Vision Invest NZ Funds

Other Material Information

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INTRODUCTION

This is an important document in relation to your investment in the Vision Invest NZ Funds (**Scheme**) and should be read together with the Product Disclosure Statement (**PDS**), the Statement of Investment Policy and Objectives (**SIPO**) and other documents held on the register at https://disclose-register.companiesoffice.govt.nz (**Disclose Register**). If you are a retail investor you must be given a copy of the PDS before we can accept your application for units.

This Other Material Information Document (**Document**) has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (**FMC Act**) and clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014 (**FMC Regulations**). All legislation referred to in this Document can be viewed at www.legislation.govt.nz.

In this Document, 'you' or 'your' refers to a person or entity that invests in the Vision Income Fund (**Fund**). '**We'**, '**us'**, '**our'** or '**FundRock'** refers to FundRock NZ Limited as the Manager of the Scheme. When we use the word 'current' or 'currently' in relation to any legislation, regulation, policy, information, activity or practice, we refer to these at the date of this document. Any legislation, regulation, policy, information, activity or practice may be reviewed or changed without us notifying you.

Terms used in this Document have the same meaning as in the Master Trust Deed for the establishment of managed investment schemes (including the relevant scheme and fund establishment deeds for the Scheme) unless they are otherwise defined in this Document.

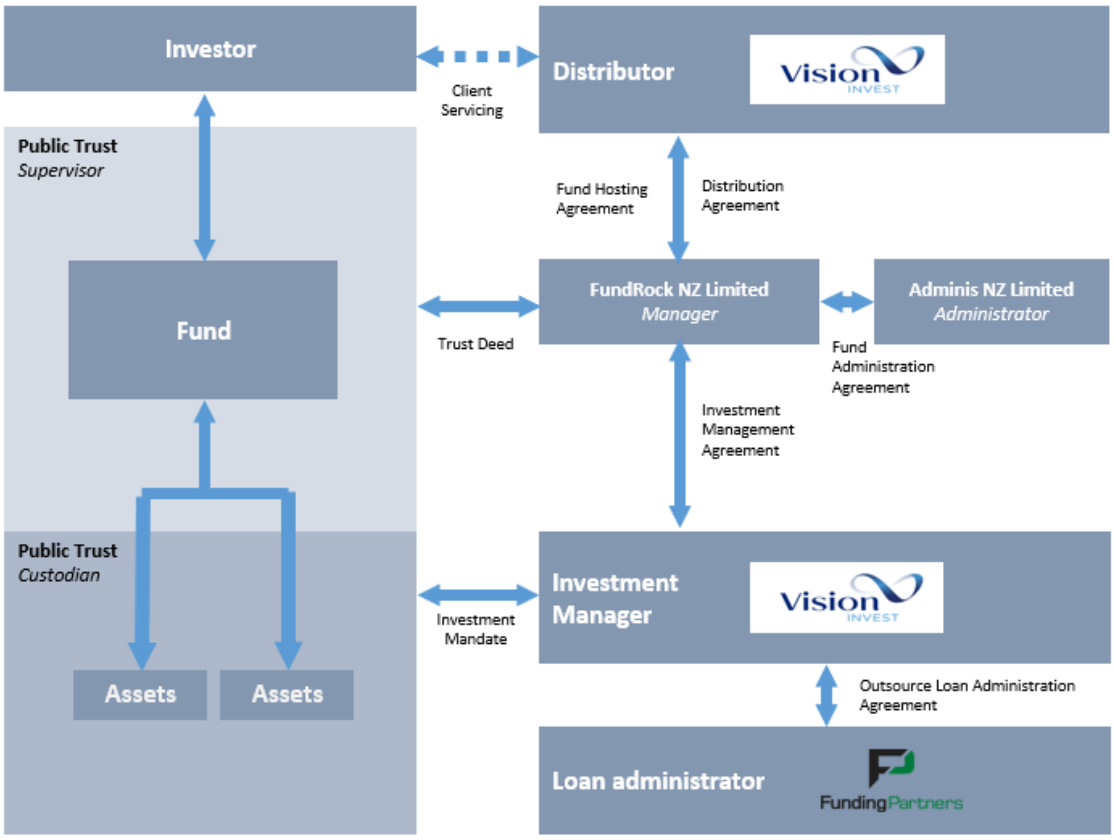
OTHER INFORMATION ON THE FUND

This Document relates to the offer of units in the Fund.

