

# Fisher Funds Investment Funds

(previously known as the Kiwi Wealth Managed Funds)

## Other Material Information

Offer of units in the Fisher Funds Investment Funds to persons who hold units in the Funds only (not an offer to new investors from 6 March 2024)

Issued by Fisher Funds Wealth Limited (previously known as Kiwi Wealth Limited) | 6 March 2024



This document relates to the Fisher Funds Investment Funds ('Scheme'), and should be read in conjunction with the Product Disclosure Statement for the offer of units to existing investors in the Conservative Fund, Balanced Fund, and Growth Fund in the Scheme ('PDS').

This document contains material information about the Scheme additional to that contained in the PDS and the Scheme's register entry on the register of offers of financial products. Further information about the Scheme is contained in the PDS and the Scheme's offers register entry.

The information in this document could change in the future. Please check the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for the latest version of this document.

See the Glossary on page 26 for the meanings of capitalised terms used in this document. Some terms are also defined in the body of this document.

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# Who is involved

This section contains more information about the Scheme, including details of the manager, supervisor and custodian, underlying fund managers and investment and administration manager for the Scheme.

## About the Scheme

The Scheme was closed to new investors on 6 March 2024 and the units in the Funds are only offered to existing investors, being persons who already hold units in the Funds.

The Scheme is registered under the Financial Markets Conduct Act 2013 (**'Act'**). There are three separate funds within the Fisher Funds Investment Funds offered for investment, called the Conservative Fund, Balanced Fund, and Growth Fund (**'Funds'**).

The Scheme and Funds are currently governed by a master trust deed dated 4 May 2018 as amended from time to time (**'Trust Deed'**) and establishment deeds under which the Funds were established within the Scheme dated 4 May 2018 as amended (**'Establishment Deeds'**).

In this document, unless the context requires otherwise, a reference to the 'Trust Deed' includes the Establishment Deeds.

Fisher Funds Wealth Limited is the manager. Fisher Funds Management Limited (**'FFML'**), a related party provides investment management and administration services to the Funds.

The Funds' assets are invested in funds within wholesale managed investment schemes issued by related parties of ours (**'Underlying Funds'**).

More information on each Fund and their investment policies and objectives can be found in the statement of investment policy and objectives (**'SIPO'**) for the Scheme, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## Manager

Fisher Funds Wealth Limited (**'we'**, **'our'**, **'Manager'**, or **'us'**) is the manager of the Scheme and each Fund. We are also the issuer of units in each Fund. We are responsible for offering units, accepting applications, managing assets, and administering the Scheme.

Details of our senior leadership team can be found on our website at [www.fisherfunds.co.nz/team](http://www.fisherfunds.co.nz/team).

Our address and where you can contact us is:

Fisher Funds Investment Funds Client Services Team  
Private Bag 93502  
Takapuna  
Auckland 0740

## The investment management team and how they work

FFML provides investment management and administration services to the Funds. However, we retain responsibility for the investments of the Scheme. We may also rely on FFML to provide other services on our behalf.

Investment management activities are governed by the SIPO.

The Scheme's assets may be invested with related parties, provided related party transactions are conducted in accordance with the requirements of the Financial Markets Conduct Act 2013 or there is no related party benefit.

## Registrar

Apex Investment Administration (NZ) Limited have been appointed to be the registrar of the Scheme and undertake some of the administration management function in respect of the Scheme.

## Supervisor and custodian

Public Trust ('**Supervisor**') is the supervisor of the Scheme. Public Trust is a Crown entity and has been in existence for more than 150 years. The board of The Supervisor ('**Board**') is responsible for its supervision and management.

The Supervisor's Board can be found at: [www.publictrust.co.nz/about-us/meet-public-trust-team/](http://www.publictrust.co.nz/about-us/meet-public-trust-team/)

The Supervisor is responsible for custody of the Scheme and each Fund's assets, and supervising the performance of our functions under the Trust Deed and all relevant law. The Supervisor currently holds the Scheme's and each Fund's assets on trust for investors.

The Supervisor may delegate any of its duties, powers or discretions (except for its obligation to supervise the performance by us of our functions under the Trust Deed and the Act) to any person it nominates, or appoint any person to be its attorney or agent. The Supervisor remains responsible for the acts and omissions of any such person it nominates or appoints.

The Supervisor is licenced pursuant to the Financial Markets Supervisors Act 2011. Full details and conditions which apply in respect of the licence can be found on the Supervisor's website, [www.publictrust.co.nz/business/cts/who-are-we](http://www.publictrust.co.nz/business/cts/who-are-we)

The address of the Supervisor is:

Postal address:

General Manager  
Corporate Trustee Services  
Public Trust  
Private Bag 5902  
Wellington 6140

Street address:

Public Trust  
Level 2  
Public Trust Building  
22 Willeston Street  
Wellington Central  
Wellington 6011

## Changes to details

The above details, including the addresses set out above, may change at any time. For up-to-date information call 0508 347 437 or email [enquiries@fisherfunds.co.nz](mailto:enquiries@fisherfunds.co.nz).

