



Pie KiwiSaver Scheme

Other Material Information

ISSUED BY
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DATED 1 APRIL 2026

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Introduction

The document provides additional detail about important aspects of your investment in the Pie KiwiSaver Scheme (**'Scheme'**). It applies to each fund within the Scheme, unless we specify otherwise, and should be read with the Product Disclosure Statement for the Scheme (**'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 that make up the Scheme or who invests in the Funds; and
- the words **"Pie Funds"**, **"we"**, **"our"** or **"us"** refer to Pie Funds Management Limited, who is the manager of the Scheme.

1 The Funds

There are four funds in the Scheme (each a 'Fund'; and together the 'Funds'). Further important information about each Fund is in the PDS and the SIPO.

The Funds are:

- Pie KiwiSaver Conservative Fund (**'Conservative Fund'**);
- Pie KiwiSaver Balanced Fund (**'Balanced Fund'**);
- Pie KiwiSaver Growth Fund (**'Growth Fund'**); and
- Pie KiwiSaver Aggressive Fund (**'Aggressive Fund'**).

The Governing Document governing the Scheme and each Fund, the PDS which sets out important information in relation to each Fund and the SIPO which each Fund is invested in accordance with, are available at www.piefunds.co.nz and www.disclose-register.companiesoffice.govt.nz.

2 Contributions and other features

You can make lump sum or regular contributions to the Scheme. Your employer can as well.

Employee contributions

At the date of this document, you can regularly contribute 3.5%, 4%, 6%, 8% or 10% of your gross Income to the Scheme. If you don't choose, the default amount is 3.5%. Your employer is responsible for deducting these amounts and paying them directly to Inland Revenue, who will forward them on to us.

By 'Income' we mean salary or wages paid by a member's employer as that term is defined in the KiwiSaver Act 2006. This currently includes bonuses, over time payments and rewarded leave payments.

From 1 April 2028, the default employee contribution rate will increase from 3.5% to 4%. You can apply to Inland Revenue for a temporary reduction in your contribution rate if you want to continue contributing at 3%. This reduction can last for a maximum period of 12 months, after which you will need to apply for another temporary rate reduction. Your employer can choose to match your temporary rate reduction.

Employer contributions

At the date of this document, in addition to your employee contributions, except in the circumstances described below, your employer is required to make a contribution equal to 3.5% of your gross income. The contribution will have employee superannuation contribution tax deducted from it before it is paid to Inland Revenue (who forwards it on to us). It will be paid on top of your Income, unless you have agreed otherwise. If they want, your employer can pay more than the 3.5% minimum contribution amount but they have to do so by forwarding it to Inland Revenue.

From 1 April 2028, the default contribution rate for employers will increase from 3.5% to 4%.

At the date of this document, your employer doesn't have to make a contribution for you if:

- you are under 16;
- you aren't contributing to the Scheme (e.g. you're on a KiwiSaver savings suspension);

- you are over the Qualifying Age; or
- to the extent they are already paying into another superannuation scheme for you (conditions apply).

The '**Qualifying Age**' is the age you become eligible to withdraw your savings (currently 65).

Self-employed or not working?

You can contribute at any time if you are self-employed or not working.

Voluntary contributions

You can make lump sum or regular contributions to the Scheme whenever you like.

Government contributions

While you contribute to the Scheme, you are eligible to receive a KiwiSaver Government Contribution if:

- you reside mainly in New Zealand (exceptions apply);
- are 16 years or older;
- have not reached the Qualifying Age;
- have an annual taxable income of \$180,000 or less;
- have not made a withdrawal in relation to a life-shortening congenital condition.

If you qualify, the Government will contribute 25c for every dollar you contribute, up to a maximum of \$260.72 each year (from 1 July to 30 June). To get the maximum Government Contribution, you need to contribute at least \$1,042.86 each year.

Employer contributions, Government Contributions and amounts transferred from an Australian complying superannuation scheme do not count towards the contributions you need to make.

