

8 June 2021

Integral Master Trust

OTHER MATERIAL INFORMATION

Issuer: Britannia Financial Services Limited



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1. General

This Other Material Information Document (**Document**) has been prepared under:

- Section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (**FMC Act**); and
- Clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Both the FMC Act and FMC Regulations can be found at www.legislation.govt.nz.

Terms in bold have the following meanings:

Term	Definition
Asset Class	means a category of similar financial assets (e.g. global shares, fixed interest, listed property).
Establishment Deed	means the deed used to establish the relevant Fund.
FMC Act	means the Financial Markets Conduct Act 2013.
FMC Regulations	means the Financial Markets Conduct Act Regulations 2014.
Fund or Funds	means the Defensive, Diversified 40, Diversified 60, Global Equities and Focused Growth unit trusts offered under the PDS.
IMT or Scheme	means the Integral Master Trust.
Manager or NZBritannia	means Britannia Financial Services Limited, a member of the NZBritannia group of companies.
PDS	means the Product Disclosure Statement for the Integral Master Trust dated 8 June 2021.
PIE or PIEs	means a portfolio investment entity, which is an entity that has elected into a special tax regime and which pays tax on your portion of its income based on your PIR.
PIR	means Prescribed Investor Rate, which is a tax rate elected by investors in a PIE, and is 0%, 10.5%, 17.5% or 28%.
Supervisor	means the entity that supervises the Manager for the benefit of investors.
Trust Deed	means the trust deed for the Integral Master Trust dated 14 April 2020 (as amended and consolidated from time to time).
Unit	means a Unit in a Fund.
Unit Price	means the price of a Unit in a Fund, which is calculated in accordance with the Trust Deed or relevant Establishment Deed. The price is based on the value of the underlying investments in the Fund at that time.
We, us, our or ourselves	means Britannia Financial Services Limited (trading as NZBritannia) as manager of the IMT.
You	means you, as a potential investor in the IMT.

Where words or phrases have capital letters but are not defined above, those words or phrases have the same meaning as the Trust Deed or Establishment Deed.



2. Funds

The PDS offers Units in the following Funds (referred to below as either a **Fund** or **Funds** as relevant):

Diversified funds

- Defensive Fund
- Diversified 40 Fund
- Diversified 60 Fund

These Funds are built to capture varying amounts of return and risk. They invest in different proportions of cash, fixed interest and shares to meet varying Investor needs.

Asset class funds

- Global Equities Fund
- Focused Growth Fund

Each Fund is a unit trust established and governed under that Fund's Establishment Deed, the Trust Deed, the FMC Act and the FMC Regulations.

A unit trust is an investment vehicle that enables you to pool your money with others. Pooling resources can enable access to a wider variety of assets and provide greater diversity than you may achieve on your own. It also offers the potential benefits of being able to access professional investment management.

The interests of Investors in the assets of each Fund are divided into Units, and the Investors who hold Units are called Unitholders. Each Unit in a Fund is of equal value, and all Unitholders share equally in the gains, losses, income and expenses of a Fund. Ownership of Units does not give you any interest in any asset of a Fund or any right to participate in the management of a Fund.

The Funds are portfolio investment entities (**PIEs**) for tax purposes. Refer to the "Taxation" section on page 10 for further details.

Britannia Financial Services Limited, trading as NZBritannia (**Manager**) manages the Funds. Public Trust (**Supervisor**) acts as an independent supervisor, overseeing the Funds' management and administration. The assets of each Fund are held in the name of the independent Supervisor or its nominee.

The Diversified 40, Diversified 60 and Global Equities Funds commenced business in accordance with their current investment strategy on 1 February 2011. The Defensive and Focused Growth Funds commenced business in accordance with their current investment strategy on 8 June 2021.

Amendments to the Trust Deed or Unit Trust Establishment Deeds

Together with the Supervisor, we may change the Trust Deed or Unit Trust Establishment Deed for various reasons set out in the Trust Deed.

As Manager, we also have wide powers and discretions to operate the Funds under the PIE rules, primarily to ensure that the Funds retain their PIE status.