## Indemnities

We and the Supervisor are entitled to an indemnity out of the assets of any Fund if we or the Supervisor are personally liable in respect of any debt, action taken, or omitted in connection with that Fund, or liability or obligation incurred by or on behalf of that Fund. This indemnity will take priority over the claims of any investors and extends to the costs of any litigation or other proceedings in which liability is determined. Any recoveries for matters relating to more than one Fund will be apportioned amongst the Funds in accordance with the Trust Deed.

However, neither we nor the Supervisor are entitled to be indemnified out of the assets of a Fund in respect of any liability arising out of wilful default or wilful breach of trust, or where either of us fails to properly perform certain duties set out in the Act and Trust Deed (including the duty to exercise the degree of care and diligence required by the Act and Trust Deed).

# Applications

The Scheme was closed to new investors on 6 March 2024.

This section contains more information about how existing investors can invest in the Funds, including how to apply for additional units. While the Funds are open to existing investors, from 6 March 2024, existing investors are unable to open any new investment accounts from this date.

## Choosing Funds

You can choose a different Fund allocation for each investment account you have open, which is called your 'investment mandate'. We can rebalance your holdings for each investment account back to your investment mandate at the frequency option that you choose. If you choose more than one Fund for an investment account, your choice must be in multiples of 5% and must add up to 100%.

You can make a standing application for units, which means you apply for units in a Fund or Funds for an amount per frequency option that you choose, by direct debit or bill payment.

## Contributions

Lump sum payments can be made by using the bill payment facility in your bank's internet or phone banking facility. Further details for making these payments can be found online or by contacting us.

Regular contributions can be made by direct debit or by bill payment using your bank's internet or phone banking facility as follows:

- Direct debit - Investors can download and complete the form available online or this can be obtained by contacting us and emailing it to [enquiries@fisherfunds.co.nz](mailto:enquiries@fisherfunds.co.nz)
- Bill payment - You will need to specify your surname or entity name, IRD number and investment account number in the reference details for the payment.

If you require assistance, you can contact us via live web chat at [www.fisherfunds.co.nz/support](http://www.fisherfunds.co.nz/support), or by calling 0508 347 437 or email [enquiries@fisherfunds.co.nz](mailto:enquiries@fisherfunds.co.nz).

If you would like to change, stop, or restart any of your direct debit payments, you may do so at any time by providing written notice to us and your bank. Allow up to 10 business days for changes to direct debits to be actioned.

## Minimums and further information on process

See section 2 of the PDS (How does this investment work?) for the minimum investment amounts and minimum balances that apply, timeframes for issuing units, and more information on how to make further investments the Funds.

## Non-cash consideration and processing applications

We have discretion to accept payment in a form other than cash (such as existing investments). We will determine the value of any non-cash payment we accept as if it was an investment of the relevant Fund, by using the 'market value' (which is determined as set out in the Trust Deed) of the particular investment on a valuation day we choose. We will notify you in writing of the valuation day that will be used, and the value that we determine for the non-cash payment. Contact us if you would like to discuss this option.



We may accept an application for units that is not accompanied by the required application monies as long as we or the Supervisor receive those monies before we give effect to the application.

### We may accept or decline an application

We have absolute discretion to accept or refuse to accept any application for units or any non-cash payment. If we reject an application or non-cash payment we do not need to give reasons. Our decision must be made, and any units issued, as soon as reasonably practicable after the valuation day for which the relevant application is effective (as set out in the PDS). If we reject an application, we will refund the payment received for that application as soon as practicable.

### The issue price for units

Units will be issued at the issue price that applies on the day they are issued. The issue price is based on the value of the Fund's assets on the relevant valuation day.

The issue price per unit issued will be the unit value on the relevant pricing valuation day (which is calculated by dividing the relevant Fund's net asset value by the number of units issued) plus the buy spread (if any) at the time (see the 'Fees and other charges' section on page 19 for further information).

### Identity verification before investing in the Scheme

Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and tax legislation, we are required to verify the identity and address of, and collect other information relating to, all investors before they invest in the Funds. We or a related entity acting on our behalf collect verification information from you. We or a related entity may also request updated information after you become an investor in the Fund(s).

### Changes to minimums

All minimum investment amounts and balances referred to in this document are as at the date of this document and may change in the future.

# Withdrawals, switches, and transfers

This section contains more information about how to switch between Funds, transfer units to other people, and make withdrawals.

## How to make a withdrawal

You can usually withdraw part or all of your investment at any time. You can request a withdrawal by sending a completed withdrawal form to us. Contact us for the required form. You will need to specify the investment account in respect of which you want to make the withdrawal. All withdrawals are processed in accordance with your investment mandate for that investment account unless, for a lump sum withdrawal, you request otherwise. A withdrawal notice is irrevocable once given (unless we agree otherwise).

Unless you are making a full withdrawal from an investment account (in which case that investment account may be closed), you will need to maintain at least the minimum balance, which is \$100 per investment account. See section 2 of the PDS (How does this investment work?) for the minimums that apply and timeframes for withdrawing units.

If you withdraw all your money out of the Funds, you will no longer hold units in the Funds and cannot reinvest as the offer is only open to existing investors.

## Period for processing withdrawals

It will generally take two business days for a valid withdrawal notice to be processed when units are being valued each business day and payment will be made the next business day following processing of the valid withdrawal notice.

