



## Other Material Information Octagon Investment Funds

23 July 2024

This document contains important information relating to the offer of units in the Octagon Investment Funds (**Scheme**) that is not contained in the Product Disclosure Statement for the Scheme, or the other documents within the Scheme's entry on the register of offers of financial products at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). It should be read together with those documents.

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

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## General information

### In this document:

- the words '**you**' or '**your**' refer to you and other persons who apply to invest in the Scheme or who are accepted as Unit Holders, including, where applicable, any Platform through which you invest in the funds.
- the words '**we**', '**us**', '**Manager**' or '**our**' refer to Forsyth Barr Investment Management Limited, the Manager of the Scheme. We have prepared the information in this document.
- where words are defined in this section, those words have the meaning given whenever they are used in this document.
- where we refer to something that we or someone else '**currently**' does, this describes our or their practice at the date of this document only. We can review and change our practices without notice to you, as long as we comply with the Master Trust Deed, Establishment Deeds and Governing Legislation. Other parties may change their practices at any time.

### Glossary

Appointment Date	means 30 November 2021, being the date on which Octagon Asset Management Limited was appointed the investment manager for the Scheme and the Scheme was renamed as the Octagon Investment Funds
Establishment Deed	means, for a fund, the deed providing for the establishment of the fund, containing the details that the Supervisor and Manager consider necessary or appropriate for the fund. The Establishment Deeds are Consolidated Establishment Deeds dated 9 August 2016 (amended 11 December 2020) and 24 November 2020, an Establishment Deed dated 4 May 2023, and the Amended and Restated Consolidated Establishment Deed dated 23 July 2024
Financial Markets Legislation	has the meaning given in the FMCA
FMA	means the Financial Markets Authority
FMCA	means the Financial Markets Conduct Act 2013 (and includes the Financial Markets Conduct Regulations 2014)

fund	means one of the funds of the Scheme, currently: <ul style="list-style-type: none"> <li>Enhanced Cash Fund</li> <li>New Zealand Equities Fund</li> <li>Australian Equities Fund</li> <li>Listed Property Fund</li> <li>Global Equities Fund</li> <li>New Zealand Fixed Interest Fund</li> <li>Income Fund</li> <li>Balanced Fund</li> <li>Growth Fund</li> </ul>
Governing Legislation	means as appropriate, all laws and regulations applicable to the Manager (including compliance by the Manager with the terms of its licence under the FMCA as a manager of registered schemes), the Supervisor, and Scheme at applicable points in time, and which may include without limitation, the Financial Markets Legislation and methodologies or frameworks issued by the FMA under the Financial Markets Legislation
Octagon	Octagon Asset Management Limited, which is the investment manager of the Scheme.
Master Trust Deed	means the Deed under which the Scheme funds were established, and Trustees Executors Limited is appointed as Supervisor and Forsyth Barr Investment Management Limited is appointed as Manager
PDS	means the Product Disclosure Statement for the Scheme (as defined in the FMCA)
PIE	means Portfolio Investment Entity
Platform	means an investing platform or similar service (for example InvestNow)
Scheme	means the Octagon Investment Funds as a whole, which is a registered managed investment scheme under the FMCA
SIPO	means the Statement of Investment Policies and Objectives for the Scheme (as defined in the FMCA)
unit	means an undivided part or share in a fund as described in the Master Trust Deed, and includes part of a unit
Unit Holder	means, in relation to a fund, a person for the time being entered on a register as the holder of a unit in that fund
Valuation Day	means, in respect of a fund, a day specified in the relevant Establishment Deed as a day in respect of which the value of the assets of the fund is determined

## 1: Additional information on the Scheme and the persons involved

The Scheme was established as the Forsyth Barr Investment Funds on 27 September 2007 in Dunedin, New Zealand when the Master Trust Deed was signed. The Scheme was renamed as the Octagon Investment Funds on the Appointment Date.

### Manager

We act as the Manager of the Scheme. As Manager we are responsible for offering and issuing interests in the Scheme to Unit Holders, managing the assets of the funds, and administering the funds. We are licensed under the FMCA as a manager of registered schemes. Further information on our licence is available on the FMA website ([www.fma.govt.nz](http://www.fma.govt.nz)) and also on the Financial Service Providers Register website ([www.companiesoffice.govt.nz/fsp](http://www.companiesoffice.govt.nz/fsp)).

Some information about us as at the date of this document is below:

### Directors

#### Neil Paviour-Smith, Wellington

##### ***Managing Director, Forsyth Barr Limited***

Neil was appointed Managing Director of Forsyth Barr in 2001 and has been working in NZ's capital markets for over 30 years. He is a Fellow of the Institute of Finance Professionals NZ (INFINZ) and a Fellow Chartered Accountant and a Chartered Fellow of the Institute of Directors. Neil is a former director of NZX Limited, the former Chancellor of Victoria University of Wellington, and former Chairman of the NZ Regulatory Board of Chartered Accountants Australia and New Zealand (CAANZ).

#### Gordon Noble-Campbell, Wellington

##### ***Head of Wealth Management Operations, Forsyth Barr Limited***

Gordon joined Forsyth Barr in 2012, and has over 30 years of experience in the financial services sector in a variety of senior executive roles. He is a Fellow of the Financial Services Institute of Australasia, and is a member of the Institute of Directors in New Zealand.

#### Peter Cearns, Auckland

##### ***Chief Operating Officer, Forsyth Barr Limited***

Peter Cearns joined Forsyth Barr in 2000. He has over 20 years of experience in capital markets covering compliance, project management and operational roles. Peter holds a Bachelor of Science

(Mathematics), a post-graduate diploma (Accounting), and a Master of Commerce in Economics/Finance (First Class Honours), all from the University of Auckland.

#### Ian Hankins

##### ***Head of Wealth Management, Forsyth Barr Limited***

Ian joined Forsyth Barr in December 2022 and leads the Wealth Management Division. Ian's career spans retail banking, investment banking and wealth management gained across New Zealand, Australia and the United Kingdom. Over the last 10 years he held a number of senior management roles at Westpac New Zealand, including Chief Financial Officer, Chief Transformation Officer and General Manager Consumer Bank.

Ian has a Bachelor of Commerce and Administration majoring in Money and Finance from Victoria University and in 2020 was awarded a Fellow membership of CPA Australia.

Our Directors may change from time to time without notice to Unit Holders. The current directors may be found on the Companies office website, at [www.companiesoffice.govt.nz/companies](http://www.companiesoffice.govt.nz/companies) (company number 2095523).

As at the date of this document we have delegated daily administration of the Scheme to Forsyth Barr Limited (see “**Other Parties**” below).

### **Investment Manager**

On the Appointment Date, we entered into an Investment Management Agreement with Octagon Asset Management Limited. Under the agreement, Octagon is responsible for the day to day investment management for each of the funds under normal market terms. Octagon is a related party of the Manager.

Some information about the Investment Manager as at the date of this document is below:

### **Directors**

**Neil Paviour-Smith, Wellington**  
*Managing Director, Forsyth Barr Limited*

See information above.

**Richard Bodman, Wellington**  
*Independent Director*

Richard is an Independent Director of Octagon Asset Management Limited. He has spent more than 25 years working in the financial services sector. He is an Independent Director & Chair of Te Ahumairangi Investment Management Limited, an Independent Director of Forsyth Barr Custodians Limited and Forsyth Barr Cash Management Nominees Limited, and up until 31 December 2022 was a non-executive Director of NZX Limited. He is a member of the Institute of Directors.