3. Parties involved

Role	Description	Contact details
Manager	<p>Britannia Financial Services Ltd (trading as NZBritannia) is the licensed Manager of the Scheme and is responsible for the day- to-day operation of the Scheme.</p> <p>We are responsible for the investment management, administration and promotion of the Funds.</p> <p>Details of our directors, including their qualifications and experience, can be found below. Our directors may change from time to time so please contact us for the current details.</p>	<p>Unit 4, 106 Bush Road, Rosedale, Auckland 0632</p> <p>0800 377 333</p> <p>integral@nzbritannia.co.nz</p> <p>Website</p> <p>nzbritannia.co.nz</p>
Investment Manager	<p>We have delegated investment management of the Funds to:</p> <p>IOOF QuantPlus, a division of IOOF Investment Services Limited (shares)</p> <p>ANZ New Zealand Investments Limited (shares)</p> <p>Harbour Asset Management Limited (cash)</p> <p>Dimensional Fund Advisors Australia (fixed interest)</p>	<p>Level 6, 161 Collins Street, Melbourne, Australia</p> <p>ANZ New Zealand Investments Limited ANZ Centre, 23-29 Albert Street Auckland</p> <p>171 Featherston Street, Wellington Central, Wellington</p> <p>Level 43, 1 Macquarie Place Sydney NSW 2000, Australia</p>
Registrar	<p>Appello Services Limited provides registry services to the Funds</p>	<p>Level 3, 12 Kent Street Auckland 1023</p>
Administration Manager	<p>MMC Limited provides unit pricing and fund accounting services to the Funds.</p>	<p>Level 25, QBE Centre, 125 Queen Street East (PO Box 106-039) Auckland 1010</p>
Supervisor	<p>Public Trust is the independent Supervisor of the Funds.</p>	<p>Level 9, 34 Shortland Street, Auckland (Private Bag 5902) Wellington 6140</p>
Custodian	<p>Integral Nominees Limited, a wholly-owned subsidiary of the Supervisor, acts as the custodian.</p>	<p>Level 8, Public Trust Building, 22 Willeston Street, Wellington Central, Wellington 6011</p>



Directors of the Manager

At the date of this document, the directors of the Manager are:

- David Milner
- Alun Rees-Williams
- Gavin Dixon
- David Greenslade
- Wayne Becker
- Stephen Joss

The directors may change without notice to members. A current list is available online at <https://www.companiesoffice.govt.nz/companies/>.

Short biographical details of our directors are as follows:

David Milner – Grad Dip Bus Stud (Massey), MInstD

David has over 30 years' experience in the financial services industry, 15 of which have been directly involved in the governance, management and administration of New Zealand superannuation schemes. David has been a director of NZBritannia group companies since they were incorporated and these companies currently administer funds in excess of \$700,000,000 representing the investments of over 5,000 members.

David is a Fellow of Financial Advice New Zealand and holds a Graduate Diploma in Business Studies (endorsed Personal Financial Planning) (GradDipBusStud PFP) from Massey University.

Alun Rees-Williams – MInstD

Alun joined the financial services sector in 1991. He has been a director of NZBritannia group companies since they were incorporated and has been central in the growth of the companies to a level where they now administer funds in excess of \$700,000,000, representing the investments of some 5,000 members as at the date of this document.

Alun is a Financial Adviser and a member of Financial Advice New Zealand.

Gavin Dixon – MA (Cambridge), FCA (England & Wales), MInstD, BFP

Gavin is currently the Chief Executive Officer of Britannia Financial Services Limited with over 20 years' management experience in the financial services industry. Gavin was Chief Executive Officer of Stream Group (Australia), Chief Operating Officer of Sovereign Insurance, Chief Operating Officer of Woori Aviva Life Insurance (Korea), and prior to that was Finance Director of Aviva Asia and Director of Mergers and Acquisitions of Aviva.

David Greenslade – BA, MBA, Dip Mgt, Dip Bus Studies, MIML, MInstD

David is an industry leader in compliance with over 25 years' governance experience in the finance industry. David is a member of the Institute of Directors (IOD) and is a financial adviser. David is the Executive Director of Strategi Ltd and Strategi Institute Ltd, and is a Shareholder and Chairman of Milestone Direct Ltd.

Wayne Becker – BBS First Class Hons (Finance), Grad Dip Bus Studies, NCFS(5), MInstD

Wayne is the current Managing Director of Britannia Financial Planning Limited and has extensive experience in the distribution of managed funds and financial advisory services. Wayne was the General Manager of Retail Distribution for ING NZ and is a Financial Adviser.



Stephen Joss

Stephen Joss is a Licensed Independent Trustee with over 20 years' New Zealand and international financial markets experience and over 6 years' governance experience.

He has been the Head of Treasury at NIB Capital Bank, London Branch; Senior Portfolio Manager NIB Capital Bank, London Branch; Portfolio Manager at the New Zealand Debt Management Office of the New Zealand Treasury.