For example:

Scenario	Valid withdrawal notice			When payment is generally made
	Received	Processed	Price	
<b>Before 12pm</b>	Monday 11am	Wednesday	Monday	Thursday
<b>After 12pm</b>	Monday 1pm	Thursday	Tuesday	Friday

As set out in the table above, it usually take us four business days from the date of receipt of a valid withdrawal request to pay the withdrawal or set up a regular withdrawal facility. In certain unusual circumstances, withdrawals may take up to 15 business days to pay or set up a regular withdrawal facility.

## The value of units

We will satisfy a withdrawal request by redeeming units and paying you the amount withdrawn in cash. The withdrawal value per unit withdrawn will be the unit value on the relevant valuation day (which is calculated by dividing the relevant Fund's net asset value by the number of units issued) less the sell spread (if any), see the 'Fees and other charges' section on page 19 for further information. Tax may also be deducted before the withdrawal amount is paid to you – see the 'Tax' section on page 21 for more information.

## Our ability to redeem units

We can redeem or treat as void any units that could or would result in a Fund losing its status as a portfolio investment entity, units that have been issued against payments that do not clear, and units that we

determine have been issued in error. Where units are voided the applicant will be paid their withdrawal value (where the applicant is legally entitled to the value) and (subject to maintaining equity between investors) any other compensation we consider appropriate. We can also redeem units to pay tax on your behalf (see the 'Tax' section on page 21 for more information) or in the circumstances outlined in the 'Powers in the Trust Deed' section on page 24.

From time to time we can set a minimum holding for the Funds and investment accounts. If an investor's balance falls below the relevant minimum (which is \$100 per investment account), they may, at our discretion, be deemed to have given a withdrawal notice for their remaining units in that investment account, and following payment, the account will be closed. As the Funds are closed to new investors, the investor will not be able to reinvest.

## Transferring your units

You are able to transfer your units to another existing investor, provided the required minimum balances are met by both you and the transferee after the transfer, and you transfer at least \$100 (unless you are transferring all of your units). You will need to complete a transfer form approved by us.

Unless we determine otherwise, we will process a transfer as a withdrawal and subsequent application for units in the relevant Fund or Funds. However, the issue price for units issued will be the same as the withdrawal value for the units withdrawn to facilitate the transfer. This means that the transferee will receive the same number of units that the transferor investor held, less any units redeemed to pay the transferor investor's tax liability.

### Suspension of transfers

We may suspend transfers from time to time. We cannot suspend transfers for more than 30 business days in a calendar year without the Supervisor's approval. We may also decline a transfer, including where the transfer would or could result in a Fund losing its status as a portfolio investment entity. Before a transfer can occur, the transferor investor must pay all duties, taxes, and other commissions, fees, and charges in respect of that transfer.

## Switching between Funds

You may switch a dollar amount or number of units between Funds within an investment account by giving us a switching notice that specifies the Funds you want to switch between. A notice is irrevocable once given (unless we agree otherwise), and switching notices must comply with any specifications we prescribe. If you switch between Funds, we will automatically update your investment mandate for the relevant investment account(s) to match your new Fund choice, rounded to the nearest multiple of 5%.

Switches between Funds within an investment account can also be made by changing your investment mandate for that investment account. If you choose more than one Fund for an investment account, your choice must be in multiples of 5% and must add up to 100%.

Switches will be processed in accordance with our investment cycle. If you have selected rebalancing and change your investment mandate for an investment account, we will rebalance your existing Fund holdings for that investment account to your new investment mandate at that time.

Please contact us for the required form.

You will need to satisfy the relevant minimums for applications and withdrawals, and buy/sell spreads (if any) apply, as a switch between Funds is processed as a withdrawal from one Fund and an application for units in

another Fund (see the 'Fees and other charges' section on page 19 for more information) and tax will be withheld as required. We have absolute discretion to decline to implement a switch, without giving reasons.

## Moving balances between investment accounts

You can also move your balances between investment accounts subject to satisfying the relevant minimums for applications and withdrawals. Buy/sell spreads (if any) apply where your investment accounts are invested in different Funds or have a different investment mandate (see the 'Fees and other charges' section on page 19 for more information).

Please contact us for the required form.

## Identity verification

We may require updated identity verification information from you before paying you a withdrawal. Verification information may be collected from you by us or a related entity on our behalf.

## Suspending or deferring withdrawals and switches

Under the Trust Deed there are a number of situations where we can restrict withdrawals and switches. As transfers are processed as an application and withdrawal, any restrictions may also affect your ability to transfer units to other persons. Specifically, these situations are:

### Suspensions

If we in good faith determine that giving effect to withdrawal notices or switching notices is not practicable, would or may be prejudicial to the general interests of the investors in a Fund or Funds, or is not desirable for the protection of a Fund or Funds, we can, following consultation with the Supervisor, either:

- suspend withdrawals and switches from the Fund for up to 90 days (or longer, if the Supervisor agrees); or
- pay out withdrawals requested by one or more investors in instalments over a period of up to 90 days (or longer, if the Supervisor agrees) or in a lump sum at the end of that period.

There is no limit on the extensions of time that the Supervisor could agree to. If we suspend withdrawals from a Fund and that suspension subsequently ends (either through the passing of time or us cancelling it early), then any investor affected by that suspension who still wishes to withdraw will need to provide a new withdrawal notice or confirm that we should process their withdrawal based on the notice already given.