**Paul Bevin, Wellington**  
*Independent Director*

Paul has extensive experience in the investment management and superannuation industry. He recently retired from 18 years as General Manager Investments at Annuitas, the manager of the NZ Government Superannuation Fund Authority and the National Provident Fund. Prior to that, Paul was CEO of Tower Asset Management for 14 years and CEO of Tower Investments for 2 years

Paul is a Licensed Independent Trustee and has been on the Board of the BNZ Officers' Provident Association since 2005. He also serves on the Investment Committees of the Todd Family Office and their charitable foundation. He was a member of the NZ Stock Exchange Market Surveillance Panel from 1995 to 2001.

**Paul Robertshawe, Wellington**  
*Chief Investment Officer*

Paul is Chief Investment Officer of Octagon Asset Management Limited. Paul joined Forsyth Barr in 2021 and moved to Octagon on the Appointment Date. He has 25 years of experience in New Zealand's funds management industry and has been running equity portfolios for the past 17 years. Paul holds a BBS degree in Finance and Accounting from Massey University and is a member of Chartered Accountants Australia and New Zealand (CAANZ) and the Institute of Finance Professionals (INFINZ).

The Investment Manager's Directors may change from time to time without notice to members. The current directors may be found on the Companies Office website, at [www.companiesoffice.govt.nz/companies](http://www.companiesoffice.govt.nz/companies) (company number 8234756).

### **Senior Management**

The following Octagon personnel are involved in the investment management of the Scheme:

**Craig Alexander**  
*Head of Fixed Interest and ESG*

Craig joined Forsyth Barr in 2013 and moved to Octagon on the Appointment Date. He has over 30 years of experience spanning New Zealand's banking, insurance and fund management industries. Craig holds a commerce degree from Lincoln University of Canterbury

**Jason Lindsay**  
*Head of Equities*

Jason joined Forsyth Barr in 2019 and moved to Octagon on the Appointment Date. He has over 15 years of experience spanning New Zealand's equity research and fund management industries. Jason holds a BCA from Victoria University of Wellington and is a member of Chartered Accountants Australia and New Zealand (CAANZ) and the Institute of Finance Professionals (INFINZ).

**Paul Robertshawe**  
*Director, Chief Investment Officer*

See information above.

The ultimate holding company of the Manager, Forsyth Barr Limited and Octagon Asset Management Limited is Forsyth Barr Group Limited.

As at the date of this document we manage other managed investment schemes.

### **Supervisor**

Trustees Executors Limited acts as the Supervisor of the Scheme. The Supervisor is responsible for supervising the performance of our functions as manager. The Supervisor (or someone else it appoints) also holds all assets of the Scheme in trust for Unit Holders. Some information about the Supervisor is below:

### **Licence**

The Supervisor has been granted a full licence under the Financial Markets Supervisors Act 2011 to act as a supervisor of managed investment schemes. The licence expires on 16 January 2028 and is subject to reporting conditions. Further information on the Supervisor's licence is available on the FMA website ([www.fma.govt.nz](http://www.fma.govt.nz)) and also on the Financial Service Providers Register website ([www.companiesoffice.govt.nz/fsp](http://www.companiesoffice.govt.nz/fsp)).

### **Directors**

The current list of directors of the Supervisor may be found on the Companies Office website, at [www.companiesoffice.govt.nz/companies](http://www.companiesoffice.govt.nz/companies) (company number 142877).

### **Incorporation and parent company**

The Supervisor was incorporated in New Zealand in 1881, and was re-registered to become a company under the Companies Act 1993 on 30 June 1997. On 1 May 2002 the Supervisor's status as a statutory trustee company was confirmed under its own Act of Parliament, the Trustees Executors Limited Act 2002. The Supervisor changed its name to Tower Trust Limited on 1 May 2002 and changed from this name to its current name on 1 August 2003. The Supervisor's ultimate holding company is Sterling Grace (NZ) Limited, incorporated in NZ on 30 July 2003.

### **Custodian**

The Supervisor has not contracted an external custodian for the Scheme. It holds the assets of the funds through its wholly-owned nominee company, T.E.A. Custodians Limited.

## **Other Parties**

### ***Service Providers***

We may appoint administration or investment managers to carry out administration or investment management (as applicable) of the Scheme. Any administration or investment managers appointed by us may change from time to time without notice to you.

As at the date of this document we have delegated daily administration to:

Forsyth Barr Limited  
35 The Octagon  
Private Bag 1999  
Dunedin 9054

Forsyth Barr Limited is an authorised body under our licence as a manager of registered schemes.

We have delegated investment management to:

Octagon Asset Management Limited  
Level 19, 157 Lambton Quay  
Wellington, 6011

We have delegated unit pricing, investment accounting and registry services to:

Apex Investment Administration (NZ) Limited  
Level 25, QBE Centre  
125 Queen Street  
Auckland 1010

### **Auditor**

Deloitte has been appointed as Auditor of the Scheme. Deloitte is registered under the Auditor Regulation Act 2011. Other than in its capacity as auditor, and the provision of tax compliance services which it provides to us, Deloitte has no relationship with, or interests in, the Scheme.

### **No Guarantee**

There is no guarantee from the Crown or any other person in respect of the Scheme or any fund of the Scheme. No person associated with the Scheme guarantees the repayment of capital or the investment performance of the Scheme. Our obligations, and those of the Supervisor, are not guaranteed by any third party.

## 2: Additional information on the terms of the Scheme

This section provides information about the funds and how they work.

### Establishment

The Scheme was originally established as the Forsyth Barr Investment Funds under a Master Trust Deed dated 27 September 2007, as amended on 27 February 2015. That was replaced on 9 August 2016 by way of a consolidated Master Trust Deed effective 12 September 2016, being the date on which the funds of the Scheme opted-in to the FMCA regime. The consolidated Master Trust Deed was further amended on 24 November 2020. The Master Trust Deed is available on the schemes register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) (scheme number SCH10647). On the Appointment Date, the Scheme was renamed as the Octagon Investment Funds and the name of each fund modified by removing “Forsyth Barr” from the fund name. The Master Trust Deed was amended and restated on 23 July 2024 to reflect this name change.

The Scheme is registered on the register of managed investment schemes under the FMCA. The operation of the Scheme is governed by the FMCA.

When you become a Unit Holder in the Scheme you get the benefit of, and are bound by, the terms of the Scheme as set out in the Master Trust Deed and the relevant Establishment Deeds.

### Establishment of the funds

The Master Trust Deed allows the Supervisor and us to establish separate trusts (that is, new funds). If the establishment of a fund would affect you (as a Unit Holder in another existing fund) then we will give you one month’s notice.

Each fund is established by an Establishment Deed setting out the details of the new fund.

We may vary or alter the terms of the funds, and we may, after giving the Supervisor and you (if you are affected by the change) notice, merge funds together or divide a fund into separate funds.

### Separate trusts

Each fund is a separate trust, independent of the other funds, and:

- the assets of one fund may not be used to meet the liabilities of another

- all investments made with the money of a fund are held by the Supervisor as the exclusive property of that fund and for the exclusive benefit of Unit Holders in that fund
- we and the Supervisor keep separate records and accounts for each fund, although one fund may invest in another fund
- the creation of additional funds does not, in itself, affect any existing fund

*The dates of the Establishment Deeds (and amendments) are:*

<i>Fund(s)</i>	<i>Date of Establishment Deed</i>
Enhanced Cash Fund	4 May 2023, and amended and consolidated on 23 July 2024
New Zealand Equities Fund	27 September 2007, each as amended on 27 March 2008, 27 June 2008, 10 September 2014, consolidated on 9 August 2016, amended on 11 December 2020, and amended and consolidated on 23 July 2024
Australian Equities Fund	
Listed Property Fund	27 March 2008, each as amended on 10 September 2014, consolidated on 9 August 2016, amended on 11 December 2020, and amended and consolidated on 23 July 2024
Global Equities Fund	
New Zealand Fixed Interest Fund	27 March 2008, as amended on 7 July 2008, 19 September 2008, 10 September 2014, consolidated on 9 August 2016, amended on 11 December 2020, and amended and consolidated on 23 July 2024
Income Fund	24 November 2020, and amended and consolidated on 23 July 2024
Balanced Fund	24 November 2020, and amended and consolidated on 23 July 2024
Growth Fund	24 November 2020, and amended and consolidated on 23 July 2024



## Units

Each fund is divided into units. Each unit relates to a particular fund and confers an equal interest in the assets of that fund, although no investor acquires any interest in the individual investments of a fund. We may consolidate or subdivide the units in a fund, and units can be divided into part-units.