The Fund is constituted within a managed investment scheme called the 'Vision Invest NZ Funds', registered scheme number SCH12865. The Scheme is governed by the Trust Deed dated 1 December 2016, the Scheme Establishment Deed dated 16 December 2019, and the Fund Establishment Deed dated 16 December 2019 as amended and replaced on 1 April 2025, and further amended on 6 May 2025 (together, the **Governing Document** for the Scheme). The Fund invests in accordance with its SIPO. You can get an electronic copy of the Governing Document and SIPO from the scheme register on the Disclose website https://disclose-register.companiesoffice.govt.nz.

OTHER INFORMATION ON THE PARTIES INVOLVED

The diagram below summarises the parties involved with the Fund



Manager

FundRock is a fund management company specialising in establishing and managing New Zealand-domiciled funds. With a deep understanding of New Zealand's investment management industry, FundRock works with both local and global investment managers to enable investors to access these specialist managers' investment expertise within funds and solutions that have been tailored for New Zealand's tax and legislative environment.

FundRock was granted a licence to act as the manager of a registered scheme under the FMC Act by the Financial Markets Authority (**FMA**) on 25 August 2015. The licence is subject to us maintaining the same or better standard of capability, governance and compliance as was the case when the FMA assessed our licence application. The licence is subject to the normal conditions imposed under the FMC Act and the FMC Regulations, and the standard conditions imposed by the FMA.

The names and contact details for directors and information on the shareholders of FundRock are available at http://www.companiesoffice.govt.nz/companies. This information may change from time to time without notice to you.

Investment Manager

The current investment manager for the Fund is Vision Invest Pty Limited (**Vision Invest** or **Investment Manager**). Further information on Vision Invest, including information on Vision Invest's directors and senior management, may be found at www.visioninvest.global.

Vision Invest invests the assets of the Fund in compliance with investment guidelines agreed between the Manager and the Investment Manager from time to time. The investment guidelines are set to ensure the Fund remains invested within limits documented in the SIPO.

Vision Invest have established an investment and credit committee (**ICC**) for the Fund to:

- oversee the investment and credit related risks to ensure that exposure to these risks remains within the ICC's risk appetite and is generally consistent with the risk appetite of investors;

- maintain an appropriate Lending and Credit Policy;
- assist the Supervisor through documenting and evidencing its investment governance processes through developing, selecting, managing and monitoring investments and investment strategies consistent with the Lending and Credit Policy; and
- recommend investment related information for disclosure to investors.

The ICC makes recommendations to FundRock on:

- changes to the governance policies, including the investment approach, philosophy and/or beliefs; and
- material changes to the ICC charter and the agreed investment process including appropriate risk and return objectives.

The ICC has authority and responsibility to:

- conduct quarterly asset allocation reviews and set the target portfolios for model portfolios;
- conduct appropriate stress and scenario testing of model portfolios; and
- conduct monthly market comparisons on term deposit rates and borrower rates.

The ICC is specifically charged with:

- setting investor monthly distribution rates;
- setting monthly borrower interest rates;
- monitoring investment performance;
- monitoring the fund liquidity;
- monitoring the fund risk management;
- monitoring the loan servicing and management;
- lending decisions for specific loans that fall outside of the Lending and Credit Policy following the annual review; and
- setting investment risk parameters for the Fund.

The ICC also provides these services to a similar managed investment fund in Australia, the Vision Invest Income Fund. The ICC may, as required from time to time, co-opt New Zealand based representatives to report on matters relating to the Fund. Co-opted members will not have voting rights.

The ICC is required to select an independent chairperson.