### Side-pocketing

Subject to relevant law and the Trust Deed, we can, with the prior written approval of the Supervisor, create a 'side-pocket' of assets of one or more Funds if we consider that it is in the interests of the investors in that Fund or Funds generally to do so.

Side-pocketing is designed to separate a Fund's illiquid assets from more liquid assets (for example, in situations where withdrawals might otherwise need to be suspended). This usually involves restricting your ability to access the units in the Fund that relates to those assets, without affecting your ability to access the non-quarantined assets.

We will notify affected investors if we ever exercise any of the above powers.

## Changes to minimums

All minimum withdrawal, switch, and transfer amounts, and minimum balances, referred to in this document are as at the date of this document and may change in the future.

## Investing on behalf of a Child

The parent(s)/legal guardian(s) who have opened an investment account on behalf of a child (a person under the age of 18) are referred to as the Sponsor(s). The Sponsor(s) have full control over the account and make all decisions relating to the account until the child reaches the age of 18, at which time, full control over the account will pass over to the child and the Sponsor(s) will have no authority to act on the account or obtain information on the account. All contributions to the account and instructions issued on the account by the Sponsor(s) must be for the sole benefit of the child, and any withdrawals must be paid into a bank account held in the name of the child.

If the Sponsor(s) become mentally incapacitated or dies prior to the child reaching 18 years of age, the child's legal guardian(s) will take control over the account and make all decisions relating to the account until the child reaches the age of 18.

# Risks

There's always some risk when you invest and the level of risk varies depending on what you invest in. The level of risk is usually related to the possible return you might achieve from your investment. For example, investing in shares is likely to give you a higher return, however shares come with more risk than say fixed interest investments.

Investments in the Funds are not guaranteed, the Manager, the Supervisor, or any other person or company and nor does any party promise the repayment of, or returns on, investments in the Funds. The value of your investment can go up but it can also go down and this positive and negative movement is called volatility. You may not recover the full amount you've invested or receive any returns on your investment.

As a general rule, cash and fixed interest investments (called income assets) tend to be less volatile than commercial property, shares and alternative investments like derivatives or foreign exchange (called growth assets). Therefore the greater the proportion of growth assets in a Fund, the greater the potential to experience negative returns over the period of your investment. However, higher risk investments also have the potential for higher returns.

When using external investment managers (including where the Funds invest in managed funds), diversification, liquidity, cost/fees (either or), potential risk and returns, and tax efficiency are considered. Consideration is also given to the credentials and track record and transparency of the external investment manager.

We oversee this risk on your behalf. On the following pages we outline the risks associated with investing in the Funds and how we manage those risks. It is important to note that no mitigation strategy can eliminate all risks associated with investment.

Type of risk	Description	How we manage it
<b>Investment returns risk</b>	Different types of investments have different risks and perform differently at different times. For example, the return on growth assets tends to go up and down more than the returns from income assets. This means short term fluctuations in the value of a Fund are common, especially for Funds that invest mostly in growth assets like shares.	<p>Our minimum quality criteria must be met before any investment is included in a Fund's portfolio.</p> <p>We develop, with the consent of the Supervisor, a SIPO which describes the allowed investments, exposure levels and investment criteria for the investments held in the Funds.</p> <p>We regularly monitor the holdings of the Funds to ensure they remain within the criteria specified in the SIPO.</p> <p>We may visit companies or seek additional information in respect of investments held to be satisfied of their ongoing suitability.</p>

<b>Market risk</b>	Investment market performance can be affected by economic conditions such as investor opinion, inflation, employment rates and interest rates (including negative interest rates). Political events, and environmental and technological issues also impact investment market performance.	We keep our knowledge of various market factors up to date through a review of economic data both locally and internationally, as well as conducting our own research. This information is used when making investment management decisions.
<b>Currency risk</b>	Investments in foreign assets are bought and sold with foreign currency, and the Funds may hold foreign currencies directly. The value of the foreign assets and currency can change (up or down) when there are movements in the exchange rate between the New Zealand dollar and the foreign currency.	Where we can, we monitor the currency positions and may adjust the hedging levels of the currency exposure attributable to the holdings of the overseas assets.
<b>Investment manager risk</b>	How we choose to allocate each Fund's investments (and the investment decisions made by the managers of any Underlying Funds in which we invest) will affect that Fund's returns. In particular, our investment style may result in our returns differing from any market index and from competing investments.	<p>We maintain an up-to-date knowledge of various market factors through a review of economic data both locally and internationally while also conducting our own research. This information is then taken into consideration when making investment management decisions.</p> <p>We assess external managers and monitor their performance and compliance with investment guidelines to ensure they are taking appropriate measures to mitigate their own investment manager risk.</p> <p>We aim to complete a review of the strategic asset allocation for the Funds every two years to ensure we take into account updated capital market assumptions.</p>
<b>Credit risk</b>	The issuer of a security, an institution that we deposit funds with, or a third party that provides a guarantee for either may not honour their obligations, fail to complete transactions, or may become insolvent. If this occurs you may not recover the full amount of your investment in that Fund.	We analyse the creditworthiness of the issuers we purchase securities from, institutions we choose to deposit funds with, and third parties that provide a guarantee for either.
<b>Counterparty risk</b>	A party to an investment contract may not honour their obligations, or fail to complete a transaction, or may become insolvent. If this occurs in any of the investment contracts held by a Fund, you may not recover the full amount of your investment in that Fund.	The Manager deals with reputable brokers and trading platforms. For physical securities our preference is to pay on delivery of the financial instrument. For derivatives and over the counter contracts we ask counterparties to post collateral against unrealised losses to minimise