## Applications for units

You may apply for units in any fund, however where you are investing in the funds through a Platform, you can only apply for units through that Platform in accordance with the terms and conditions of the Platform provider. Your application is deemed to be received when we have received your instruction (or, where you are investing in the funds through a Platform, the instruction of your Platform) to apply for units in such form as we may specify, and you have forwarded or credited the necessary application money or other consideration for units. If your application is received before 5pm on a Valuation Day, your application will be effective for that Valuation Day. If your application is received at or after 5pm on a Valuation Day or on a day that is not a Valuation Day, your application will be effective on the next Valuation Day. The actual calculation of unit values and issue of units generally happens on the second business day following the effective date of the application.

We may specify minimum investment amounts for initial and subsequent investments in each fund. See the PDS for the current minimums.

## Issue of units

The number of units issued to you will reflect the amount you have invested (less any fees that apply – see below) and the unit issue price (see below). The number of units issued is rounded down to four decimal places, if necessary.

We may, after having told the Supervisor, stop issuing units in one or more funds, for a set period or until the relevant fund is wound up.

We may refuse to accept any application for units and do not need to give you reasons why.

We may redeem, or treat as void, units where issuing them would result in a fund losing its status as a PIE. In this case the Supervisor will pay you the withdrawal value for those units.

## Valuation

The Master Trust Deed sets out the methodology used to value fund investments.

We may agree with the Supervisor that another method is appropriate to determine the value of specific investments.

The funds' investments are valued on each Valuation Day, in normal circumstances this will be each day that banks are open for business (other than a Saturday or Sunday) except if the Registry is closed on a business day.

## Unit value

The unit value for a fund is calculated by dividing the total value of the fund (its assets minus its liabilities) by the number of units that have been issued in the fund.

## Unit issue price

The price at which units in a fund are issued is the unit value (see above) for the Valuation Day on which your application for units is effective, adjusted to reflect an equitable proportion of the management fees, Supervisor fees, and other fees accrued or otherwise payable at the relevant time that are not already reflected in the unit value, plus any buy spread that the Manager may apply in accordance with the Master Trust Deed.

## Distributions (Income Fund only)

On application you, or your Platform (as applicable) notify us of your choice to have distributions reinvested in units in the fund or paid out. Distributions are paid to your nominated bank account within 20 business days of the date of declaration. You may elect to have all (but not part) of your distribution reinvested in further units rather than paid out. Where you are investing in the funds through a Platform, the Platform may make this election, depending on their terms and conditions. If you do not notify us of your choice, we will automatically reinvest any distributions payable to you. If buy/sell spreads are being applied to the fund, a buy spread will not be charged on any reinvestment. You may alter your instruction to receive distributions or reinvest at any time by contacting us in writing and giving us at least 2 business days' notice.

We can alter the distribution periods or make regular distributions from the other funds in the future. The Income Fund aims to pay distributions in

April, July, October and January. The amount of distribution will be calculated by us as soon as practicable after the end of the previous quarter (March, June, September and December). We will determine the distribution amount based on our assessment of income received by the fund over the previous quarter and income we determine as likely to be received over the remainder of the financial year. When determining the amount of distribution we can elect to retain a portion of income the fund has received, pay a portion of capital as a distribution; or, make no distribution payments for the quarter. We may do this in order to better manage the amount of future distributions. We may, rather than make a cash distribution, make an in specie distribution, however we may not make an in specie distribution without the consent of the Supervisor. The amount to be distributed in total for the fund is divided by the number of units on issue for that fund on the date the distribution was declared, as determined by us. This will determine the amount to be distributed for each unit that has been issued in that fund. If you have units in that fund, your entitlement will be determined by multiplying the amount to be distributed per unit by the number of units you have in that fund, as at the date the distribution was declared.

Each unit in a fund will receive the same distribution for a particular distribution period regardless of when it was issued. Prior to a distribution, any accrued income will be reflected in the unit price of the fund. Therefore, after a distribution has been declared, the unit price will generally fall by the value of the amount to be distributed per unit. If you invest just before a distribution, you may receive some of your investment back as income (and the capital value of your unit will have decreased).

For further information on the payment dates and the amount of distributions we have paid refer to [www.octagonasset.co.nz/our-funds/income-fund](http://www.octagonasset.co.nz/our-funds/income-fund).

### Withdrawals

You may withdraw your money from the funds by redeeming (this means cashing in) your units. Where you are invested in the funds through a Platform, you can only withdraw your money through the Platform and in accordance with the terms and conditions of the Platform provider.

Withdrawals are made by providing us with a withdrawal notice in the form that we set, which must specify the dollar amount or number of units to be withdrawn from the fund or funds (or state that a full withdrawal is required, in which case the

number of units will be adjusted for any attributed tax or tax credit).

A withdrawal notice received before 5pm on a Valuation Day will be effective for that Valuation Day. A withdrawal notice received at or after 5pm on a Valuation Day or on a day that is not a Valuation Day will be effective on the next Valuation Day. We may decide to defer the Valuation Day on which a withdrawal notice is effective, if permitted by the fund's Establishment Deed. Currently, each fund's Establishment Deed allows for deferral for up to five business days in the event that proceeds from the sale of investments are required to meet the required cash outflow. The actual calculation of unit values and redemption of units generally happens on the second business day following the effective date of the withdrawal.

The withdrawal value of a unit is the unit value for the Valuation Day on which your withdrawal notice is effective, adjusted to reflect an equitable proportion of the management fees, Supervisor fees, and other fees accrued or payable at that time that are not already reflected in the unit value, less any sell spread that the Manager may apply in accordance with the Master Trust Deed.

We may prescribe a minimum amount that can be withdrawn and a minimum investment in each fund (see the PDS for the current minimums). A withdrawal notice must be in the form that we specify and may not be taken back once given.

When a withdrawal notice becomes effective, we will arrange the redemption of the requested number of units with a value equal to the withdrawal amount. We will pay this aggregate amount of money to you, less any applicable fees and taking into account any tax not already accounted for.

Instead of redeeming any units that are the subject of a withdrawal notice, we may, at our option, choose to repurchase those units from you. This will not affect the amount you receive from the withdrawal.

We may have to redeem some of your units if we think that is necessary to enable a fund to maintain its status as a PIE. If this happens we will notify you first, and follow the process detailed in the Master Trust Deed.

### Switching

You may switch a monetary sum or number of units between funds by sending us a switching notice. A

switch notice, once given, cannot be taken back. Switching notices must be provided in the form set by us. Where you are invested in the funds through a Platform, you can only switch investments between different funds through the Platform, and in accordance with the terms and conditions of the Platform provider.

A switching notice takes effect as a withdrawal of units in the current fund, and an application for units in the new fund that you nominate. As a result, the provisions of the Master Trust Deed dealing with applications and withdrawals will apply (including any fees or minimum amounts applicable to the application or withdrawal) as well as any applicable buy/sell spreads.

We can also defer processing a switch if you already have another switch being processed.