The following tests are applied to the selection of the independent chairperson:

- Not an existing borrower.
- Not an existing investor.
- Over 10 years asset management consulting experience.

The ICC will make decisions on these matters which will be implemented by Vision Invest. However, in the event there is a tied vote because an ICC member has had to leave the room in the voting process due to conflicts of interest then the final vote will go to the independent chairperson. In the event the independent chairperson cannot be present at a meeting, and an alternative chairperson is elected for that meeting, then no person will have a casting vote, and a decision will be made by a majority of ICC members.

Loan Administrator

The current loan administrator for the Fund is Funding Partners Administration Limited (**Funding Partners**). Further information on Funding Partners, including information on their directors and senior management, may be found at http://www.fpl.co.nz/.

Funding Partners assess the loan applications against the Lending and Credit Policy and recommend to Vision Invest whether loan applications should be approved, rejected or escalated to the ICC for review. Funding Partners also manage the documentation of loans made by the Fund, monitoring and reporting on all money paid by borrowers on those loans and monitoring any credit outstanding under the loan agreements and providing recommendations to Vision Invest in respect of arrangements with the borrower.

The Lending and Credit Policy specifies the types of loans the Fund is able to make, as well as specifying loan limits and credit criteria that any potential borrower will be assessed against. The Lending and Credit Policy focuses on two key risks, firstly the ability of the applicant to continue as a going concern and to meet their financial commitments, and

secondly that the specific transaction is of an acceptable type and structure and has been properly authorised. Specific information regarding the Lending and Credit Policy is available in the SIPO.

Supervisor

The Supervisor of the Scheme is Public Trust. Public Trust is independent of us.

Public Trust is a statutory corporation and Crown entity established and constituted in New Zealand on 1 March 2002 under the Public Trust Act 2001.

The Supervisor is responsible for supervision of FundRock and the Scheme, including:

- acting on behalf of Fund investors in relation to FundRock and any contravention of FundRock 's issuer obligations;
- supervising the performance by FundRock of its functions and the financial position of FundRock and the Scheme; and
- holding the Fund's assets or ensuring that the assets are held in accordance with applicable legislative requirements.

The Supervisor was granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed funds.

Custodian

Public Trust is the Custodian of the assets of the Fund.

As required by the FMC Act, the Custodian is independent of us.

Fund Administrator

FundRock has appointed Adminis NZ Limited (**Adminis**) as the fund administrator for the Fund. Key roles undertaken by Adminis include:

- Registry services. An electronic register for the Fund is kept at Adminis.
- Unit pricing.
- Fund accounting.

Other

Other key parties currently employed by FundRock are:

Party	Role
KPMG	Auditor
DLA Piper New Zealand	Legal adviser

Manager and Supervisor's Indemnity

Both we and the Supervisor are entitled to be indemnified out of the Fund.

The indemnity covers any personal liability (including Portfolio Investment Entity (**PIE**) tax) incurred by or on behalf of the Fund, or any action taken or omitted in connection with the affairs of the Fund (other than in respect of our or the Supervisor's negligence, wilful default or wilful breach of trust). It also covers the costs of any litigation or other proceedings in which such liability has been determined (including legal fees and disbursements). The indemnity ranks in priority to the claims of investors. It is subject to the limits on permitted indemnities under the FMC Act which only make the indemnity available in relation to the proper performance of the duties under the FMC Act.

We and the Supervisor, in incurring any debts, liabilities or obligations or in taking or omitting any other action for or in connection with the affairs of the Fund, are each deemed to be acting for and on behalf of the Fund and not in our own respective capacities.

Neither the Supervisor nor we, (except as otherwise expressly provided in the Governing Document) are under any personal liability, nor may resort be had to our private property, for the satisfaction of any obligation of the Fund (other than in respect of our or the Supervisor's negligence, wilful default or wilful breach of trust).