If you join KiwiSaver, turn 16, or cease to be eligible for Government contributions part-way through the Government Contribution year (1 July to 30 June), you will receive a Government Contribution based on the number of days in the Government Contribution year that you have been eligible.

Savings suspension

If you are an employee making contributions from your income, and 12 or more months have passed since you first contributed to KiwiSaver or you became a member of a complying superannuation fund, you can take a savings suspension for a minimum of 3 months and a maximum of 1 year, which you can renew. You can also be on a savings suspension at any time if Inland Revenue is satisfied you are suffering, or are likely to suffer, financial hardship. In these circumstances, however, the length of the savings suspension will generally be 3 months.

Transferring from another KiwiSaver Scheme

You can transfer your account balance to the Scheme from any other KiwiSaver scheme. It is important to note that you can only be a member of one KiwiSaver scheme at a time.

Transferring from an Australian superannuation fund

You may also be able to transfer into the scheme from a complying Australian superannuation fund if you have permanently moved to New Zealand.

Please call us on **0800 5866 57** for more information about this process.

3 Parties involved

The Manager of the Scheme 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 licensed to act as a managed investment scheme manager by the Financial Markets Authority (the **'FMA'**) on 1 September 2015 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 (the **'Supervisor'**). The Supervisor is responsible for monitoring our compliance with the Governing Document, our licence conditions and the Financial Markets Conduct Act 2013 ('FMCA').

The Supervisor is required by law to vest the investments and other property of the Scheme in the name of the Supervisor or its nominee. It has delegated certain custodian duties to Apex Investment Administration (NZ) Limited (**'Apex'**).

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

The Supervisor is licensed 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 functions that include:

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

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

Administration manager

Administration of the Scheme has been delegated to Apex. This includes certain administration 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. They are responsible for holding assets on behalf of members.

Auditor and other advisers

The auditor (PwC New Zealand) 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 and reimbursement

Subject to the FMCA, Pie Funds, the Supervisor, and any of their directors or employees will be indemnified out of the assets of the Scheme and each Fund from and against any debt, liability or obligation incurred by or on behalf of, or any action or omission in connection with, the Scheme or a Fund. In each case, this is except to the extent that any indemnity would be void under the FMCA or any other applicable legislation.

Neither we nor the Supervisor will have any personal liability in respect of any obligation or claim relating to the Scheme or a Fund, which may only be paid out of the assets of the Scheme or relevant Fund, 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. Subject to the FMCA, we and the Supervisor are entitled to be reimbursed out of the assets of the Scheme (or, where applicable, a Fund), in respect of all direct or indirect expenses, losses, costs or liabilities incurred by us and the Supervisor under the Governing Document.

4 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 – and/or in Pie Funds Management Limited – so each of the Funds may be affected by a potential conflict of interest. This potential conflict could arise through:

- Investment or operational decisions being made to benefit investors in Pie Funds Management Limited over investors in the Funds;
- 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 statutory duties under the FMCA.

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

Additional conflicts may include:

- the fact that the Funds may invest in other funds also managed by Pie Funds outside of the Scheme; and
- the allocation of investment opportunities between the Scheme and other funds also managed by Pie Funds outside of the Scheme.

Steps taken to manage conflicts of interest

Statutory duties of Pie Funds as manager under the FMCA

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

- act honestly and in good faith 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 person; 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 same 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 are subject to the same duties and restrictions, as if we were performing them directly; and
 2. monitor the performance of those functions.

The FMCA also imposes other duties not outlined above, including, without limitation, the duty to report to the Supervisor any material contravention, or possible contravention, of any of our issuer obligations under the FMCA.

Pie Funds' Conflict of Interests Policy

Pie Funds has in place a Conflicts of Interests Policy (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.

There are systems and controls in place to minimise the risks of conflicts of interests. These include the segregation of duties between the Investment Team and operations/compliance to ensure robust checks and balances are in place and the maintenance of restricted trading lists.