### **Transferring units**

You may transfer your units in a fund to another Unit Holder by a written and signed document, as long as any minimums we have set are met. We can suspend registration of transfers for up to 30 business days in any calendar year (or longer, with the Supervisor's approval). Where you are invested in the funds through a Platform, your ability to transfer units in a fund to another Unit Holder will be subject to the terms and conditions of the Platform provider.

### **Suspension**

We may suspend withdrawals relating to a fund because of:

- termination of one or more funds
- suspension of trading on any market
- financial, political or economic conditions
- the nature of any investment
- any other circumstance or event relating to the fund or generally

where we believe that accepting the withdrawal would not be practicable or would materially prejudice Unit Holders generally or the Unit Holders of the particular fund.

A suspension will result in switches out of the affected fund also being suspended.

We need to notify the Supervisor about this, and we will also notify anyone that submits a withdrawal

notice or switching notice during this period. A suspension can last up to 90 days, and may be extended with the consent of the Supervisor.

### **Side-Pocketing**

We may 'side-pocket' certain assets and liabilities of a fund, with the approval of the Supervisor, where we consider that it is in the interests of Unit Holders in that fund generally to do so. Side-pocketing is designed to separate illiquid assets from other more liquid assets in a fund. This usually involves quarantining the illiquid assets and making special arrangements in relation to those assets, including arrangements that prevent or restrict your ability to access (for example for the purposes of withdrawing or transferring) the part of your investment in the fund that relates to those assets. We will notify you if this happens.

### Winding-up

A fund will close and be wound up:

- if we decide and notify the Supervisor (as long as that is not prohibited by the Governing Legislation);
- at the expiration of a period of 80 years from the fund's commencement date (which is the same as the original date of its Establishment Deed – see above); or
- if the Scheme is being wound up

Within 14 days of winding up a fund we must give you notice of the winding up and of our intention to distribute the assets of that fund at a specified date. We may invite you to switch to another fund before then.

When a fund is wound up we will sell or convert into cash all investments of the fund, and pay out or make provision for any liabilities of that fund. The cash held in respect of that fund will then be reinvested in accordance with your instructions (if you have given us a switch notice), or if no instructions are received, it will be distributed to you.

The proceeds of the sale of assets will be applied first to cover the costs of winding up and settling liabilities of the fund, and then to provide for paying out remaining Unit Holders the value of their investment on a pro-rata basis.

We can also wind up the Scheme if we decide and notify the Supervisor, or if a court, regulatory authority, or other provision of the Governing Legislation requires it to be wound up.

The Supervisor will follow a procedure set out in the FMCA to let the FMA know about the wind-up.

### Liability of, and indemnities available to, the Manager and Supervisor

The Master Trust Deed limits our liability and the liability of the Supervisor in certain circumstances, and grants certain indemnities to each of us in relation to the proper performance of our functions. In particular, but subject to the terms of the Master Trust Deed and Governing Legislation:

- We and the Supervisor act in a representative capacity for you, and are under no personal liability

- We and the Supervisor, and each of our directors, officers and employees, have a general right of indemnity from each of the funds. This covers all liabilities and expenses incurred in operating the relevant fund or exercising our powers

## 3: Additional information on fees

### Annual fund charges

The annual fund charges (as detailed in the PDS) cover:

- a) management and administration charges paid to us out of the fund for performing our functions as manager of the funds
- b) the fund's expenses that are attributable to the fund, including expenses incurred by us in managing the funds, and fees charged by the scheme's investment manager, Supervisor and any Custodian
- c) management and administration charges paid out of any other managed investment scheme that the fund invests into (an '**underlying fund**'), including schemes where we are the manager

The amounts in a) and b) are paid out of the relevant fund, and so directly affect the unit value for that fund.

The amounts in c) are paid out of the relevant underlying fund, and so are reflected in the value of the relevant fund's investment in that underlying fund (and as a result indirectly affect the unit value for that fund).

The annual fund charge is calculated daily. More details about the components of this charge are set out below.

#### a) *Our management fee*

We are entitled to a management fee from each fund for performing our functions as manager of the funds of an amount we determine (plus GST if any) not exceeding 2% of the net asset value of the fund, subject to the Master Trust Deed and the Governing Legislation. The fee is calculated on a basis agreed with the Supervisor (currently, daily) and is reflected in each fund's unit price. This fee has been paid quarterly in arrears, but will now be paid monthly in

arrears. We are able to waive or reduce our fees, either generally or for particular Unit Holders.

We adjust our fee for each fund so that the aggregate fund charge for that fund (taking account of any fee rebates) comes to the level detailed in the PDS. This means that we need to calculate the amounts in b) and c) below and take account of any relevant fee rebates paid to the fund so that we can calculate our fee.

We may need to estimate the amount in c) (see below), in which case our fee and the annual fund charge as a whole will be estimated.

#### **b) Expenses**

The Supervisor is entitled to a fee as agreed with us (plus GST, if any), subject to the Master Trust Deed, the Governing Legislation and any requirements in the agreement between the Supervisor and us. The fee is calculated on a basis agreed between us and the Supervisor, and is currently paid monthly in arrears. The Supervisor is also entitled to reimbursement out of the Scheme of expenses that it incurs in performing its services in relation to the Scheme. This includes any amounts paid by the Supervisor to any Custodian it appoints in respect of the services provided by the Custodian in relation to the Scheme.

We currently pay any amounts due to the Supervisor out of our management fee.

The Supervisor and Manager are entitled to be reimbursed out of the Scheme for all expenses, costs or liabilities incurred in respect of the funds.

Currently, we pay all such amounts out of our management fee. As a result, we do not expect any such amounts to be paid out of the funds.

We also currently pay out of our management fee any amounts due to Trustees Executors Limited for providing custody services, Apex Investment Administration (NZ) Limited and Forsyth Barr Limited for providing administrative services, and Octagon Asset Management Limited for providing investment management services in respect of the Scheme.

Out of our management fee, we may also pay amounts to financial advice providers or investment platforms who distribute the funds.

The management fee is the same for each distribution channel, and each channel has different pros and cons associated with it which provide value to investors in different ways (see table below).

Distribution Channel	Pros	Cons
Direct (you deal directly with Octagon)	Access to our call centre team who can provide information (and "how to" assistance) about the funds and who can make referrals to a registered financial adviser (if requested)	No financial advice (unless requested)
Through an investment platform	Choice of and access to a range of funds offered by different issuers  Investors can build and manage their own portfolio of investments online  Investor education and insights through the platform	No financial advice
Through a Financial Advice Provider	Ongoing financial advice	Depending on the scope of the advice service, the range of funds made available or advised on may be limited

#### **c) Management and administration charges for underlying funds**

The other annual fund charges also include management and administration charges paid out of any other managed investment scheme that a fund invests into (an 'underlying fund'). These management and administration charges are paid out of the relevant underlying fund, not a fund of the Scheme, and are not calculated by us.

The annual fund charges that relate to a fund's investment in an underlying fund depend on both the proportion of the fund that is invested in that

underlying fund, and the management and administration charges for that underlying fund. To estimate these annual fund charges in the PDS:

- We estimate the proportion of the fund that the fund's investment in the relevant underlying fund is likely to represent. We do that by looking at the relevant proportion for the most recent Scheme year, and adjusting that based on what we think the fund's exposure to that underlying fund is likely to be going forward. This approach assumes that we are able accurately to predict the relevant proportion in the future – however, in practice the proportion can vary based on factors outside of our control (such as market movements)
- If the management and administration charges for the underlying fund are not based on fixed percentages of net asset value, then we also estimate those charges. To do that, we use the charges disclosed in the most recent publicly available annual reports from the manager of the underlying fund at the time we make the estimation. Where these reports do not fully cover such charges, we obtain further information from the manager of the underlying fund. When calculating the estimates, we assume that the ongoing underlying fund charges will be at levels similar to these historical charges.