MATERIAL CONTRACTS

The following material contracts are in place in relation to the Fund:

- On 1 December 2016, we and Public Trust entered into the Master Trust Deed for the Establishment of Managed Investment Schemes. That deed appointed the Supervisor as supervisor, and the Manager as manager of any schemes established under that deed.
- On 16 December 2019, we and Public Trust entered into the Scheme Establishment Deed for the Vision Invest NZ Funds. The deed established the Vision Invest NZ Funds scheme.
- On 16 December 2019, we and Public Trust entered into Fund Establishment Deed for the Vision Invest NZ Income Fund. On 1 April 2025, we and Public Trust entered into a replacement Fund Establishment Deed to provide for how income is to be distributed to investors each month. On 6 May 2025, we and Public Trust entered into a further amendment to Fund Establishment Deed to amend the methodology for determining the distribution rate to be paid to investors.
- On 1 December 2016, we entered into a Supervisor Reporting Agreement with the Supervisor that sets out the arrangements between us and the Supervisor in relation to certain operational matters relating to certain Funds. The Supervisor Reporting Agreement specifies the reporting and information to be provided by us to the Supervisor, the requirements for operating the Fund's bank accounts and record-keeping. Nothing in the Supervisor Reporting Agreement limits or alters the powers of the Supervisor or our duties under the Governing Document and applicable law. On 4 February 2020 the Supervisor Reporting Agreement was updated to include the Fund.
- On 18 December 2019, we and Adminis entered into an Administration Agreement under which we delegated certain administrative functions in relation to certain Funds to Adminis, including registry, fund accounting and unit pricing.
- On 31 March 2025, we entered into an Investment Management Agreement with Vision Invest. Under the agreement, Vision Invest is responsible for investment of the assets of the Fund under normal market terms.
- On 31 March 2025, Vision Invest entered into a Loan Servicing Agreement with Funding Partners. Under the agreement, Funding Partners is responsible for servicing the loan portfolio of the Fund under normal market terms.
- On 5 December 2019, we and UBT Marketing Pty Limited (UBT) entered into a Fund Hosting Agreement formalising the framework within which FundRock was engaged by UBT to establish and manage the Scheme. Under this agreement FundRock is responsible for issuing, administering, and managing the Scheme, with UBT being appointed as the investment manager and distributor of the Fund. The agreement covers broadly the investment management, administration, distribution and marketing, branding, advertising and the preparation of offer documents as relevant to the Scheme and the Fund.
- On 31 March 2025, we, UBT and Vision Invest amended the Fund Hosting Agreement to formalise the replacement of UBT by Vision Invest under that agreement.

DISCLOSURE OF INTERESTS

A conflict of interest in relation to the Fund means a financial or any other interest, a relationship, or any other association of ours, of the Investment Manager for 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 the Investment Manager (or both) in respect of the Fund.

Below is a summary of conflicts of interest in relation to the Fund that currently exist or may arise in the future:

Conflict of interest	How the conflict of interest could influence our or Vision Invest's investment decisions	How the conflict of interest is managed
A member of the ICC is associated, from a personal or business perspective, with a potential borrower from the Fund for which the ICC need to consider an application that falls outside the Lending and Credit Policy.	The member could have the ability to influence the decision of the ICC as to whether the loan application is accepted.	The conflicted member of the ICC will not participate in the vote as to whether the loan application is approved.

Management of Conflicts of Interest

The FMC Act imposes statutory controls on related party transactions and conflicts of interest:

- A related party transaction in respect of the Fund may only be done if the details are notified to the Supervisor and we: 1) certify the transaction (or series of transactions) is "permitted" on the basis that the transaction is on arm's length terms, or 2) we obtain the Supervisor's consent on the basis that it is in the best interests of investors, or contingent on Special Resolution approval by investors.
- As Manager of the Fund, we are subject to various statutory duties in the performance of our duties as Manager, including the requirement to act honestly and in the best interests of investors.
- Where we contract out our functions to other parties, such as the investment management of the Fund to Vision Invest, we must ensure the persons to whom we contract those functions perform them to the same standard and subject to the same duties and restrictions as if we were performing them ourselves. These include the statutory duties referred to above. We must also monitor the performance of that function.
- Vision Invest, as Investment Manager of the Fund, must comply with a professional standard of care i.e. in exercising any powers, or performing any duties as investment manager, they must exercise the care, diligence, and skill that a prudent person engaged in the profession of investment management would exercise in the same circumstances.