Further, Pie Funds also has in place a HR Handbook and Conflicts Policy that all staff and directors must adhere to which requires the avoidance of conflicts of interests, and to act with high integrity. Finally, we have in place a process with our Supervisor for the identification, notification and certification or obtaining consent around related party transactions, as required by the FMCA .

5 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 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, 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 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;
- **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;
- **Geopolitical risk:** this is the risk that the value of an investment changes due to political events, instability, or tensions between countries. Events such as trade disputes, sanctions, civil unrest, or armed conflicts can disrupt global markets and supply chains, leading to increased volatility and sudden declines in asset prices. If there is a period of heightened geopolitical uncertainty, this may negatively impact your investment, particularly if the Fund holds assets in affected regions or sectors heavily reliant on international trade;
- **AI disruption risk:** this is the risk that the value of an investment changes due to rapid advancements in artificial intelligence. AI may disrupt traditional business models, potentially devaluing companies that fail to adapt or face intense competition from AI-native entrants. If there is a period of significant technological displacement, this may negatively impact your investment, particularly if the Fund holds concentrated positions in sectors sensitive to automation or digital disintermediation, such as traditional software, business services, or data processing.

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.

6

Other relevant information

Market indices (further information)

We disclose appropriate market indices to provide investors with a reference point for considering a Fund's returns. We have chosen each index to match as closely as possible the assets, and risk, of the investment it is being compared to.

For each fund we also disclose the aggregate performance of the separate market indices in the Fund Updates. This provides the investor with a reference point for the performance of the overall Fund.

We have target asset allocation and ranges for the Funds, against which we monitor and rebalance actual asset allocations.

Please refer to the Schedules to the SIPO which set out the relevant 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 market indices Pie Funds uses for comparative purposes in demonstrating a Fund's returns may be updated by Pie Funds at any time without notice to investors.

Material contracts

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

Governing document

The Governing Document establishes and governs the Scheme. It has been entered into between us and the Supervisor, and may be amended from time to time.

A copy is available on the Scheme Register on the Disclose website at companiesoffice.govt.nz/disclose under the Scheme register entry.

Supervisor agreement

The 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.

Service agreement: Apex Investment Administration (NZ) Limited

We have entered into an Administration Management and Custodian Agreement with Apex.

The agreement 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.

Apex also act as custodian of the Scheme.

Related party transactions

The Funds may invest in other funds outside of the Scheme that are also managed by Pie Funds. We have completed related party transaction certificates with the Supervisor's consent and as required under the FMCA.

Valuations

We must calculate the net asset value of the Funds on each business day or at such other intervals (not exceeding 30 days) as we determine after consultation with the Supervisor.

Determinations of the net asset value 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 will determine the net asset value of the Funds by taking the market value of the assets of the Funds and deducting the liabilities of the Funds.

We may from time to time engage valuers or other suitably qualified persons for the purposes of assisting 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 any such valuer or other person shall be deemed to be acting as an expert.

Borrowing powers

Borrowing is permitted under the Governing Document, however there are no borrowing arrangements currently in place and 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.

Winding up a Fund and the Scheme

The Scheme can be wound up at any time in accordance with the Governing Document.

If the Scheme is wound up, the Supervisor will firstly pay all claims and liabilities (including fees) and then make distributions to members in proportion to their respective holdings of units.

We can wind up a Fund at any time with notice to the Supervisor. If this happens, members will get an opportunity to switch to another Fund or move to a different KiwiSaver Scheme. If you don't specify, you may be moved to another Fund (as agreed with 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 members of the Scheme, or that the amendment is approved by or is contingent on the approval of members.

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

Financial statements and auditor's report

Financial statements for the Funds are available on the Disclose register: companiesoffice.govt.nz/disclose.

The auditor's report on the financial statements will accompany the financial statements uploaded to the Disclose register each year.