The actual amounts incurred may vary from our estimates.

In practice, before calculating our fee we rebate to the relevant fund an amount equal to the total management and administration charges paid out of underlying funds (using charges estimated as above where required).

All of the funds can invest into underlying funds. A number of the funds may invest into listed property vehicles, but we do not currently consider any of those vehicles to themselves constitute underlying funds.

The Scheme does not invest in any underlying funds that charge performance-based fees.

### **One-off fees**

#### ***Entry and exit fees***

We may charge an entry fee up to 5% of each amount invested in a fund within the Scheme. Currently, we do not charge an entry fee.

We may charge an exit fee of up to 5% of each amount that is withdrawn from a fund within the Scheme. Any exit fee would be deducted from your withdrawal amount before it is paid to you. Currently, we do not charge an exit fee.

### **Buy/sell spreads**

Under the Master Trust Deed, buy/sell spreads (called 'transaction costs' in the Master Trust Deed) may be applied to applications, withdrawals and switches (see section 2 'Additional information on the terms of the Scheme'). Buy/sell spreads relate to the costs of buying or selling investments incurred by the relevant fund as a consequence of the application, withdrawal or switch. There will generally not be any buy/sell spreads if we judge market conditions to be normal. However, when market conditions are more volatile than usual, transaction costs can escalate as there may not be the normal number of buyers and sellers of investments, which can lead to a material difference between the buying and selling price of investments by the relevant fund. We can set buy/sell spreads either by estimation, or they can be a specific percentage or amount for a particular transaction.

Please refer to the Octagon website at [www.octagonasset.co.nz/how-we-invest/buy-sell-spreads](http://www.octagonasset.co.nz/how-we-invest/buy-sell-spreads) for the buy/sell spreads applicable at any time. We may apply or change the buy/sell spreads at any time without notice to investors.

### **Additional Fees when investing through a Platform**

If you invest in the Funds through a Platform, the Platform may charge you additional fees.

### **The fees can be changed**

The existing fees may change or we may start charging fees which are not currently charged. Subject to the Master Trust Deed, we are able to:

- rebate or reduce any charge, in respect of any Unit Holder or group of Unit Holders
- vary the amount or calculation basis of any fees
- start charging entry fees (which would apply to applications and/or switches) and/or exit fees (which would apply to withdrawals and/or switches)
- apply or change buy/sell spreads (on applications, withdrawals and/or switches)
- start charging the Supervisor fee

#### 4: Additional information on the funds in the Scheme

The Scheme offers a range of funds. You can choose to invest into one or more of these funds in any combination.

See the PDS for details of the funds offered, and a summary of their investment objectives and target investment mix, as well as information relating to risks and suggested investment timeframes.

There is no guarantee that a fund will meet its investment objectives, or that a positive investment return will be achieved.

##### Statement of Investment Policies and Objectives

Each fund will invest in investments authorised under the Establishment Deed for the fund and in accordance with the SIPO that we have agreed with the Supervisor. The SIPO covers each fund and details the types of investments that can be made and any limits on those, any limits on the proportions of each type of asset invested in, and explains the way we develop and amend the investment strategy, and measure performance against the objectives of the funds.

All monies available for investment in the funds will be invested in accordance with the SIPO. The SIPO is available for review on the schemes register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) (scheme number SCH10647).

##### Underlying Funds

The funds of the Scheme may invest into financial products directly, or may invest indirectly by investing in another managed investment scheme (an “underlying fund”) to achieve the desired investment exposure.

As at the date of this document the Income, Balanced and Growth Funds invest in the following underlying funds where we are the manager:

<i>Asset Class</i>	<i>Underlying fund</i>
Cash and cash equivalents (and short dated New Zealand fixed interest)	Enhanced Cash Fund
New Zealand fixed interest	New Zealand Fixed Interest Fund
Australasian equities	New Zealand Equities Fund / Australian Equities Fund
International equities	Global Equities Fund
Listed property	Listed Property Fund

Each of the underlying funds in the table above is a fund in the Scheme.

As at the date of this document the Income, Balanced and Growth Funds invest in the Hunter Global Fixed Interest Fund which is managed by Harbour Asset Management Limited.

As at the date of this document the Global Equities Fund invests in the following underlying funds:

<i>Asset Class</i>	<i>Underlying fund</i>
International equities	Te Ahumairangi Global Equity Fund
International equities	Intermede Global Equity Fund

Te Ahumairangi Global Equity Fund has as its investment manager, Te Ahumairangi Investment Management Limited. We are associated with Te Ahumairangi Investment Management Limited because a director of Octagon Asset Management Limited (who we are associated with) is also a director of Te Ahumairangi Investment Management Limited.



## 5: Additional information on taxation

Tax will affect your returns. Tax laws are complex and can have different or further consequences than those described in this section. In addition, the information in this section is a simplified overview based on New Zealand tax laws in force as at 22 July 2024, but tax laws are subject to change. You should seek independent professional tax advice before investing or withdrawing. The following information is based on the funds being multi-rate PIEs - if a fund were to cease being a multi-rate PIE then the tax treatment of it would be different. In this tax section, references to 'resident' mean 'tax resident'.

### Taxing of multi-rate PIEs

Each of the funds is a type of portfolio investment entity ('PIE') known as a multi-rate PIE. All of the funds' taxable income (or loss) will be allocated between Unit Holders based on their proportionate interest in the funds. We calculate tax (payable)/receivable on income/(loss) allocated to each Unit Holder at their nominated or default prescribed investor rate ('PIR'). Tax is then paid/(refunded) as described in this section.

Unit Holders need to give us their IRD number and applicable PIR when they join the funds. Unit Holders who do not provide a PIR will be taxed on income allocated to them at the default rate of 28%. Inland Revenue may direct us to disregard a PIR provided by a Unit Holder and apply a different rate instead in which case we will update your PIR and let you know.

### *The PIR for New Zealand resident individuals, with effect until 31 March 2025, are:*

<i>If your taxable income (excluding PIE income)<sup>1</sup> was ...</i>	<i>and your taxable income plus your PIE income/loss was ...</i>	<i>in the two income years<sup>2</sup> before the relevant tax year<sup>3</sup> for ...</i>	<i>your PIR is ...</i>
\$0 - \$14,000	\$0 - \$48,000	either year	10.5%
\$14,001 - \$48,000	\$48,001 - \$70,000	either year <sup>4</sup>	17.5%
\$14,001 - \$48,000	\$0 - \$70,000	either year	17.5%

\$48,001 or more	any amount	each year	28%
any amount	\$70,001 or more	each year	28%

### *The PIR for New Zealand resident individuals, with effect from 1 April 2025, are:*

<i>If your taxable income (excluding PIE income)<sup>1</sup> was ...</i>	<i>and your taxable income plus your PIE income/loss was ...</i>	<i>in the two income years<sup>2</sup> before the relevant tax year<sup>3</sup> for ...</i>	<i>your PIR is ...</i>
\$0 - \$15,600	\$0 - \$53,500	either year	10.5%
\$15,601 - \$53,500	\$53,501 - \$78,100	either year <sup>4</sup>	17.5%
\$15,601 - \$53,500	\$0 - \$78,100	either year	17.5%
\$53,501 or more	any amount	each year	28%
any amount	\$78,101 or more	each year	28%

- 1 Your 'taxable income', which is calculated in accordance with the Income Tax Act 2007, is based on your worldwide income, and may include income earned when you were not a tax resident in New Zealand. If a newly-resident Unit Holder chooses not to include their non-resident's foreign-sourced income when calculating their PIR, the PIE income must be included in an income tax return.
- 2 An 'income year' is usually the period from 1 April to 31 March the following year, although Inland Revenue can approve alternative dates.
- 3 A 'tax year' is always the period from 1 April to 31 March the following year.
- 4 If you are eligible for more than one PIR you can choose the lowest rate.