We have built these statutory controls into our internal compliance processes and procedures. We have a conflicts of interest and related party transactions policy and procedure (Policy) which extends the statutory duties imposed on us to our staff members.

The Policy defines what a conflict of interest is and provides for reporting and disclosure of conflicts of interest to the Board, Manager and Directors.

Explanation of Key Terms

The information below is a summary of the key provisions of the Governing Document. For a detailed description of the Fund's governing terms, please refer to the Governing Document held on the scheme register at https://disclose-register.companiesoffice.govt.nz. If there is any conflict between information in this Document and the terms of the Governing Document, then the terms of the Governing Document prevail.

Making an application

The application process is described in the PDS.

Issue price

If we accept your application, you will be issued units in the Fund at the Issue Price. The Issue Price is the net asset value per unit in the Fund. The Issue Price of a unit is generally determined on last Business Day of the month (**Valuation Day**).

The value of the assets held by the Fund and the net asset value of the Fund will be determined in accordance with the Scheme's Governing Document and on a consistently applied basis.

If an application is received and accepted before the cut-off time of the Fund on a Valuation Day, units will be issued at the Issue Price determined as at the end of that day. If an application is received and accepted at or after the cut-off time on a Valuation Day, units will be issued at the Issue Price determined as at the end of the following Valuation Day.

The cut-off time for the receipt of applications and cleared funds for the Fund is currently 10am New Zealand time on the last business day of the month.

If a payment is dishonoured or reversed, no units will be issued in respect of that payment or any units issued based on that payment will be cancelled.

CHARGES

Buy/sell spreads

Buy or sell spreads can be charged on an investor's contribution to or withdrawal from a fund. The amount charged is retained in the fund to pay the costs of buying or selling fund assets. Charging a buy or sell spread ensures that transaction costs are borne by the individual investor initiating the cashflow, rather than being borne by other investors in the fund. Where a fund does not have a spread, this will have the effect of decreasing performance over time for all investors.

There are currently no buy/sell spreads charged within the Fund.

Annual fund charges

The Fund's estimated annual fund charges (**Annual Fund Charges**), which includes management fees, are outlined in the PDS for the Scheme. The Annual Fund Charges include fees and costs charged by us, the Supervisor, custodian, loan administrator, fund administrator, Investment Manager, registrar and auditor. The Annual Fund Charges also include an estimate for the Residual paid to Vision Invest Trust. It also includes professional fees (for example for legal and tax advice). These charges may be directly charged to the Fund or recovered by us from the Fund.

The GST treatment of each of these components varies. For example, GST is charged at 15% on the audit fee, and custody fees are an exempt supply for the purposes of GST. These percentages vary, and may change in the future, which is why GST has been estimated in the PDS.

The Annual Fund Charges are calculated and accrued monthly and reflected in the unit price. The Annual Fund Charges are paid monthly in arrears. We may waive or decrease the Annual Fund Charges without notice. Subject to any maximum amount in the PDS we may increase the management fee; or provided that any such fee is permitted, we may charge an additional fee not currently being charged by giving you at least three months' notice.

The Annual Fund Charges above include any investment management fees deducted within an underlying fund or paid to an underlying investment manager. It does not include any extraordinary expense such as costs of any litigation or unitholder meetings that might be incurred.

Manager's termination fees

If the Fund terminates, we may charge the Fund a fee and recover costs and disbursements from the Fund for matters relating to termination. You may ask us how much that fee was following termination. Further information on termination fees recoverable by the Manager or Supervisor are contained in the Governing Document.

