

Individually Managed Account Service — Model Portfolios Service Disclosure Statement

29 September 2023

1. What is this?

This is a discretionary investment management service (DIMS) provided by Fisher Funds Management Limited (Fisher Funds). Under a DIMS, the provider invests your money on your behalf in financial products, such as managed funds, and charges fees for the service. You will hold the financial products through a custodian. The types of investments that Fisher Funds can invest your money in, and the fees, are described in the investment proposal that must be made available to you.

You will be relying on the investment decisions that Fisher Funds makes. The value of the investments made for you may go up or down.

2. Who provides this service?

The Fisher Funds Individually Managed Account Service — Model Portfolios (IMA Service) is provided by Fisher Funds, a specialist investment manager established in 1998, and licensed as a provider of DIMS under the Financial Markets Conduct Act 2013.

Fisher Funds Management Limited
 Level 1, 67-73 Hurstmere Road
 Private Bag 93502
 Takapuna, Auckland 0622

0508 347 437
 enquiries@fisherfunds.co.nz
 fisherfunds.co.nz

Who else is involved?

	Name	Role
Custodian	FNZ Limited (the Custodian)	FNZ Limited is the entity that is the independent custodian of the investment assets held through the IMA Service. The Custodian may also appoint sub-custodians to hold your investment assets.
Financial adviser	The financial adviser appointed by you in respect of the IMA Service and accepted by Fisher Funds	Your financial adviser will provide you with financial advice in respect of the IMA Service. You must appoint a financial adviser prior to investing through the IMA Service.

3. How the Fisher Funds Individually Managed Account Service - Model Portfolios work

The IMA Service combines the skills of a financial adviser of your choice (provided the financial adviser has entered into an agreement with Fisher Funds) with the investment expertise of Fisher Funds, as provider of the IMA Service and manager of the managed funds into which the model portfolios invest, and the services of an independent custodian. The IMA Service involves managing your investment portfolio by Fisher Funds making investment decisions for you based on model portfolios and the instructions of your financial adviser.

By investing through the IMA Service you will benefit from:

- Simple and effective portfolio management by Fisher Funds using a single platform from which to acquire, retain and sell all your investments. All securities within the model portfolios are regularly monitored by Fisher Funds' investment team to ensure they continue to meet the quality criteria set by Fisher Funds and retain their ongoing suitability.
- The security provided by an independent custodian who holds your investments in trust for you.
- Financial advice provided by a financial adviser who can help you choose a portfolio to match your investment needs and objectives, and use the IMA Service on your behalf.
- Choice as to how much you invest through the IMA Service, subject to meeting the minimum initial lump sum investment amount of \$50,000 (or a lesser amount at Fisher Funds' discretion), and the model portfolio, or combination of model portfolios, in which you invest.
- Regular consolidated transaction, valuation and performance reporting on your account replacing multiple reports for individual investments.
- Simpler tax management because the Custodian will take care of any Portfolio Investment Entity ('PIE') tax payable or receivable and any Resident Withholding tax payable on your behalf, based on the tax elections you provide.
- Your financial adviser acting as one point of contact who can answer your questions, provide investment advice and take care of transactions on your behalf. One of the core services your financial adviser will provide is monitoring of your account to ensure that it continues to meet your agreed investment goals and objectives.
- A range of investment options are available through the model portfolios which provide comprehensive asset exposure across many asset classes. Asset exposure is usually gained by Fisher Funds investing through a managed fund of which Fisher Funds is the manager, but the model portfolios may also include directly held securities.

A range of model portfolios are available under the IMA Service which provide comprehensive exposure across many asset classes and each of which have different investment strategies:

Model portfolio	Investment objective
Fixed Interest	To provide stable returns over the long term by investing predominantly in fixed interest assets.
Conservative	To provide stable returns over the long term by investing mainly in income assets with a modest allocation to growth assets.
Balanced	To provide a balance between stability of returns and growing your investment over the long term by investing in a mix of income and growth assets.
Growth	To grow your investment over the long term by investing mainly in growth assets.
Equity	To focus on growth of your investment over the long term by investing predominantly in shares.

Investors using the IMA Service must appoint a financial adviser who must have entered into an agreement with Fisher Funds. Your financial adviser will consider your personal financial situation and assess your investment objectives and risk tolerance before providing you with investment recommendations.

Fisher Funds does not assess whether any investment decision is suitable for you and will only act on instructions issued by your financial adviser.

The Investment Proposal(s) for the model portfolio(s) you choose for your investment contain(s) important information in relation to investment authority and strategy, historic returns, fees and costs and risks for the relevant model portfolio. The Investment Proposal(s) relevant to your investment will be provided to you together with this document. You may also request copies of any of the Investment Proposal(s) free of charge from Fisher Funds using the contact information in section 10 of this document.