Supervisor and Custodian

The Supervisor of the Funds is Public Trust. The Supervisor can be contacted at:

Level 9

34 Shortland Street

Auckland 1010

Private Bag 5902

Wellington 6140

Telephone: 0800 371 471

Email: CTS.Enquiry@PublicTrust.co.nz

The Supervisor is responsible for ensuring that each Fund is managed in the best interests of that Fund's investors in accordance with the terms of the Trust Deed. The Trust Deed is deemed to include provisions requiring the Supervisor to exercise reasonable diligence to ascertain whether or not any breach of the terms of the Trust Deed or of the terms of the offer of the Units in each Fund has occurred, and do all things that it is empowered to do to cause any such breach to be remedied (except if it is satisfied that the breach will not materially prejudice the interests of the holders of the Units in each Fund).

Integral Nominees Limited, a wholly-owned subsidiary of the Supervisor, acts as the custodian for the Funds. At the date of the PDS, the members of the Supervisor's board are:

- Ian Fitzgerald (Chair);
- John Duncan;
- Graham Naylor;
- Kirsty Campbell;
- Vicki Sykes;
- Kevin Murphy; and
- Meleane Burgess.

The board members of the Supervisor may change from time to time. All of the Supervisor's board members can be contacted at the Supervisor's address noted above.

The Supervisor is a statutory corporation and Crown entity established and constituted in New Zealand on 1 March 2002 under the Public Trust Act 2001. The Supervisor is indemnified by a Fund except if that loss arises from its own negligence. The Supervisor is also entitled to be reimbursed from a Fund if it is held personally liable for any debt, liability or obligation incurred by or on behalf of the Funds, except if that debt, liability or obligation arises as a result of its own negligence.

No person, including the Supervisor, guarantees the repayment of Units in the Funds, or any returns on any Units. The Supervisor has been granted a licence pursuant to the Financial Markets Supervisors Act 2011 to act as supervisor in respect of regulated offers of debt securities, registered schemes (including KiwiSaver schemes, non-fund schemes, specified managed funds, superannuation schemes) and act as a statutory supervisor of retirement villages. Public Trust's licence was renewed by the FMA on 17 January 2018 and expires on 16 January 2023. Full details and conditions which apply in respect of the licence can be found on the Supervisor's website (<http://www.publictrust.co.nz/corporate-trustee-services/who-are-we>).



Supervisor and Manager's indemnity

Subject to the FMC Act, the Supervisor and Manager are entitled to be indemnified against any expense or liability which may be incurred by the Supervisor or the Manager (as the case may be) in bringing or defending any action or suit in respect of the Funds or the provisions of the Trust Deed, except to the extent that any such expense or liability is caused by the failure of the Supervisor or Manager to show the care and diligence required by the FMC Act.

The Supervisor and Manager (except as otherwise expressly provided in the Trust Deed) act for and on behalf of the Funds. We do not act on our own behalf. The Supervisor and Manager are (except as otherwise expressly provided in the Trust Deed) not personally liable and no-one may resort to the Supervisor's or Manager's private property to pay for any obligation of the Funds.

The Supervisor and Manager are indemnified by a Fund in respect of any debt, liability or obligation incurred by or on behalf of the Funds except if that debt, liability or obligation arises as a result of the Supervisor's or Manager's own negligence. The Supervisor and Manager are entitled to be reimbursed from a Fund to the extent either of us are held personally liable for any debt, liability or obligation incurred by or on behalf of the Funds (other than in respect of the Supervisor's or our own negligence).

Auditor

At the date of the PDS, the auditor of the Funds is BDO. BDO is a registered audit firm under the Auditor Regulation Act 2011. This registration is subject to the standard conditions that apply to audit firm registrations. BDO have considered and confirmed their independence as auditor, their quality procedures, and the objectivity of the audit partners and audit staff.

Advisers

The Manager's and Supervisor's solicitors are DLA Piper.

Management of other managed investment schemes

At the date of this document:

- The Manager also manages the Britannia Retirement Scheme, a superannuation scheme operating under the FMC Act.
- David Milner and Alun Rees-Williams are directors of, and Steve Joss is the licensed independent trustee director of Britannia Nominees Limited - the corporate trustee that manages the Britannia Superannuation Scheme and the Britannia Superannuation Scheme 2012 (the **Britannia Legacy Schemes**).
- The Britannia Legacy Schemes are legacy superannuation schemes that are closed to new members under the FMC Act.



4. Fees and expenses

Transaction fees

A buy/sell spread is charged each time you make a deposit or withdrawal. This charge is an allowance made for brokerage, underlying manager spreads and other transaction costs associated with buying and selling the underlying investments of the Funds.