Other charges

The Fund will incur other trading costs or exceptional expenses. These other expenses do not form part of the Annual Fund Charges but are reflected in the Fund's unit price and, consequently, affect its performance. Some of these expenses may be paid to us or the fund administrator. There is no limit on these expenses, which will be shown in the financial statements for the Fund.

Supervisor's other fees

The Supervisor may charge additional fees to the Fund for special services (e.g., on wind up of the Fund).

Initial service fee

While we have no current intention to do so, we may charge an initial service fee determined by us on the issue of any unit. Any initial service fee, if it were to be charged, would be in addition to any buy spread.

Variation to fees

We may, in our absolute discretion, rebate the buy and sell spread and/or Annual Fund Charges by agreement, with an investor, or a group of investors.

DISTRIBUTIONS AND RESIDUAL PAYMENTS

We expect to make monthly distributions, and payments of Residual amounts for the Fund in respect of all income earned by the Fund for each month. We expect to pay distributions within 10 business days after the end of each month. You can elect for your distributions to be reinvested in the Fund. If you do not make a distribution election the default option is reinvestment.

The rate of monthly distribution per Unit is set by the Investment Manager and advised to us each month. That rate must be no less than the RBNZ Official Cash Rate at the beginning of that month, plus 0.45% (**Set Distribution Rate**).

If:

- the Fund's net income for that month (i.e., the gross income less costs of operating the fund) (**Net Income**) is not sufficient to make distributions to investors at the Set Distribution Rate, or
- the Investment Manager does not advise us of a Set Distribution Rate,

then the full amount of available Net Income is distributed to investors.

The costs of operating the Fund (**In-Fund Costs**) which are deducted from the gross income of the Fund are any costs for which the Manager or Supervisor are entitled to reimbursement or any costs that may be paid out of the Fund under the Trust Deed. These include:

- the management fee paid to us;
- the investment management fee paid to Vision Invest;
- the loan administration fee paid to Funding Partners;
- fees and expenses charged within any underlying funds into which the Fund may invest;
- the Supervisor's fee;
- other costs incurred by us, the Supervisor and the investment manager in carrying out each of our respective duties (including the fees charged by auditors, solicitors, valuers and other advisers);
- bank account charges applicable to the Fund;
- costs for administration services, including unit registry, asset registry, unit pricing and investment accounting costs and costs associated with the provision of financial information related to each Fund;
- custody costs; and
- any other expenses (including extraordinary expenses, such as costs of litigation or unitholder meetings where relevant).

If the Fund's Net Income for that month is sufficient to make distributions to all investors at the Set Distribution Rate, then any remaining Net Income of the Fund for that month is paid to Vision Invest Trust (**Residual**), in accordance with the Trust Deed.

The Residual amount is not a fixed fee. It represents any Fund income remaining after payment of expenses and distributions to investors and is uncapped.

Gross Income, Set Distribution Rate, and Residual

The table below contains three examples of how Gross Income, Set Distribution Rate, and the Residual are applied. All percentages are relative to the Fund's Net Asset Value (NAV) as at the beginning of the period, considering eligible Units.

Year	Gross Income	Fund Expenses	Set Distribution Rate | OCR	Set Distribution Rate | Additional	Residual
Year 1	4.92%	0.22%	2.50%	0.50%	1.70%
Year 2	6.23%	0.25%	2.75%	0.45%	2.78%
Year 3	3.47%	0.27%	2.75%	0.45%	0.00%

The figures presented are examples only and do not necessarily reflect actual gross income, fund expenses, Set Distribution Rate, or the Residual.

AMENDMENTS TO THE GOVERNING DOCUMENT

We can agree with the Supervisor to change the Governing Document in certain circumstances, without consulting you. This ability is, however, subject to certain protections (for your benefit) as set out in the Governing Document.

ALTERING YOUR INVESTMENT

We may alter or introduce minimum application amounts, holding amounts, transfer amounts and redemption amounts, for the Fund at any time. We may allow applications, holdings, transfers and redemptions for less than those minimums at our discretion.

We may decrease or waive the management fee for the Fund at any time without notice.

