 3 – ADDITIONAL WARNING STATEMENT: TRADING ON FINANCIAL PRODUCT MARKET

- If the security or financial product is able to be traded on a financial market and you wish to trade the security or financial product through that market, you will have to make arrangements for a participant in that market to sell the security or financial product on your behalf. If the financial market is a foreign market that is not licensed in Australia (such as a securities market operated by the New Zealand Exchange Limited (NZX)), the way in which the market operates, the regulation of participants in that market, and the information available to you about the security or financial product and trading may differ from Australian licensed markets.

PART 4 – ADDITIONAL WARNING STATEMENT: DISPUTE RESOLUTION PROCESS

The dispute resolution process described in the Product Disclosure Statement is available only in New Zealand and is not available in Australia.

None of Pie Funds, the Supervisor, the Administration Manager, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is eligible to invest in the Funds.

Material contracts

A summary of the contracts that we consider to be material in relation to the Funds is set out below:

- **Governing Document and Conditions of Establishment for funds:** establish and govern the Funds. They have been entered into between us and the Supervisor, and maybe amended from time to time. Copies are available on the Scheme Register on the Disclose website at www.disclose-register.companiesoffice.govt.nz under the Scheme register entry.
- **Supervisor Agreement:** supplements the Governing Document and sets out the agreement with the Supervisor regarding reporting and information to be provided by us to the Supervisor.
- **Services Agreement:** We have entered into a Service Agreement with Apex. The service relates to a range of administrative services that Apex provides us in respect of the Funds, including registry and investment accounting and other associated services. In addition, Apex acts as custodian of the Scheme.

Related party transactions

Some Funds may invest in Other Pie Funds Products. These investments, and the fees that may apply in the different funds, are explained in the relevant PDSs. We have completed related party transaction certificates with the Supervisor's consent and as required under the FMCA.

Valuation

We must calculate the net asset value of the Funds on each business day or at such other intervals (not exceeding 31 days) as we determine after consultation with the Supervisor.

Determinations of the net asset values of the Funds take effect from the time they are made and remain in force until the next succeeding determination of the net asset value of the Funds is made by us. We may, from time to time, engage valuers or other suitably qualified persons for the purposes of assisting with the fixing of the current fair market value of any investment. We are entitled to rely upon the advice of any such valuer or other person and they shall be deemed to be acting as an expert.

We will determine the net asset value of the Fund by taking the market value of the assets of the Funds and deducting the liabilities of the Funds (including any investors' income entitlements to the Funds, costs, charges, or expenses of the Funds and any money held in respect of the applications for units in the Funds that have not been accepted by us). We may also include in such market value any other amount which, in our opinion, should be included for the purposes of making an equitable and reasonable determination of the net asset value of the Funds.

In addition, subject to compliance with the Governing Document, we may make a special determination of the net asset value of the Funds at any time if we consider that special circumstances are arising that warrant such a determination and we advise the Supervisor of the details of the circumstances.

Borrowing powers

Borrowing is permitted under the Governing Document, but we do not currently intend to do this.

No guarantee

No undertakings are given to you in this document or otherwise in relation to the return of capital. None of the Manager, the Supervisor, their respective directors or any other person guarantees or promises the repayment of, or returns on, your investment in the Funds.

Investor liability

Each investor indemnifies the Supervisor and us in respect of any taxation amount paid or payable by us or the Supervisor in respect of that investor which cannot be recovered by way of adjustment of their unitholding or distribution entitlements.

Other than in respect of any tax liability of that investor, no investor is liable personally for any debt or liability (contingent or otherwise) of the Funds or liable to indemnify us for debts or liabilities of the Funds. Investors are not partners and in acting as the manager under the Governing Document we are not an agent of investors, nor do we have the power to incur liabilities on your behalf.

Financial statements and auditor's report

Financial statements for the Funds are available on the Disclose Register: **www.disclose-register.companiesoffice.govt.nz**. The auditor's report on the financial statements will accompany the financial statements uploaded to the Disclose Register each year.

Consequences of insolvency

Subject to any payment that is required to be made under the indemnity by you described above, you will not be required to pay any money in addition to the amount you have invested and have no liability to any person should we or any of the Funds become insolvent.

If a Fund is wound up, you will receive a proportionate share of assets of that Fund after all creditors' expenses including the expenses of any agents, solicitors, auditors or persons employed in connection with the winding up of that Fund and any outstanding fees (including remuneration payable to us and the Supervisor) have been paid. The claims of all investors in the relevant Fund will rank equally.

Procedure on winding up

On termination of any Fund in accordance with the Governing Document, all monies arising from the sale and realisation of the investments and assets of the Fund will be held and applied by the Supervisor as follows:

- first, in payment or retention of all costs, charges, expenses, claims and liabilities incurred and payments made by or on behalf of the Supervisor or us and payable from the Fund of all the remuneration payable to the Supervisor and us;
- secondly, in payment to the investors (including holders of fractional units) in proportion to their respective holdings of units at the time of distribution;
- if, in the opinion of the Supervisor, it is expedient to do so, the Supervisor may make interim payments or distributions on account of the monies to be distributed; and
- each distribution will be made only against delivery to the Supervisor of such form of receipt and discharge as may be required by the Supervisor.

Amending the Governing Document and SIPO

We can amend the Governing Document with the agreement of the Supervisor. This must be done in accordance with the Governing Document and the FMCA. The Supervisor is prevented from agreeing to any proposed amendment unless it is satisfied that such amendments do not have a material adverse effect on the investors of the Scheme, or that the amendment is approved by or is contingent on the approval of investors.

We can also amend the SIPO, by giving prior notice to the Supervisor.

Glossary

Board means the board of directors of Pie Funds Management Limited.

Derivative Instrument means a financial instrument whose value is derived from one or more underlying assets. For example, a share option derives its value from the value of the underlying share.

Emerging Companies refers to companies the shares in which at the time of investment have a Market Capitalisation of up to \$250 million in local currency.

FMCA means the Financial Markets Conduct Act 2013.

Futures means a financial contract to purchase an asset (or the seller to sell an asset), such as a physical commodity, or an index, at a predetermined future date and price.

Market Capitalisation means the total value of the company's shares on issue.

OTC or Over the Counter refers to a security which is not traded on a formal stock exchange.

PDS means, in relation to a Fund, the most recent product disclosure statement for that Fund.

PIP means an entity that acts as a proxy for an investor in a PIE in accordance with section HM33 of the Income Tax Act 2007. PIPs may also be known as custodians, nominees or wrap accounts.

Portfolio Investment Entity (PIE) has the meaning given to that term under section YA1 of the Income Tax Act 2007.

Scheme means the Pie Funds Management Scheme.

SIPO means, in relation to the Scheme, the written Statement of Investment Policy and Objectives.