This cost is not paid to any of the entities involved in providing the Funds, but is paid to the Funds so that current investors will only share part (if any) of the transaction costs incurred when other investors apply for or withdraw Units. A buy/sell spread will apply to any Units that are purchased or sold as a request of Rebalancing your Units.

The current buy/sell spreads can be found in the PDS.

Withdrawal fees

We may impose an additional fee if you withdraw your money. As at the date of the PDS no withdrawal fee is charged except the fee payable for using the Express Redemption Facility as detailed below.

Express redemption facility

You may choose to use the Express Redemption Facility. This allows us to pay your withdrawal before we know how many Units need to be sold. The Express Redemption Facility is available for withdrawals that are less than 50 per cent of the total value of your IMT investments at the time the Express Redemption Facility withdrawal request is received. The maximum withdrawal amount under the Express Redemption Facility is \$50,000.

A \$20 fee will be charged if you choose to use this facility. This fee is not paid to us or any other party involved in providing the Fund, but is paid back into the relevant Fund.

We may at our discretion, refuse to process a withdrawal using the Express Redemption Facility, or process a withdrawal for a lesser amount than requested. We do not need to provide a reason for this decision. If this happens, no fee will be charged, and the withdrawal will be processed as a standard withdrawal.

Other expenses

The Supervisor and Manager have the ability under the Trust Deed to recover expenses from the Funds but the Manager has agreed not to recover operating expenses from the Funds. The Manager will pay these expenses from its management fees.

If you choose to make regular deposits via direct debit from your bank account, and the amount is not available in your account, you may be charged for any costs we incur as a result.

You may agree to pay a fee to your adviser and we will sell some of your Units to pay the fee on your behalf.

Variation to fees

We may at our absolute discretion, vary or waive our fee and/or rebate the investment management fee by agreement with you.

Amendment to fees

We can change any fee in accordance with the Trust Deed and relevant Establishment Deed.



5. Taxation

The comments below are solely in relation to New Zealand taxation and are based on current New Zealand tax law as at 8 June 2021. They are intended as a general guide only, and assume that units are held on capital account. Your tax position will differ to other investors. You should obtain independent tax advice before investing.

The Funds are Portfolio Investment Entities (**PIE**), more specifically multi-rate PIEs, for tax purposes. The tax treatment described in this section will not apply to a Fund if it ceases to be a multi-rate PIE.

Under the PIE regime the Fund will attribute (i.e. share) all of its taxable income (or losses) between investors, based on the number of units they hold. We pay tax on your portion of the PIE's taxable income at your notified Prescribed Investor Rate (**PIR**).

You must give us your IRD number and PIR when you invest (and tell us when those details change). This enables us to correctly calculate and pay tax on your behalf. If you do not provide a PIR, we will use the default PIR of 28%. However, if Inland Revenue tells us to apply a different PIR to your investment, we will apply this.

Prescribed investor rates

The PIRs for individuals, trustees and others are set out in the tables below.

In these tables a tax year means 1 April to 31 March of the following year. For most taxpayers, the income year will be the same period. However, some taxpayers may have an income year that covers a different period.

Individuals

PIRs	Investors who are eligible*
10.5%	New Zealand tax residents who have in either of the two income years before the then current tax year earned: <ul style="list-style-type: none">• \$14,000 or less in taxable income (excluding attributed PIE income); and have also• \$48,000 or less in total taxable income and attributed PIE income
17.5%	New Zealand tax residents who do not qualify for the 10.5% rate and have in either of the two income years before the then current tax year earned: <ul style="list-style-type: none">• \$48,000 or less in taxable income (excluding attributed PIE income); and have also• \$70,000 or less in total taxable income and attributed PIE income
28%	New Zealand tax residents who do not qualify for the 10.5% or 17.5% rates. Non-New Zealand tax residents.

*In this table, attributed PIE income is net of any attributed PIE loss.

Joint Investors

If you are joint investors, you must provide the highest PIR, and we will attribute all Fund income to that investor. If you do not provide a PIR and IRD number, we will allocate income to the first named investor using the default PIR of 28%.



Trustees

PIRs	Investors who are eligible*
0%	New Zealand tax resident trustees who do not elect a higher rate.
10.5%	New Zealand tax resident trustees of certain testamentary trusts who notify this rate.
17.5%	New Zealand tax resident trustees who notify this rate.
28%	Non-New Zealand tax resident trustees.

*In this table, excluding trustees of unit trusts or charities

Other investors

PIRs	Investors who are eligible
0%	New Zealand tax resident companies (including trustees of unit trusts), charities, PIE investor proxies, PIEs, and superannuation funds.
28%	All other investors (including non-New Zealand tax residents).