Certain fees are payable in respect of the IMA Service. Fees also apply to the Fisher Funds managed funds your portfolio may invest in. Please refer to section 3 of the relevant Investment Proposal (Fees and costs) for further information.

Custody of financial products that are acquired under the IMA Service

Your investments are held on your behalf in custody, meaning they are held in trust for your benefit, in the name of FNZ Limited, the Custodian for the IMA Service, or in the name of a sub-custodian appointed by the Custodian. Your investments, and money in your Cash Management Account, are pooled together with money or investments held on behalf of others who invest through the IMA Service. However, the Custodian keeps separate records of each investor's assets.

Your Cash Management Account will hold some of the cash portion of your account and all financial transactions will be processed through it. Funds in your Cash Management Account are held in trust for you in the name of FNZ Custodians Limited, a sub-custodian appointed by the Custodian for the IMA Service. These include cash deposits and withdrawals, dividend and interest payments, investment income and redemptions, sales proceeds and fees and expenses. Your Cash Management Account is also able to hold a selection of foreign currency accounts. Interest earned on your Cash Management Account is calculated daily. Your Cash Management Account must retain a minimum cash balance that is sufficient to meet the fees chargeable to your account. Investments may be sold in order to create a minimum cash balance. If this is necessary, Fisher Funds will contact your financial adviser.

New Zealand and Australian investments you hold through the IMA Service will usually be registered in the name of FNZ Custodians Limited, a sub-custodian appointed by the Custodian, as the nominee holder of the investment. This means that these assets will be recorded at registries, on bank accounts and at similar record-keepers in the name of FNZ Custodians Limited, or any other appointed sub-custodian.

Overseas investments will usually be held on a pooled (aggregated or omnibus) basis in the name of a nominee's company controlled by the Custodian or by a sub-custodian appointed by the nominee.

While typically overseas investments are held by a nominee in a way that segregates those assets from the nominee's own assets, in certain circumstances, overseas investments may be registered in the name of another custodian in a way where such segregation is not available due to market practice or restraints.

Fisher Funds may terminate its agreement with the Custodian at any time by giving six months' written notice. Once notice has been received, the Custodian must cooperate with Fisher Funds to establish a transition plan in accordance with which the custody and administration of clients' assets and the operation of clients' Cash Management Accounts can be migrated to another independent custodian.

In the event that Fisher Funds terminates its agreement with the Custodian and appoints a new custodian, we will assess potential replacements in terms of their reputation and standing in the industry, their ability to comply with all requirements under the Financial Markets Conduct Act 2013, their reliability, the functionality of their platform and online access, the reasonableness and transparency of their fees and their overall technological capabilities and business continuity plan. We will also assess any potential custodian's fit with our organisation in terms of their client service capabilities and values. The Custodian was appointed by the previous provider of the IMA Service for the model portfolios following its process at the time.

How to grant and terminate the investment authority

The Individually Managed Account Service Client Servicing and Monitoring Agreement (Client Agreement) governs the service and you must enter into a Client Agreement at the same time as or before the investment authority is granted.

Investment authority is granted to Fisher Funds by you when you submit to us a completed Client Agreement and investment authority (which forms part of the Client Agreement). Any party to a Client Agreement may terminate the Client Agreement by written notice to the other parties without penalties. Investment authority to Fisher Funds is terminated on the termination of the Client Agreement, provided that any pre-existing rights or obligations including outstanding transactions and payments of any amount due are protected.

Within 14 days after notice of termination of the Client Agreement, you must instruct us to either transfer into your name, or the name of your nominated custodian, the balance of all investments held by the Custodian on your behalf (where practicable) or to liquidate all your investments within a reasonable time and transfer to your bank account the net proceeds in cash (less any fees owing under the Client Agreement). If you have not given us instructions, or if it is not possible or practicable to complete your instructions, the Custodian will liquidate the investments and pay the net proceeds together with any monies held by the Custodian on account for you, less any fees owing under the Client Agreement to your bank account.

Fisher Funds may at any time request the Custodian to transfer all or any investments from its name into your name without terminating the Client Agreement. You bear all costs and risks of any transfer of your investments, whether upon termination or otherwise.

You may not give instructions directly to the Custodian. Instructions to the Custodian regarding your account are given by your financial adviser or Fisher Funds.

You may not give instructions to Fisher Funds to exercise rights over the financial products that make up your portfolio (for example, a right to vote at meetings of product holders).

The Custodian will keep your financial adviser informed of certain important events that affect your investments, such as rights issues, bonus issues, takeovers, company reconstructions or the exercise or expiry of options, warrants and convertible bonds, and act in accordance with your instructions (as communicated by your financial adviser). The custodian does not provide financial advice.

You may give instructions relating to the financial products in your portfolio (for example, an instruction to dispose of some units in the model portfolio) to your financial adviser either in writing or verbally. Your financial adviser will communicate your instructions to the Custodian.