		potential losses in the event of default. Not all counterparties post collateral.
<b>Interest rate risk</b>	Fixed interest investments may become more or less valuable depending on changes in interest rates. If market interest rates rise, existing fixed rate investments become less valuable because new fixed interest investments will pay the current, higher rate of interest, and vice versa when market interest rates fall.	Where possible, we consider the expected impact of economic factors on interest rate sensitivity (i.e. the impact a change in interest rates will have) when selecting investments for the Funds.
	Interest rate risk is more applicable to Funds that invest mostly in income assets such as fixed interest securities.	
<b>Liquidity risk</b>	Low liquidity can affect the ability of the Fund to make payments when needed (such as meeting withdrawal requests) and the Fund may receive a lesser amount than expected if the assets have to be sold quickly and there are few buyers.	We operate a portfolio liquidity risk management framework to help ensure that portfolios are well-positioned to withstand stress scenarios and to allow portfolios to potentially take advantage of opportunities provided by market dislocations.
<b>Unfulfilled investment objectives</b>	There is no guarantee that the Funds will achieve the investment objectives set out in the SIPO and these objectives should not be taken as a guarantee or assurance of returns. A failure to meet investment objectives would affect the value of the relevant Fund.	We regularly monitor the returns of the assets held by the Funds. We may alter the mix of investments held if our analysis indicates that this could better achieve the Funds' objectives. Any amendment to the SIPO objectives must be made with the consent of the Supervisor to ensure members' best interests are considered.
<b>Inflation</b>	Inflation is a term used to describe the rise of average prices through the economy. Simply, inflation refers to the increased cost of living. There is a risk that if you receive returns from your investment in the Funds that are less than the rate of inflation, you may not be able to buy as many goods and services with your money as when you initially invested in the Fund(s). Inflation may impact on real returns.	Some investments may perform better than others during periods of inflation and we consider this when we design portfolios.
<b>Derivative risk</b>	A derivative is typically a financial contract such as futures, contracts or swaps, whose value depends on the future value of its underlying assets such as shares, bonds, currency or cash.	The Funds and the Underlying Funds may use derivatives to gain exposure to assets that are consistent with the SIPO or to manage currency exposures.
	Derivatives may be used as an alternative to investing in a physical asset, or as a risk management tool, providing a similar exposure to the	



	investment without buying or selling the asset underlying the derivative.	
	Any risks which can affect the physical asset can also affect the derivative and therefore their use may not remove all exposure they are intended to manage.	
<b>Operational or systems failure</b>	Risks may arise from a process failure, fraud, litigation, disruption to business by reason of an industrial dispute, system failure, natural disaster or other unforeseen event affecting the Funds (or the markets generally).	Business continuity plans are in place for periods of business disruption caused by unforeseen circumstances.
<b>Key personnel</b>	The success of each Fund depends to a significant extent upon us, or any external managers, continuing to employ a number of key personnel. Profiles of our investment team can be found at <a href="http://www.fisherfunds.co.nz/about/investment-team">www.fisherfunds.co.nz/about/investment-team</a> .	To minimise turnover, the Manager fosters an environment which attracts and retains key personnel, while at the same time operating in a collaborative manner therefore minimising key personnel risk.
<b>Legislative and regulatory</b>	Returns may be affected by any adverse legislative or regulatory changes in both New Zealand and offshore, which could have an impact on any investment or the markets in which they operate. Changes to legislation could have a significant impact on the Scheme and your investments in the Funds.	We keep abreast of proposed legislative and regulatory changes that may influence our investments, business or the markets in which we operate. When necessary we make submissions to ensure our clients and our business interests are represented.
<b>Taxation</b>	Changes in taxation rates or tax rules in New Zealand or overseas may affect the value of the assets of the Funds and/or your return.	We consider taxation implications when selecting investments. When changes in taxation are proposed, we review them to understand any impact on existing investments, fees and/or your return.
<b>PIE status</b>	Should a Fund fail to satisfy the PIE eligibility criteria necessary to retain PIE status, this could result in that Fund being taxed at a higher rate than the individual Prescribed Investor Rate (PIR) of members. It may also result in the Funds being taxed on investment gains.	We monitor factors influencing each Fund's PIE status on a regular basis and have processes in place to minimise potential breaches of PIE eligibility criteria, which may include adjusting a member's unitholding to maintain PIE status.
<b>Borrowing</b>	Where permitted by the SIPO we may borrow on behalf of the Funds and this may include borrowing against the assets of a Fund. This may exaggerate the effect of any increase or decrease in the value of the assets of the Fund and increase the risk of insolvency.	Portfolios are subjected to stress testing to monitor the impact of borrowing on the risk profile of the Funds.
	Under our current investment strategies this risk is predominantly relevant to Funds that invest in unlisted property assets. The Funds may invest in other funds, which may borrow from time to time.	