Inland Revenue may require us to use a different PIR to the one you provide.

We will provide you with an end of year statement that will detail your attributed PIE income and the amount of tax paid at your notified PIR.

If your PIR is greater than 0%, we will pay the PIE tax liability on your share of PIE income, which is done by redeeming (selling) some of your Units.

We will do this:

- When you sell some of your Units in the Fund;
- When you fully sell or switch your Units in the Fund; or
- At 31 March each year.

If you have a PIR of 0%, you must account for tax on the attributed income in your own tax return if appropriate.

Personal liability for taxes

If your PIE income is taxed at a higher PIR and you are eligible for a lower PIR, then any additional tax paid by the Scheme on your behalf may reduce your income tax liability for that income year, and you may receive a tax refund. Additionally, if you have advised us that you are eligible for a lower PIR, and this is incorrect and you should have been on a higher PIR, you may be liable to Inland Revenue for further tax, interest and penalties, and may have to file a tax return.

You should note that the Commissioner of Inland Revenue will be able to direct the Scheme to disregard a PIR notified by you if the Commissioner considers the rate to be incorrect and, in that case, will notify the Scheme of the PIR which is to be applied.



6. Risks

Risks generally

Almost every investment carries some level of risk. In the event of poor investment performance, returns may be negative, reducing the value of your investment in the IMT. In such cases, you may receive, in total, benefits less than your contributions into the Scheme. You carry the investment risk on your investments. Investment returns are not guaranteed.

There are specific risks associated with investing. It is not usually possible to eliminate investment risk altogether. However, it is possible to formulate investment strategies designed to manage the risk of your investment. The risks you face will vary depending on your investment portfolio. Your investment portfolio is exposed to different levels and types of risks.

In addition to the general and specific risks set out in the IMT's current PDS, the following additional risks may apply to your investments in the Scheme:

Investment risk

All investments carry investment risk. Different investments may carry different levels of risk, depending on the assets that make up the investment.

Funds with a higher proportion invested in growth assets carry more risk than Funds that have a higher proportion invested in income assets.

Some risks associated with each asset category are as follows:

- **Cash and cash equivalents (income assets):** The principal risk of investing in cash and cash equivalents is that the returns may not keep pace with inflation. This could mean that the purchasing power of your unitholding balance may reduce over time. There is also the risk of counterparty default. Cash and cash equivalents are generally suitable for short-term investment timeframes.
- **New Zealand and international fixed interest assets (income assets):** The value of fixed interest securities can be negatively affected by an increase in interest rates and by underlying issuer payment defaults. Fixed interest assets may also become subject to similar risks faced by cash and cash equivalent assets in low interest rate environments. Fixed interest is generally suitable for short to medium-term investment timeframes.
- **International shares (growth assets):** The principal risks of investing in shares include the anticipated and actual economic performance of the chosen sectors, regions or companies and changes in the market's response to economic data, taxation, regulation, currency and interest rates, and general market sentiment and opinion. Shares are generally suitable for longer-term investment timeframes.

Volatility risk

Investments may appreciate or decline in value. The measure of this change in value is referred to as volatility. The more changes to its value over time, the more volatile the investment is and, therefore, more risk is involved in investing in it. Shares are more volatile than cash. There is more risk in investing in shares but greater opportunity for gain; in the case of cash there is less likelihood of any significant loss or gain.

Risk increases if investments are concentrated in one asset class. A lack of diversification of a portfolio can increase the volatility and expose investors to unexpected changes in market conditions and increased asset class risk. A portfolio which invests in diversified asset classes may help to balance risk and return.



Derivatives risk

Derivatives are financial contracts that derive their value from the value of underlying assets such as shares, fixed interest, commodities, currency, or cash. They provide exposure to an underlying asset without the need to buy or sell that asset. Derivatives may be used by the Funds as an alternative to investing in a physical asset or as a risk management tool. Derivatives may not perform in line with expectations, resulting in unexpected gains or losses and increased volatility. Counterparties may also default in meeting their obligations under derivative contracts.

The underlying funds in which the Funds invest may use derivatives more extensively than the Funds themselves. It is currently our policy not to invest directly in derivatives to gear the Funds (that is, to obtain greater exposure to markets than the net asset value of a Fund). However, underlying fund managers may choose to do so.

Interest rate risk

Exposure to investments in cash or bonds will be subject to interest rate risk where an interest rate change directly affects returns. Interest rate changes can have a direct impact (positive and negative) on the value of fixed interest securities as well as being an influencing factor on the performance of equity and property securities. For example, a fixed rate bond will likely diminish in value if interest rates increase. The impact of such reduction is mostly determined by the remaining term of the bond and the extent of the interest rate movement.