**The PIR for other investors are:**

<b>If you are ...</b>	<b>your PIR is ...</b>
<b>a company, incorporated society, PIE, or registered charitable trust</b>	0%
<b>a non-resident<sup>1</sup></b>	28%
<b>trust or superannuation scheme</b>	your choice of 0%, 17.5%, or 28% <sup>2</sup>
<b>testamentary trust</b>	your choice of 0%, 10.5%, 17.5%, or 28% <sup>2</sup>
<b>joint investor, partnership, or unincorporated society<sup>3</sup></b>	your choice of 0%, 10.5%, 17.5%, or 28% <sup>2</sup>

- 1 The non-resident category prevails over the other categories. A non-resident will also need to consider the tax implications for the jurisdiction where they are tax resident.
- 2 If the Unit Holder is a trust and elects the 28% rate, the beneficiaries will be unable to receive PIE income at rates lower than 28%. In addition, beneficiaries will not be entitled to a credit for or refund of any excess tax paid.
- 3 If Unit Holders invest jointly, income will be allocated to the Unit Holder with the highest PIR which may impact on their PIR in the future. If more than one joint Unit Holder has the highest PIR, income will be allocated to the joint Unit Holder named first.

The funds' tax liability on PIE income allocated to Unit Holders will ordinarily be deducted at the earliest of the following three times by cancelling units (or may adjust a distribution) equal to the value of the tax liability:

- at the end of each income year (that is, after 31 March)
- if a Unit Holder makes a full or partial withdrawal or switch to a different fund
- if at any time (and especially if a Unit Holder makes a partial withdrawal or switch) when the balance of the Unit Holder's remaining investment is, or could potentially become, insufficient to cover the funds' accrued tax liability on income allocated to that Unit Holder (the Manager will consider potential market movements when determining whether a Unit Holder's remaining investment is of sufficient value), in which case if a Unit Holder is making a partial withdrawal or switch a full withdrawal or switch will be required

If a Unit Holder has given us a 0% PIR, a Unit Holder gives us a rate that is lower than it should be, or if a Unit Holder is a trust that has not chosen the 28% rate, the Unit Holder will need to pay tax on PIE income that is allocated to them. This means that those Unit Holders will need to include PIE income allocated to them in their tax return, together with details of any PIE tax that we have paid on the Unit Holder's behalf.

In all other cases, if a Unit Holder has given us the correct PIR, the tax paid on income allocated to Unit Holders will be a final tax (and this investment will not require the person to file a tax return, although the person may have other reasons to file one).

A Unit Holder's share of any tax refunds for PIE tax losses or excess tax credits in a fund they are invested in will usually be allocated to them by the issue of additional units. If a Unit Holder is a trust that has elected the 10.5% or 17.5% rate, that Unit Holder cannot include the loss attributed to them in their tax return.

PIE income from the funds may affect assistance provided by Work and Income, and is treated as income for working for families tax credits and student loan repayment obligations. In addition, if a Unit Holder is required to include PIE income in their tax return, it will be taken into account in determining child support payments.

Each year we will give Unit Holders an annual tax statement, which will include the amount of PIE income allocated to each Unit Holder and the amount of tax paid at the Unit Holder's chosen PIR.

We will also advise you of your current PIR and remind you to notify us if this needs to be changed.

Unit Holders need to tell us if their PIR changes or if they cease to be a New Zealand resident, as the rate for non-residents is 28%. Inland Revenue may also tell us to update your PIR if their records indicate a change is required, in which case we will update your PIR and let you know.

If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you. If a Unit Holder has chosen the 0% rate or is a trust and has chosen a rate other than 28%, a Unit Holder should be able to claim a credit for any tax paid on PIE income allocated.

Withdrawals and distributions from the funds are not taxed as they are excluded income (provided the correct PIR has been applied - see above paragraphs).

#### **Tax on investments made by the funds**

Gains or losses made by the funds on most equity holdings of New Zealand resident companies or Australian resident listed companies with franking accounts that are included on an Australian Stock Exchange approved index are not taxable or deductible, although distributions from these holdings are taxable.

Other foreign shares and foreign funds held by the funds are generally taxed under the fair dividend rate ('FDR') method which deems the funds to have income by reference to 5% per annum of average daily opening market value of those foreign shares and foreign funds. Distributions received from investments taxed under this method are not taxable, although foreign tax credits may be available to offset FDR tax payable. Foreign currency hedges of shares and funds subject to FDR may also be taxed using a version of those rules (rather than under the financial arrangement rules).

Certain foreign shares and funds held by the funds are generally taxed under the comparative value method (that is, on the basis of the annual change in market value plus distributions and any disposal gains) if they:

- offer guaranteed or fixed rate returns
- are non-participating redeemable shares
- are 80% or more invested in financial arrangements or fixed rate shares that are denominated in or hedged to New Zealand dollars
- are otherwise determined by Inland Revenue to be debt in economic terms

Debt securities held by the funds directly are taxed under the financial arrangement rules using the IFRS taxpayer method, which reflects financial reporting.

The above comments relate to New Zealand tax - foreign investments may be subject to tax in foreign countries.

#### **PIE tax advantages**

Investing in a PIE can provide tax advantages relative to direct investment. Capital gains made on most investments in New Zealand shares, and most Australian listed shares, are not taxable irrespective of the level of trading undertaken. In addition, because the PIR at which tax is paid on PIE income are capped at 28%, and no other tax is generally payable by individual Unit Holders, there can be tax advantages if a Unit Holder is on a higher marginal tax rate.

## 6: Additional information on risks

All investments carry risk. There are risks associated with the Scheme that could affect your ability to recover the amount of your investment, or impact on the returns payable from the Scheme. Events affecting investments cannot always be foreseen, and no-one guarantees any rate of return (or the return of capital). The value of your investments can go up and down at any time.

We cannot eliminate all risk. We will do our best to try to mitigate (meaning reduce and manage) the risks but we cannot guarantee that our risk management methods will always be successful.

Before investing in a fund you should carefully consider the risks. A financial advice provider can explain the risks in more detail, and tailor advice to suit your needs and objectives.

The main risks of investing in the Scheme are summarised in the PDS – namely general investment return risk (as it relates to different asset classes), and also currency risk, liquidity risk, investment manager risk, and ESG related risks.

This section sets out other risks that you should consider before investing in the funds.

The Scheme's SIPO also provides information relating to how we manage risk.

### Investment Return Risk

Investment return risk comes from various sources, and is different for different asset classes. The following list describes the main investment return risks for the different asset classes. Some of these are 'market' risks - the risk that the value of investments made by the funds are affected by developments in market sentiment, inflation, interest rates, employment, or regulatory and political conditions. Others are 'company' risks - risks that are specific to an investment in a particular business or entity.

### Cash and cash equivalents

The borrower does not pay the interest or repay the principal amount of the debt. Inflation may also erode its value.

### Fixed interest

The borrower does not pay the interest or repay the principal amount of the debt. Also, the market value of fixed interest investments will generally fall if

market interest rates rise, or the creditworthiness of the issuer declines. Fixed interest investments are typically more risky than cash and cash equivalents.

### Equities (shares) and property

The risks of equity and listed property investments are similar. They include the risk that if the entity's business performs poorly the value of the investment may fall, and there may be no profits to distribute to investors. The value of the investment may be affected by general market movements as well as issues specific to the entity. Equity and listed property investments are typically more risky than cash and fixed interest investments.