# Conflicts of interest

A conflict of interest is when a financial or any other interest, a relationship, or any other association of the Manager, a person associated or related to the Manager, or of a relevant person would or could reasonably be expected to, materially influence the investment decisions of the Manager or FFML when providing investment management services (or both) in respect of the Scheme, or any Funds of the Scheme.

The Manager is associated and/or related to:

- Fisher Funds Wealth Investments Limited Partnership (FFWILP)
- Fisher Funds Wealth General Partner Limited as general partner of FFWILP
- Fisher Funds Wealth Investment Management Limited
- FFML

A 'relevant person' is:

- a director or senior manager of the Manager or any of the above associated or related entities; or
- an employee of the Manager who has a significant impact or influence on the investment decisions that are made in respect of the Funds; or
- any of the above associated or related entities.

Related and associated entities could materially influence the investment decisions of the Manager or FFML in relation to the Scheme and each Fund by providing positive or negative incentives or exerting management control to influence them to:

- invest in securities issued by the related party in preference to securities of other issuers;
- use third parties which provide benefits to the related party;
- obtain benefits for the related party, or another party over which they have control;
- use the services of a related party ahead of third parties;
- invest in a manner which benefits products and funds it is the issuer of.

The Manager and FFML are also subject to the conduct requirements of the FMCA and are required to act in the best interests of investors of the Scheme.

The following table sets out the types of conflicts of interest that the Manager believes currently exist or are likely to arise in the future in respect of the Scheme:

Existing conflicts	How the conflict is managed
Directors and senior managers of the Manager may hold interests in the Funds. A conflict would arise if a senior manager or director attempted to change the investment strategy for the Scheme or a Fund to benefit the Fund in which they invest.	All directors and senior managers of the Manager are obliged under the FMCA to act in the best interests of the investors of the Funds, and are bound to comply with the relevant (staff or director) conflict of interest policies or codes of conduct.
The Funds currently invest predominantly in Underlying Funds.	While the assets of each Fund are currently primarily invested in Underlying Funds, no related party benefit is provided and the usual principles of prudence, diversification and liquidity are applied to the investment of those Underlying Funds.

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FFML has competing products while being able to exert control over the Manager and providing investment management services to the Funds.

All directors and senior managers of the Manager are obliged under the FMCA to act in the best interests of the investors of the Funds and are bound to comply with the relevant (staff or director) conflict of interest policies or codes of conduct.

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The above conflicts may affect any or all of the Funds.

The assets of each Fund may be invested with a related party, provided the transaction is in accordance with the requirements of the FMCA, or there is no related party benefit.

# Fees and other charges

This section contains more information about the fees and charges that you will pay as an investor in the Funds.

## Additional costs, charges and expenses

Both we and the Supervisor are entitled to be reimbursed from the Funds, in addition to the fees stated in the PDS, for all other expenses, losses, costs, or liabilities where the following apply:

- in the case of the Supervisor, it has consulted with us prior to incurring the relevant expenses, losses, costs, or liabilities; and
- a prudent professional supervisor or manager (as appropriate) would consider it reasonable to incur such expenses, losses, costs, or liabilities in order to assist us or the Supervisor (as the case may be) comply with its obligations and duties under the Trust Deed and at law.

You can find out the total amount of expenses charged to the Funds in a year by looking at the financial statements, once available, on the Scheme's schemes register entry at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## How we estimate fees and charges

An estimate has been used to calculate the 'Other costs (estimate)' in the PDS, which are included in the 'Total estimated annual fund charges' figures. Underlying Fund fees have been estimated using the target allocation to each Underlying Fund and the total expense ratio (TER) of the Underlying Funds.

## Buy/sell spreads

Although under normal trading and market conditions we do not apply buy and sell spreads, we may choose to do so. For example, during a period of market volatility - with the aim that transaction costs associated with members buying or selling units, or switching between funds, are met by those members and not the other members in those funds.

There are transaction costs when the underlying assets of a fund are bought and sold. These impact the fund's unit prices. To reflect the likely transaction costs of selling underlying assets we can apply a sell spread to members' withdrawals (including switches) from a fund. Similarly, a buy spread can be applied to members' investments (including switches) into a fund to reflect the likely transaction costs of buying underlying assets. Any buy or sell spread is retained by the fund to offset transaction costs and is not a fee paid to us.

You can find out if any buy or sell spreads have been applied at [www.fisherfunds.co.nz/spread-pricing](http://www.fisherfunds.co.nz/spread-pricing).

## Limits on fees and expenses

Under the Trust Deed the maximum fees that we can charge out of each Fund are:

### Contribution fee

5% (plus any GST) of the consideration for meeting the issue price of units.

### Annual Fees

2% (plus any GST) per annum of the net asset value of the Fund.

### **Performance fee**

To be set at the time any performance fee is introduced.

### **Withdrawal fee**

5% (plus any GST) of the amount withdrawn.

### **Supervisor fee**

0.075% (plus any GST) per annum of the net asset value of the Fund.

There are no limits on the buy/sell spreads that we can charge. Subject to the above limitations and the limitation set out under 'Additional costs, charges, and expenses' above, there is no limit to the amount of remuneration that we can be paid or on the amount of expenses we can recover.

## **GST on fees**

All fees are stated on a GST exclusive basis.