Currency risk

This is the risk arising from fluctuations in exchange rates between the New Zealand dollar and another currency in which the IMT is invested.

Market risk

This is the risk that the value of a Fund changes due to factors that affect a particular financial market. This could include, but is not limited to, factors such as changes in economic conditions, interest rates, exchange rates, monetary policy from central banks; taxation; regulation; local and geo-political events; pandemics; investor sentiment; inflation; and broader events like changes in technology and environmental events.

We seek to reduce market risk by diversifying across asset classes, investment sectors, and countries. The Funds that invest in international markets are exposed to movements in foreign currencies, which may have an adverse effect on the domestic value of their international investments.

Legislative risk

Changes to existing law or the introduction of new law could have a significant impact on an investment in the IMT (including its returns), or how we manage the Scheme. Legislative risk generally entails a change to one or more laws that may directly impact your investment.

Operational risk

There is a risk that the Manager, the Supervisor, or any of the parties appointed by us to provide services to the IMT, fail to perform their obligations. Operational risk also includes the risk that the Manager, the Supervisor, or any third party appointed to provide services to the IMT, experience:

- a failure of processes and procedures (including system failures or suspension of withdrawals from their funds);
- fraud or business disruption; or
- any other form of external event, including insolvency, receivership, statutory management, voluntary administration or liquidation.

This may adversely affect the value of your investment in the IMT, or your ability to withdraw from the IMT (including switching or Rebalancing Funds).



Product risk

From time-to-time changes may be made to the IMT within what is allowed by the Trust Deed or applicable law. These changes could include changing the investment objective or characteristics of a Fund, the asset allocation, underlying fund managers, the third parties appointed to provide services, and fees. This may impact on the value of your investment in the IMT or could change the risk profile of the Fund(s) in which you invest. In addition, the IMT can be wound up or your withdrawal rights restricted without your consent.

Country risk

Investing into any country's economy brings with it a range of specific risks. Each country's market is regulated by different authorities in accordance with their own sets of rules and regulations, which may have standards that differ from those set in New Zealand. In addition, economic and political conditions may be more volatile in some countries than others, creating uncertainty and unforeseen factors that can impact investment returns and the value of investments.

Counterparty risk

Counterparty risk is a risk that a party to a contract (including an investment contract) defaults or a third party fails to properly provide services for the IMT, or fails to complete transactions with us, or there is a dispute in relation to a contract, or that such a person becomes insolvent and is placed into receivership, liquidation or statutory management. If this occurs, you may not recover the full amount of your investment in the Scheme.

Credit risk

Credit risk is the risk that government or company bond issuers do not make coupon or principal payments when due or registered banks do not pay interest when due. A counterparty to a transaction may suffer a credit ratings downgrade which may have a negative impact on the value of a particular investment.

Portfolio Investment Entity taxation risk

The Scheme could lose its Portfolio Investment Entity tax status due to an event, for example, not meeting any applicable requirement relating to member numbers or the size of interests of members. The implications of this event would depend on your particular circumstances but may result in a higher tax rate applying to income earned.

We may also take such steps as may be necessary, to ensure that any applicable requirements relating to the IMT's PIE status (such as the size of beneficial interests of members or member numbers) are met and PIE status is maintained. If some or all of your contributions are treated as void from when they were made, you will receive a refund of those contributions, but any other compensation will be at our discretion, to the extent permitted by law.

Deferral of payments risk

This is the risk that the Manager may suspend or delay the payment of withdrawals or the processing of transfers from the IMT or a Fund. Circumstances where the manager may take such steps are set out in the Trust Deed and include situations where the Manager determines that paying withdrawals or processing transfers would not be in the interests of investors generally. Any deferral of payments would restrict your ability to withdraw, switch between Funds, have your Funds Rebalanced or transfer to another scheme.

Winding up risk

This is the risk that we are required, or decide, to wind up the IMT or a Fund. In these circumstances, you may receive less than what you have invested. However, you will not be liable to contribute to any shortfall in the assets of the IMT or any Fund, except for any outstanding contributions you have agreed to make or any PIE tax you owe to us.

In the event that the IMT or a Fund is wound up, claims for fees and expenses payable in the normal



course of business, and other claims preferred at law, will rank ahead of claims on the IMT or a Fund by members.

Inflation risk

This is the risk that your investment will lose real value because the rate of inflation is above the return on your investment.