We manage investment return risk by diversifying our investments, and only making investments that are consistent with the fund's investment strategy.

### Market risk

Market risk is the risk of the value of a fund's investments being affected by developments in economies and financial markets (such as changes in market sentiment, inflation, interest rates, and employment), and regulatory and political conditions. This could result in reduced returns or capital being lost.

### Credit risk

Credit risk is the risk that a borrower defaults or is otherwise unable to meet its financial obligations, resulting in the level of returns being reduced or the full amount of the investment not being recovered. In order to mitigate credit risk the funds diversify their investments across a number of issuers, limit their exposure to any one issuer and, for a given issuer, generally have lower exposures where the issuer has a lower credit rating.

### Counterparty risk

Counterparty risk is the risk that a party to a contract defaults or is otherwise unable to fulfil its obligations. If this occurs the full amount invested may be lost or the scheme may be otherwise negatively affected. In order to mitigate counterparty risk, the funds restrict trade execution to counterparties who use payment and security delivery platforms that we consider to be acceptable. We also restrict over-the-counter derivative transactions to counterparties that have executed satisfactory documentation and are rated (Standard and Poor's) A or better.

### Derivative risk

A derivative is a financial contract the value of which depends on the current or future value of specified underlying assets, interest and foreign exchange rates, or indices. Derivative risk is the risk that a derivative is used and losses occur or are exaggerated as a result of movements in the underlying variables.

Where permitted by the Scheme's SIPO the funds may use derivatives as part of their investment strategy. Generally, under the SIPO derivatives are either used as a risk management tool or to provide an exposure to an underlying investment which is similar to buying or selling the actual investment. As a result, the derivatives risk for the funds is similar to the 'market risk' described above. Derivatives also give rise to counterparty risk, as described above. Underlying managed investment schemes may also use derivative strategies.

### Benchmark risk

Benchmark risk is the risk that a fund does not match the performance of its benchmark.

### Underlying funds risk

If the funds invest in other managed investment schemes, they will be exposed to any adverse circumstances that impact on those schemes.

The manager of the underlying managed investment schemes may close an investment fund without notice or on limited notice, and this may result in some of the investments of a fund being held in cash pending the identification of an appropriate replacement investment. The manager of the underlying managed investment scheme may also suspend withdrawals or switches in some circumstances. If this occurs, this may negatively affect Unit Holders' ability to withdraw from a fund or switch between funds.

### Regulatory risk

Regulatory risk is the risk of future changes to laws or regulations (including tax, FMCA, or other legislation) that could affect the operation of the funds or their investments, or the investments made by Unit Holders.

An example of this is the FMCA itself, which has fundamentally changed the laws that regulate the structure and offering of collective investment vehicles in New Zealand. The FMCA is relatively new legislation involving areas of law that are open

to new and differing legal interpretations. The regulator's approach to overseeing and enforcing this legislation is likely to continue to develop over time.

### Other general risks

There are other general risks applying to the Scheme that could affect returns. They include:

- administration risk, which is the risk of technological or other failure in an administrative process impacting on the funds or the markets in which the funds invest;
- the risk of a fund losing its status as a multi-rate PIE, which may mean that the fund would revert to a tax status that is less favourable for investors;
- insolvency risk, where a fund becomes insolvent or is placed into receivership or similar, which could mean that a Unit Holder does not receive back the full amount of their interest in that fund; and
- the risk that those providing services in relation to the funds fail to perform their obligations.

The impact that future economic conditions may have on the Scheme cannot be predicted, they may be positive or negative. There may be negative returns in the funds from time to time, and negative returns could continue for a period of time. There can be no assurance that future economic conditions will not materially and adversely affect the scheme's investments. There may also be risks that are unknown at the date of this document. We recommend that you consult a financial advice provider before making a decision to invest in the funds.

## 7: Related party transactions and conflicts of interest

### Related party transactions

We will only enter into transactions where a related party (a person associated with us or the Scheme) benefits from the transaction where that is permitted by the Governing Legislation. We will notify the Supervisor and arrange for certification where required. Investment or administration managers and other delegates that we appoint must also comply with this requirement. However, we or any related party will not be liable to account to the funds for any profit arising from those types of transactions, unless that is required by the Governing Legislation.

In addition to the related party transactions referred to elsewhere in this document, Forsyth Barr Group Limited provides a funding line to the Funds to cover client withdrawals / expenses where there is otherwise insufficient liquidity, for example when

there are timing mismatches between the settlement of investments and the redemption of units.

### Conflicts of interest

A conflict of interest in relation to a fund means a financial or any other interest, a relationship, or any other association of ours, of an investment manager for a fund in the Scheme, or of a relevant person that would, or could reasonably be expected to, materially influence our investment decisions or the investment decisions of an investment manager (or both) in respect of the fund.

A relevant person for these purposes includes our and Octagon's directors and senior managers, as well as the employees of Octagon who make the investment decisions for the funds.

***There are a number of conflicts of interest in relation to each fund in the Scheme that currently exist or may arise in the future:***

<i>Conflict of interest</i>	<i>How the conflict of interest could influence our or Octagon's investment decisions</i>	<i>How the conflict of interest is managed</i>
<b>Octagon may make purchases and sales of financial products on behalf of funds other than the funds in the Scheme. This may result in the funds in the Scheme purchasing financial products from, or selling financial products to, other funds for which Octagon makes the investment decisions, or competing with those funds for the same investment opportunities.</b>	Depending on the remuneration arrangements in relation to the other funds, the Octagon employees making the investment decisions for the funds could be encouraged by those arrangements to trade between Scheme funds and the other funds on terms that disadvantage the Scheme funds, or to allocate sought-after investment opportunities to funds other than the Scheme funds.	See 'Related party transactions' above.  Octagon only carries out trades between Scheme funds and other funds that it manages when the trade is in the interests of both funds and trade pricing is on arm's-length terms, and has an order allocation policy which ensures that all orders (including in relation to public offerings) are allocated fairly amongst the funds that it manages.
<b>Secondary market purchases and sales of financial products for the funds are executed through Forsyth Barr Limited.</b>	Forsyth Barr Limited receives brokerage for transactions executed through it. This means that the Octagon employees making the investment decisions for the funds could be encouraged by the brokerage paid to Forsyth Barr Limited to transact when they otherwise might not have.	Octagon allocates trades to brokers as explained in its Trade Execution Policy.  The brokerage charged by Forsyth Barr Limited to the funds is at or below normal commercial rates.  There is no direct link between brokerage received by Forsyth Barr Limited or any profit that Forsyth Barr Limited makes trading on its own account, and the remuneration of the Octagon employees making investment decisions for the funds.
<b>Forsyth Barr Limited trades on secondary markets for other clients and may also trade for its own account.</b>	If the counterparty to a transaction for a fund is a Forsyth Barr client, Forsyth Barr Limited will also receive brokerage from that client. This means that the Octagon employees making the investment decisions for the funds could be encouraged by the brokerage to be paid to Forsyth Barr	Our board receives regular reporting on the brokerage paid out of the funds to Forsyth Barr Limited to check that transaction levels remain appropriate.