From the annual fund charges we pay for administration, supervision, custodian, and investment management services. Where applicable, GST will be charged at the standard rate of 15%.

# Tax

This section provides more information on the tax consequences of investing in the Funds.

## Important note

The information in this document is intended as general guidance only. We recommend that you seek professional tax advice specific to your individual circumstances prior to investing, so that you clearly understand the tax implications of such an investment.

You should also monitor the tax implications of investing in the Scheme and should not assume that the position will remain the same as it is when you start investing. Neither we, nor the Supervisor or any other person, accepts any responsibility for the tax consequences of your investment in the Scheme.

## Portfolio investment entities

Each Fund is a portfolio investment entity for tax purposes and the following comments are based on each Fund remaining a PIE.

As a PIE, income earned by a Fund will be attributed to all investors in proportion to their interests in the Fund. We will pay tax to Inland Revenue on your behalf and adjust your interest in the Fund to comply with PIE tax requirements.

We calculate your portion of tax on this income based on your prescribed investor rate ('PIR'), which can be 0%, 10.5%, 17.5% or 28%. These tax rates are set by legislation, and you are responsible for making sure we have your correct PIR on record. If you do not tell us your PIR, your income will be taxed at the highest rate.

You can advise us of your PIR at any time, including when it changes, by contacting the Fisher Funds Client Services Team on 0508 347 437, or [enquiries@fisherfunds.co.nz](mailto:enquiries@fisherfunds.co.nz).

If you are investing jointly with another person or persons, the highest PIR of the joint investors will be used. We notify Inland Revenue of the joint investors details and Inland Revenue split the income and tax equally between all joint investors. If you disagree with Inland Revenue's allocation of income and tax to joint investors, we are unable to change this but you can change the allocation in myIR (all joint investors will need to make this change).

For information on determining your PIR please visit the Inland Revenue website at [www.ird.govt.nz/pir](http://www.ird.govt.nz/pir) or call them on 0800 227 774.

Provided that you advise us of your correct PIR and IRD number, tax paid by a Fund on income attributed to you will generally be a final tax.

If you are a NZ tax resident natural person, Inland Revenue will calculate any PIE tax over/under paid based on the PIR applied and add that to your end of year income tax position as part of its automated year end assessment process. No further action is required where the PIR applied is correct for the year.

If you are a non-NZ tax resident or entity other than a natural person, if your PIE income is taxed using:

- the 28% PIR, no further action should be required

- an advised PIR less than the 28% PIR but greater than 0%, you may need to file a NZ income tax return and may be liable to Inland Revenue for further tax and penalties
- a PIR of 0%, you will need to file a NZ income tax return.

You should note that the Commissioner of Inland Revenue is able to notify us to disregard a PIR advised by you if the Commissioner considers the rate to be incorrect and will notify us of the PIR which is to be applied. In these circumstances, we are required to apply the PIR as soon as reasonably practicable. The rate notified by the Commissioner will then apply in respect of your interest in a Fund unless you subsequently notify us of a different PIR.

## Calculating PIE tax

A Fund's tax position for a period is calculated as the sum of its investors' tax positions (based on their respective PIRs) for that period. If, in a period, the sum of investors' tax positions means the Fund makes a tax loss, or if the Fund has more New Zealand tax credits attributed to it than are required to meet its tax liability, generally we will claim a tax credit from Inland Revenue. We have the option of allocating each investor's proportional share of that tax credit to the investor's account when it is received.

As a PIE, any gains made by a Fund from disposing of shares in New Zealand resident companies and certain Australian resident listed companies will be excluded from its taxable income. Tax on most other overseas shares and interests in managed funds held by a Fund will be calculated using either the fair dividend rate ('FDR') or the comparative value ('CV') methods, depending on the particulars of the investment and any determinations issued by the Commissioner of Inland Revenue.

Under the FDR method, a Fund derives taxable income of 5% per annum of the opening market value of the relevant overseas shares and interests in managed funds at the start of each valuation period. This is adjusted for any quick sales (being relevant overseas shares and interests in managed funds purchased and sold within the same period). Any dividends or other returns flowing from overseas shares and interests in managed funds that are taxed under the FDR method will not be separately taxed in New Zealand but credits for foreign tax withheld may be offset, subject to some limitations. Also under the FDR method, there are no tax deductions for any losses in respect of holdings in overseas shares and interests in managed funds.

Under the CV method, a Fund derives taxable income equal to the difference between the value of the relevant overseas shares and interests in managed funds at the end of a valuation period and the value of those shares and interests at the start of that valuation period, with adjustments made for certain gains (which include any relevant dividends and tax credits and any proceeds from disposing of the relevant shares and interests) and costs (which include any relevant foreign income tax which is paid or payable and any costs in relation to purchasing the relevant shares and interests).

Most overseas shares and interests in managed funds held by a Fund are taxed pursuant to the FDR method.

Tax payable on a Fund's other income (e.g., interest on bank deposits) will be calculated according to the relevant 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).

Where a Fund invests in funds that are themselves PIEs, the funds should attribute PIE income to the Fund to be taxed in the same way as if the underlying investments had been held by the Fund directly.