Liquidity risk

Low liquidity is a risk, as it can reflect the lack of demand for an investment, and make that investment more difficult to sell in a timely manner. This may negatively impact returns. It is a characteristic of some markets that assets trade infrequently. Generally, the property market has a greater liquidity risk compared to the share market. Within the share market, smaller companies will be less liquid than larger companies that are traded more frequently.

Emerging market risk

Investments in emerging markets include risks additional to those normally associated with an investment in more developed markets. These risks may include restrictions on investment and repatriation of investment capital, the ability to exchange currencies, currency and security price volatility, and markets that may be less liquid and less regulated. Political and social unrest together with government involvement in the economy can also increase risk.

Lack of portfolio diversification

Concentrating investments adds risk. A lack of diversification in a portfolio can increase volatility and expose you to unexpected changes in market conditions.



7. No guarantee

No person, including the Supervisor or Manager, guarantees or provides undertakings in relation to:

- the return of capital invested in any of the Funds by you; and
- payment of any distributions in relation to any of the Funds; and
- the performance of the Funds.



8. Investor liability

Except as noted below, you are not personally liable for any debt or liability of the Funds. You are not liable to indemnify us for debts or liabilities of the Funds. You are not partners and we are not, by acting as the Manager under the Trust Deed, your agent. We cannot incur debts on your behalf.

You may be liable for any taxation paid by us or the Supervisor on your behalf. You may also be personally liable for tax if you provide an incorrect PIR to us or fail to advise us if your PIR changes to a higher rate.

When you invest in a Fund, you agree to indemnify the Supervisor and us for any tax liability you owe that is greater than the value of your Units and for any tax paid on your behalf.



9. Rebalancing

Where you have invested in more than one Fund, you can instruct us to maintain a stated proportion invested between those Funds. You must notify us in writing using our approved form which is available from our website nzbritannia.co.nz/integral-master-trust/forms-and-documents/.

We will maintain your stated proportions automatically by redeeming (selling) Units in any Fund that has more than your stated proportion. We will use the proceeds to buy Units in any Fund that is lower than your stated proportion. We refer to this as **Rebalancing**.

You can choose to Rebalance your investments monthly, 6-monthly or annually. You do not have to pay a fee to use this service, but any Units that are purchased or sold will incur a Buy/Sell spread. Details of the current Buy/Sell spreads can be found in the PDS. We will calculate any tax liability arising from Rebalancing. Any tax owing will be held in your investment and paid to Inland Revenue at the end of the tax year, or at the date you sell all your Units in the Funds if this is earlier.

We will not automatically purchase Units if the following minimum thresholds are not met. These thresholds are based on the total value of your investments in all of the Funds. We will value your total investments in the Funds on any date we Rebalance and if that value is:

1. Less than \$25,000, we will Rebalance only if your investments differ from your stated proportions by more than 5%.
2. Equal or more than \$25,000 but less than \$50,000, we will Rebalance only if your investments differ from your stated proportions by more than 4%.
3. Equal or more than \$50,000 but less than \$100,000, we will Rebalance only if your investments differ from your stated proportions by more than 3%.
4. Equal or more than \$100,000, we will Rebalance only if your investments differ from your stated proportions by more than 2%.

We will not Rebalance if it will result in you holding less than the minimum initial investment of \$10,000 in total across all Funds, or your balance in an individual Fund falls below the minimum investment amount (currently \$1,000).

We can refuse to Rebalance a Fund at our discretion.



10. Benchmarks and market indices

The benchmarks for each of the asset classes in which the Funds invest are:

Asset class	Benchmark
New Zealand cash	S&P/NZX 30 Day Bank Bills Index
International fixed interest	JP Morgan Government Global Hedged Bond Index 0-5 years
Global shares	MSCI All Country World Accumulation Index

The benchmark for the Diversified funds (Defensive Fund, Diversified 40 Fund and Diversified 60 Fund) is the weighted average of the applicable benchmark for each of the Asset Classes. Refer to the Statement of Investment Policy and Objectives for information about the Asset Classes the Diversified funds invest into.

The benchmarks for the Asset Class Funds is:

Asset class fund	Benchmark
Global Equities Fund	MSCI All Country World Accumulation Index
Focused Growth Fund	MSCI All Country World Accumulation Index



11. Material contracts

Below are material documents in relation to the Scheme and the Funds:

Document	Other Parties	Purpose
Trust Deed	Public Trust	Establishes the Scheme and outlines the governance of the Funds.
Establishment Deeds	Public Trust	Each Fund is constituted under an Establishment Deed
Service Agreement	MMC Limited	Appoints MMC Ltd as administration manager, performing various services including unit pricing, fund accounting, fund valuations and reconciliations.
Service Agreement	Appello Services Limited	Appoints Appello Services Limited as Registrar of the Funds.
Investment Management Agreement	IOOF QuantPlus (a division of IOOF Investment Services Limited) ANZ New Zealand Investments Limited Harbour Asset Management Limited Dimensional Fund Advisors Australia	Appoints other party as an investment manager, allowing the Funds access to unit trusts managed them and provide for reporting and oversight functions.