The investment strategy to be applied in respect of your investment is described in the Investment Proposal(s) for the IMA Service for the model portfolio(s) you choose.

Fisher Funds chooses investments for each model portfolio. On a monthly basis Fisher Funds will rebalance any client portfolios that have moved outside of the pre-set tolerance levels for the relevant model portfolio asset allocations. The Custodian transacts automatic rebalancing of the model portfolios at the instruction of Fisher Funds. An example of rebalancing is set out below.

You do not have the right to be consulted on, or to countermand, Fisher Funds' decisions with respect to the assets that make up the model portfolios, the weightings of the assets or the rebalancing of your holdings in the model portfolios.

Rebalancing example:

On 1 May Mr Smith's financial adviser instructs Fisher Funds to invest \$100,000 into a Balanced Model Portfolio. Fisher Funds invests that amount in five Fisher Funds managed funds and his Cash Management Account to achieve the allocated weighting for a Balanced Model Portfolio.

Value of investment at 1 May	Balanced model portfolio	% allocation to each asset class
\$2,000	Cash Management Account	2%
\$12,000	Fisher Funds Property & Infrastructure Fund	12%
\$18,000	Fisher Funds New Zealand Fixed Income Trust	18%
\$20,000	Fisher Funds BondPlus Fund	20%
\$14,000	Fisher Funds Trans Tasman Equity Trust	14%
\$34,000	Fisher Funds Global Fund	34%
\$100,000		100%

Between May and June international markets perform well compared with other markets and the Fisher Funds Global Fund increases in value. Mr Smith's investments are now out of alignment with the preferred allocation for each asset class in the Balanced Model Portfolio. He is overweight in international equities and underweight in other asset classes.

In June (and each month thereafter) Fisher Funds reviews Mr Smith's portfolio and if necessary resets the weightings back to the preferred asset allocation. This is achieved by buying or selling units in the managed funds in each asset class, as demonstrated in the table on the following page.

Value of investment at 1 June	Balanced model portfolio	% allocated to each asset class	% underweight or overweight	Buy/Sell to rebalance portfolio	% allocated to each asset class after rebalance
\$2,500	Cash Management Account	2.0%	0.0%	\$0	2%
\$15,250	Fisher Funds Property & Infrastructure Fund	12.2%	0.2%	-\$250	12%
\$18,750	Fisher Funds New Zealand Fixed Income Trust	15%	-3%	\$3,750	18%
\$21,750	Fisher Funds BondPlus Fund	17.4%	-2.6%	\$3,250	20%
\$14,250	Fisher Funds Trans Tasman Equity Trust	11.4%	-2.6%	\$3,250	14%
\$52,500	Fisher Funds Global Fund	42%	8%	-\$10,000	34%
\$125,000		100%			100%

Fisher Funds' Portfolio Managers are responsible for managing the assets within the relevant managed funds that are used to construct the model portfolios but are not involved in the provision of the IMA Service.

Fisher Funds' Chief Investment Strategist is responsible for setting the asset allocation for each model portfolio investment strategy, determining the mix of Fisher Funds' managed funds used to create each model portfolio investment strategy, and ensuring that instructions are provided to the Custodian to rebalance the portfolios when required.

4. Risks of using this service

Investing through this service has risks. Under this service, you give up some control over investment decisions, and rely on Fisher Funds' decisions.

All investments have a degree of risk. The value of your financial products may go down as well as up. You may not achieve the returns you expect and may not receive all your investment back.

Each investment strategy has different levels of risks relating to the financial products being invested in and their management. For example, the Growth Model Portfolio invests predominantly in growth assets, such as shares. Growth assets generally experience more ups and downs in value than income assets. Please refer to section 4 of the relevant Investment Proposal (Risks) for further information.

The significant risks of investing in the IMA Service include:

Model portfolio	Investment objective
Investment returns risk	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 model portfolio are common, especially for model portfolios that invest mostly in growth assets like shares.
Market risk	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.
Currency risk	Some of the managed funds in which the model portfolios invest in include investments in foreign assets that are bought and sold with foreign currency, and the managed 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.
Investment manager risk	How we choose to allocate each model portfolio's investments will affect that model portfolio's returns. In particular, our investment style may result in our returns differing from any market index and from competing investments
Credit risk	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 receive the full amount of your investment in the model portfolio(s).
Counterparty risk	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 managed fund in which the model portfolios invest, you may not receive the full amount of your investment in the model portfolio(s).
Interest rate risk	Fixed interest investments may become more or less valuable depending upon 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. Interest rate risk is more applicable to model portfolios that invest mostly in income assets such as fixed interest securities.
Liquidity risk	Low liquidity can affect the ability of a managed fund in which the model portfolios invest to make payments when needed (such as meeting withdrawal requests) and the model portfolios may receive a lesser amount than expected if the assets of the managed funds have to be sold quickly and there are few buyers.
Unfulfilled investment objectives	There is no guarantee that the model portfolios will achieve their investment objectives 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 model portfolio.