## PIE tax advantages

Investing through a PIE may provide tax advantages over investing directly. For example:

- a. Because the PIRs at which tax is paid on PIE income are capped at 28%, and no other tax is generally payable by individual investors, there can be tax advantages to investing in a PIE if you are on a marginal tax rate higher than 28%.
- b. PIEs can take steps to ensure foreign withholding tax (e.g., on dividends) is deducted at the correct rate and manage foreign withholding tax reclaims for tax deducted in excess of the correct rate directly. Consequently, investing through a PIE can relieve investors of administrative obligations required to ensure foreign withholding tax is deducted at the correct rate.
- c. Gains made on disposals of most Australian and New Zealand shares are not taxable even when those shares are actively traded.



# Powers in the Trust Deed

This section provides a general overview of some powers in the Trust Deed and at law that may have a material impact on the Scheme, or any Fund.

Further information can be found in the Trust Deed, which is available from the Scheme's entry on the schemes register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## We can change the Trust Deed

We can make changes to the Trust Deed (including the Establishment Deeds) with the agreement of the Supervisor, and within the rules of the Act, if either:

- the Supervisor is satisfied that amendment does not have a material adverse effect on investors; or
- the amendment has been approved by (or is contingent on approval by) separate special resolutions of the investors that are or may be adversely affected by the amendment (or, if applicable, of each separately affected class of investor).

The Trust Deed (including the Establishment Deeds) could also be amended in any other manner permitted by law.

## We can change the SIPO

The Scheme has a SIPO which covers each Fund. Subject to the Trust Deed and any applicable law, we can amend or replace the SIPO with the Supervisor's consent. We will give you at least two weeks' prior notice of changes to the allowable ranges of the asset allocations of the Funds.

## The Scheme, or a Fund, could be wound up

We could decide to wind up the Scheme or a Fund in the circumstances provided for in the Trust Deed. The Scheme could also be wound up by order of the court (on the application of the Financial Markets Authority or the Supervisor).

If the Scheme is wound up, we will sell all of the Scheme's assets, pay the costs of closing down the Scheme from the proceeds of selling assets, and pay investors out in cash in proportion to their holdings in each Fund.

If we wind up a Fund, we will send affected investors a notice that offers them the opportunity to either receive their entitlements in cash or to switch to a different Fund within the Scheme. That notice will also specify a default substitute Fund that investors will automatically be switched into on the winding up of the Fund if they do not choose one of the above two options. We will pay investors in cash, or switch them into their chosen substitute Fund depending on their election. If we do not receive an election within the time period we specify in the notice, we will switch investors into the default substitute Fund on wind up.

We also have discretion to offer investors the opportunity to receive their entitlements in the form of assets held any Funds they are invested in, instead of cash. We can suspend withdrawals, switches, and applications for units from the date a wind up is triggered, and can defer the sale of a Fund's investments if we in good faith determine that exceptional circumstances apply.

## We can require investors to withdraw their units in certain circumstances

We may redeem all of an investor's units in the Funds if we reasonably believe that:

- the investor no longer meets the eligibility criteria to be an investor in the relevant Fund(s);
- the investor has not provided us with the information we need to comply with the law (including laws relating to anti-money laundering) or we have been unable to verify that information; the investor has used or is using the Scheme to facilitate fraud, money laundering or other criminal offending; and/or
- the law requires us to terminate our relationship with the investor.

If this applies, we will give the relevant investor notice and they will be treated as having made a request to withdraw from the Funds they are invested in with immediate effect.

## Changes required by law

We will make changes that are required by law, such as changes to reflect the Act and other legislation we are required to comply with.

# Glossary

In this document, unless the context requires otherwise:

**'Act'** means the Financial Markets Conduct Act 2013 and, where applicable, includes the Financial Markets Conduct Regulations 2014.

**'Buy/sell spread'** An estimate of the total cost of buying or selling underlying investments held by a Fund which is added to or deducted from the unit price when applied. **'Currently'** means as at the date of this document.

**'Establishment Deeds'** means the establishment deeds between us and the Supervisor dated 4 May 2018 under which the Funds were established.

**'FFML'** means Fisher Funds Management Limited, a related party which provides investment management and administration services to the Funds.

**'Funds'** means the three funds that have been established within the Scheme (the Conservative Fund, Balanced Fund, and Growth Fund), and **'Fund'** means whichever one is relevant.

**'Manager', 'we', 'our' and 'us'** means Fisher Funds Wealth Limited, the manager of the Scheme.

**'Net asset value'** means the net asset value of a Fund, calculated in accordance with the Trust Deed. In the Trust Deed, this is referred to as 'Fund Value'.

**'PDS'** means the product disclosure statement for the offer of units in the Funds of the Scheme.

**'PIE'** means a portfolio investment entity, a special type of investment vehicle for income tax purposes where tax is usually paid on your behalf at a rate approximating your marginal tax rate. Each Fund is a PIE.

**'PIR'** means prescribed investor rate, and is the rate the PIE uses to calculate tax on PIE income.

**'Scheme'** means the Fisher Funds Investment Funds.

**'Underlying Funds'** means wholesale funds issued by a related party of ours.

**'SIPO'** means a statement of investment policy and objectives agreed with the Supervisor for the Scheme which covers each Fund.

**'Trust Deed'** means the master trust deed dated 4 May 2018 for the Scheme, as amended from time to time (and, unless the context requires otherwise, includes the Establishment Deeds).