12. Management of conflicts and related party transaction

Conflicts of interest

Conflicts of interest can arise when the interests of members diverge from those of the Manager or any parties related to or associated with the Manager.

The Manager has developed a Conflicts of Interest Policy and maintains an Interests Register, which our directors must review at each Board meeting. The Conflicts of Interest Policy describes how we will identify, report, assess, record, monitor and mitigate conflicts of interest. These policies and procedures require, amongst other things:

- directors and senior managers to immediately and fully disclose conflicts of interest to the Risk and Compliance Manager; and
- directors and staff to refrain from making investment decisions regarding financial products for which they, personally, have a conflict of interest.

This policy framework aligns with regulatory obligations, stakeholder expectations and the Manager's internal Code of Conduct. It also assists the Manager, when exercising any powers or performing any duties as Manager, to act in the best interests of members and to treat all members equitably.

As at the date of this document, the following conflicts of interests involving the directors of the Manager have been disclosed:

- **David Greenslade** is also the Executive Director of Strategi Limited, which has been engaged by the Manager to provide independent assurance in respect of certain of the Manager's compliance obligations under the FMC Act regulatory framework. Strategi currently already provides some of these services to the Manager, notably around anti-money laundering and financial adviser obligations of the Manager. This represents a conflict of interest which is fully disclosed, and mitigated by David excusing himself from any discussion of the Manager's board of directors about Strategi's services – both in terms of scope and quality.

The Manager also acts as the manager of the Britannia Retirement Scheme.

Related party transactions

The Manager must conduct all transactions with related parties in accordance with the FMC Act rules on related party transactions applicable to Managed Investment Schemes.

Under the FMC Act, the Manager (and any investment manager, administration manager, or other person which the Manager has contracted some or all of its manager functions) is generally prohibited from entering into a transaction that provides for a related party benefit except to the extent the Manager meets the requirements set out in the FMC Act for such related party transactions, for example, that they be arm's length contracts.



13. Valuations and pricing methodology

Investing in the IMT

The money you invest in the IMT buys units in your selected Funds. These units represent the value of your investment in the relevant Funds. You do not hold a direct interest in any particular asset of the relevant Funds.

The value of each unit you receive from investing in the Fund(s) (known as the unit price) will increase or decrease over time depending on the value of the investments of the Funds you have invested in. This section explains how those investments are valued and how the unit price is calculated.

Asset valuation

The market value of each investment and the Net Asset Value (NAV) of each Fund will be determined in accordance with the Trust Deed and on a consistently applied basis.

The assets held by the Funds are valued in order to determine the unit price for each Fund. Asset valuations for the Funds are typically performed each valuation day based on the last market prices (or unit prices) available at that time.

Our unit pricing and valuation policy permits the use of alternative valuation methods, including asset valuation estimates, where the valuation of an asset is not available or not deemed appropriate. Alternative valuation methods used will be discussed with the Supervisor before being used.

Unit price calculation

The unit prices for the Funds are calculated by dividing the NAV of the relevant Fund by the number of units then on issue in that Fund. The basic formulae for the calculation of unit prices are set out in the Trust Deed. Unit prices are generally calculated each valuation day. Unit prices are rounded to a number of decimal places in such manner as the Manager may decide.

Unit price adjustment

We have a compensation policy that will apply if a material unit pricing error or material non-compliance with a unit pricing method requires compensation, following restorative adjustments to members' unit holdings. Under the current policy applied, unless we and the Supervisor agree otherwise, a material error is an error that equals or exceeds 0.30% of the value that would have accumulated without the error. We may choose not to pay compensation to you for an amount less than \$20.



14. Hedging

Currency Management

It is the Manager's current policy not to use currency hedges for the Global shares allocation of the IMT's Funds. The cash allocation of the Funds is invested in New Zealand dollar assets, which do not require any currency hedging. The fixed interest allocation of the Funds is invested in assets that are fully hedged to the New Zealand dollar.

Further details of the IMT's hedging policy are available in the IMT's Statement of Investment Policies and Objectives which is available at disclose-register.companiesoffice.govt.nz/.