Inflation	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 model portfolios 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 model portfolios. Inflation may impact on real returns.
Derivative risk	<p>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.</p> <p>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.</p> <p>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.</p>
Operational or systems failure	Risk 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 model portfolios (or the markets generally).
Key personnel	The success of each of the model portfolios depends to a significant extent upon us continuing to employ a number of key personnel. Profiles of the Fisher Funds investment team can be found at fisherfunds.co.nz/about/investment-team .
Legislative and regulatory	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 your investment in the model portfolios.
Taxation	Changes in taxation rates or tax rules in New Zealand or overseas may affect the value of the assets of the model portfolios and/or your return.

5. Fisher Funds' conflict of interest

The IMA Service invests in managed funds issued by Fisher Funds. Fisher Funds rebates the full management fee received from investing your portfolio in these managed funds; however, Fisher Funds does not rebate any performance fee payable as manager of a managed fund in which your portfolio is invested.

To further manage this conflict of interest, all transactions in relation to the investment of your portfolio into the above Fisher Funds managed funds are conducted on an arm's length basis in accordance with each model portfolio's asset allocation. This conflict of interest could not therefore be reasonably expected to materially influence Fisher Funds' choices of financial products to acquire or dispose of under the service.

Fisher Funds also has policies and procedures in place to identify and manage conflicts of interest both on an ongoing basis and as and when new conflicts of interest arise.

6. Tax

Taxes may affect your returns under this service. Your tax obligations will differ according to the nature of the investments. You are responsible for meeting any tax obligations that arise. You should seek professional advice on your tax obligations.

Resident withholding tax or other taxes may be deducted by the Custodian or an issuer from returns on the investor's portfolio. The Custodian or its appointed sub custodian may deduct taxation from any payment of income if it is obliged to do so by law. Neither Fisher Funds nor the Custodian shall have any responsibility with regard to your tax status or position in any jurisdiction.

7. How to complain

If you have a problem, concern or complaint about any part of the IMA Service, we would like to hear about it.

You can phone Fisher Funds on 0508 347 437 or write to:

Head of Client Hub
Fisher Funds Management Limited
Private Bag 93502, Takapuna, Auckland 0740
complaints@fisherfunds.co.nz

Fisher Funds is a member of an independent approved dispute resolution scheme run by Financial Services Complaints Limited (FSCL) – A Financial Ombudsman Service. If we haven't been able to come to a suitable resolution with you, you can talk to FSCL who will assist you.

You can contact FSCL at:

0800 347 257
info@fscl.org.nz
fscl.org.nz
PO Box 5967, Wellington 6140
Level 4, 101 Lambton Quay, Wellington 6011

FSCL will not charge a fee to you to investigate or resolve a complaint.

8. Where you can find more information

You can find more information about the IMA Service in the IMA Service Investor Guide and the IMA Service Client Agreement. These documents are available online at fisherfunds.co.nz/ima. You can also contact Fisher Funds by phone or in writing using the information on page 10, or your financial adviser in the usual manner you contact your financial adviser, and ask for any IMA Service investor documents (including reporting provided by or on behalf of us) to be emailed or posted to you, free of charge.

You will receive regular reporting from your financial adviser in respect of your investment in the IMA Service. The Custodian will provide you with an annual tax statement. In addition, the Custodian will make reports available to you directly, either through an electronic facility on a substantially continuous basis (if you have agreed to this method) or by way of email or post every six months, to confirm the transactions you have made, the investments the Custodian currently holds in trust on your behalf and details of the fees you have paid over that reporting period.

Information about the investment strategy applying to you, including a valuation, transactions, and fees and expenses of that strategy will be made available to you by Fisher Funds (or on our behalf) by way of regular reporting either through an electronic facility on a substantially continuous basis (if you have agreed to this method) or by way of email or post every three months.

9. How to enter into client agreement

To invest through the IMA Service you must appoint a financial adviser who has entered into an agreement with Fisher Funds and complete and enter into a Client Agreement. Please contact us or your financial adviser to arrange this. You will also need to provide identity documents and details of your bank account.

10. Contact information

IMA Service Provider

Fisher Funds Management Limited
Level 1, Crown Centre, 67 – 73 Hurstmere Road, Takapuna, Auckland 0622
Private Bag 93502, Takapuna, Auckland 0740 | 0508 347 437
enquiries@fisherfunds.co.nz

Custodian

FNZ Limited | Level 3, 29A Brandon Street, PO Box 396, Wellington 6140
0800 888 445
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Contact: Private Bag 93502,
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