<i>Conflict of interest</i>	<i>How the conflict of interest could influence our or Octagon's investment decisions</i>	<i>How the conflict of interest is managed</i>
	<p>Limited by the other client to transact when they otherwise might not have.</p> <p>If Forsyth Barr Limited is the counterparty to a transaction for a fund, then Forsyth Barr Limited may benefit if (in the case of a sale by the fund) the price of the financial product increases or (in the case of a purchase) the price of the financial product decreases. This means that the Octagon employees making the investment decisions for the funds could be encouraged by Forsyth Barr Limited's opportunity to benefit from the transaction to transact with Forsyth Barr Limited as a counterparty when they otherwise might not have.</p>	<p>In addition see the general policies and procedures below.</p>
<p><b>Forsyth Barr Limited is currently involved, and is likely in the future to be involved, in offers of financial products for issue or sale (including IPOs) as an arranger, lead manager, or co-manager.</b></p> <p><b>Related companies such as Forsyth Barr Group Limited may be involved in making firm commitments of demand for, or underwriting, those offers.</b></p> <p><b>The financial products offered may be acquired by a fund.</b></p>	<p>Forsyth Barr Limited will receive management, advisory or other fees in connection with its role.</p> <p>Forsyth Barr Group Limited or the relevant related company will receive firm commitment, underwriting, or other fees in connection with its role.</p> <p>This means that the Octagon employees making the investment decisions for the funds could be encouraged by the fees to be paid to Forsyth Barr Limited or Forsyth Barr Group Limited to participate in offers of financial products when they otherwise might not have.</p>	<p>There is no direct link between the fees received by Forsyth Barr Limited or Forsyth Barr Group Limited and the remuneration of the Octagon employees making investment decisions for the funds.</p> <p>Our board receives regular reporting on fees received by Forsyth Barr Limited or Forsyth Barr Group Limited in relation to transactions undertaken by the funds to check that transaction levels remain appropriate.</p> <p>In addition see the general policies and procedures below.</p>
<p><b>The funds have voting rights in relation to the securities they hold. The firm may be a corporate adviser to issuers of securities, including issuers whose securities are held by the funds. The fees the firm receives from an issuer may depend on whether security holders approve certain transactions, for example transactions the firm is advising on.</b></p>	<p>The staff making the voting decisions for the funds could be encouraged by the prospect of fees being paid to the firm to exercise the funds' voting rights differently than they would if acting in the best interests of investors in the funds.</p>	<p>There is no direct link between fees received from issuers by Forsyth Barr Limited and the remuneration of the Octagon employees making investment decisions for the funds.</p> <p>Our board receives regular reporting on voting decisions by the funds to check that the decisions are appropriate.</p> <p>In addition see the general policies and procedures below.</p>
<p><b>The funds may invest in other funds that are managed by persons who are associated with us.</b></p>	<p>The manager of the associated fund will receive management and administration fees in connection with our investment in that fund. The Octagon employees making the investment decisions for the funds of</p>	<p>We only invest in associated funds when the fees for those funds are set on arm's length terms. In addition, there is no direct link between the fees received by the manager of the associated fund and the remuneration</p>

<i>Conflict of interest</i>	<i>How the conflict of interest could influence our or Octagon's investment decisions</i>	<i>How the conflict of interest is managed</i>
	the Scheme could be encouraged by the association between us and the manager to invest in the associated fund when they otherwise might not have.	of the Octagon employees making investment decisions for the funds.  See also the general policies and procedures below.
<b>The Octagon employees making the investment decisions for the funds may have a direct or indirect financial interest in financial products in which they transact for the funds, or have personal relationships or outside business interests that give rise to non-work duties or interests relevant to the issuer of those financial products.</b>	The employees making the investment decisions for the funds could be encouraged by their personal financial or other interests to transact for the funds when they otherwise might not have.	The Octagon employees making the investment decisions for the funds are required to disclose their personal holdings of financial products, their outside business interests and any other relevant conflicts of interest, and their investment decisions are monitored in light of those disclosures.  In addition see the general policies and procedures below.
<b>Octagon's employees may also be shareholders of Octagon. In addition, many of the directors and senior managers within the Forsyth Barr Group are shareholders of Forsyth Barr Group Limited, our parent company.</b>	Shareholders may receive dividends from Octagon (Forsyth Barr Group Limited), and the value of their shares may increase, depending on the financial performance of Octagon (the Forsyth Barr group). This means that the Octagon employees making the investment decisions for the funds could be encouraged to transact in a manner that financially advantages Octagon or other entities in the Forsyth Barr group of companies to the detriment of investors in the funds.	See above for how particular conflicts of interest for the Octagon employees making investment decisions are managed, and the general policies and procedures below.

Each fund may be affected by each conflict of interest disclosed above.

We have a number of policies and procedures in place to ensure that any potential conflicts of interest are identified and managed. The key policies and procedures in this regard are:

- Disclosing the existence of conflicts of interest to Unit Holders, including through this document
- Codes of conduct for all employees of Forsyth Barr and Octagon. These codes provide that employees must never permit their personal interests to conflict with, or to appear to conflict with, the interests of clients. All employees must make all reasonable efforts to avoid conflicts of interest and ensure that clients are fairly treated

- Our Conflict Management Arrangements which set out the Forsyth Barr Group's procedures for identifying and dealing with conflicts, or potential conflicts, of interest
- Internal supervision by our Compliance team which seeks to ensure that our directors and employees comply with the laws and rules referred to above
- Regular reporting on compliance-related issues to our board, including on brokerage and other fees paid out of the funds to Forsyth Barr Limited or Forsyth Barr Group Limited, and on voting decisions made by Octagon in relation to financial products held by the funds



## 8: Investing in the funds through a Platform

The Funds are available for investment either with us directly, or through a Platform.

Where you invest in the Funds through a Platform you do not have a direct relationship with us or the Supervisor. Your units will be held in the name of a custodian for the Platform on your behalf. The Platform will be able to exercise any rights attached to the units in the Funds held.

It is important to ensure you are familiar with the terms and conditions that apply as between you and the Platform, and in particular requirements of the Platform regarding any minimum investment or withdrawal levels, cut off times for applications and withdrawals and any fees applicable to their service.

The Platform may receive fees from us in relation to you investing in the Funds.

The Platform may also charge you fees.



## 9: Changes to the Scheme

Certain aspects of the operation of the Scheme are prescribed in the Governing Legislation. The Governing Legislation may be amended from time to time by the Government and any such amendment may impact on the Scheme.

*Subject to relevant law, we may make the following changes to the Scheme from time to time*

	<b><i>How changes may be made</i></b>
<b>SIPO</b>	We will review the SIPO annually and if changes in market conditions or events necessitate changes to either the nature or type of investments that can be made and any limits on those; or any limits on the proportion of each type of asset invested in. Following a review we may make changes to the SIPO, if we decide a change is needed. If any changes are made to the SIPO, then notice will be given to the Supervisor, and the register entry for the Scheme will be updated accordingly. A copy of the current SIPO is available on the Scheme's entry on the scheme register available at <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a> .
<b>Master Trust Deed and Establishment Deeds</b>	We may agree with the Supervisor to amend or replace all or part of the Master Trust Deed or an Establishment Deed, subject to the provisions of the Master Trust Deed and the Governing Legislation. Amendments can be made where the Supervisor is satisfied that the amendment will not have a material adverse effect on investors, where investors approve the amendment, or otherwise in accordance with the FMCA. Where required we will give you notice of the changes. Copies of the current Master Trust Deed and Establishment Deeds are available on the Scheme's entry on the scheme register at <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a> .
<b>Fees</b>	We are entitled to alter charges (including increasing fees or starting to charge fees) at any time, within the limits set by the Master Trust Deed and the Governing Legislation. Please see section 3 'Additional information on fees' for more details.
<b>Minimum requirements</b>	We may alter the minimum investment, minimum switch, minimum transfer, minimum withdrawal and minimum account balance requirements for the Scheme. The current minimum requirements are set out in the PDS for the Scheme available on the Scheme's entry on the offer register at <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a> .
<b>Funds</b>	We may establish new funds, alter existing funds, and merge funds together or divide funds into separate funds, subject to the provisions of the Master Trust Deed and the Governing Legislation. Where required we will agree changes with the Supervisor in advance, and/or give you notice.