We can change the SIPO. Before making changes to the SIPO, we will consider if the changes are in your best interests and consult with the Supervisor. We will give notice of changes to investors in the Fund prior to effecting any material changes.

Payment of redemption requests may be suspended or deferred. Details of when this may occur are included in the "Redemption of units" section of the Document.

We may resolve to wind up the Fund. In that case, all assets of the Fund will be realised and the Fund wound up (as explained under the "Insolvency or winding up" section of this Document.

If your holding in the Fund falls below the minimum holding amount fixed by us from time to time or if we determine that an adjustment for PIE tax would reduce your holding to below that minimum holding amount, we may redeem your entire holding and pay the net proceeds into your nominated bank account. We will give you at least one month's notice of our intention to do this.

The current minimum holding amount in the Fund fixed by us is $250 worth of units.

We may take all steps necessary to ensure the Fund remains eligible to be a PIE. This includes our ability to compulsorily redeem some or all of your units and pay the net proceeds to your nominated bank account.

REDEMPTION OF UNITS

You may request redemption of some or all of your investment at any time.

Minimum redemption amounts

If a redemption request would cause your holding in the Fund to fall below the minimum holding amount (as determined by us from time to time) we may treat the redemption request as a request to redeem all your units in the Fund.

If your holding falls below the minimum holding amount or to a level where an adjustment for PIE tax would leave your holding below the minimum holding amount, we may redeem all of your units and pay the proceeds to your nominated bank account.

Redemption price

The redemption price of a unit is determined on each Valuation Day for the Fund. An investors' redemption request will be actioned on the Valuation Day of the month of your request. The cut-off time for the receipt of redemption requests for the Fund is currently 10am New Zealand time on the last business day of the month.

The payment of withdrawal proceeds will normally be made within 10 business days of the Valuation Day on which the units are redeemed.

Redemption Examples

Standard withdrawal: John holds 10,000 units in the Fund. On 27 May 2026 John submits a request to redeem 5,000 units. The Valuation Day for May 2026 applies to John's request because it is at least two business days before the last business in May, which is 29 May 2026. The proceeds from John's redemption request will then normally be paid

within 10 business days of the Valuation Day on which the units are redeemed, meaning John should receive his redemption proceeds by Monday 15 June 2026, taking into account a public holiday on 1 June 2026.

Deferral of redemptions

Fund redemptions may be deferred if:

- we receive one or more Redemption Requests, within 60 business days, that total more than 10% of the Fund's units on issue, and
- we consider deferral to be in the general interests of all Fund investors.

We must notify the Supervisor of our intention to defer redemptions as soon as reasonably practicable.

If redemptions are deferred, in accordance with the Governing Document, then those units that have been subject to the redemption deferral may be repurchased or redeemed by instalments at the Valuation Times for a period determined by us or in total at the end of a period determined by us. In either case, the redemption price is to be calculated at the Valuation Time or Valuation Times on which units are repurchased or redeemed.

Suspension of redemptions

We may suspend redemptions where we in good faith form the opinion that it is not practicable or would be materially prejudicial to the interests of the Fund investors for the Supervisor to realise assets or borrow to permit unit redemptions.

Particular reasons for suspension mentioned in the Governing Document are:

- a decision to wind up the Fund,
- financial, political or economic conditions applying in respect of any financial market or other markets in which Authorised Investments may be sold,
- the threat to the Fund's eligibility for PIE status,
- the nature of any asset or investment,
- the suspension of redemptions in an underlying fund into which the Fund invests, and
- the occurrence or existence of any other circumstance or event.

If redemptions are suspended, we must give notice to all investors who have made a Redemption Request. If the suspension is for a period of more than two weeks, we must give notice to all investors in the Fund.

The suspension will continue until:

- we give notice that the suspension is concluded; or
- the expiry of any period stated in the Establishment Deed; or
- six months after the date of the notice; or
- such other date as may be approved by a Special Resolution of investors.

A redemption request may not be suspended for a period exceeding six months after its receipt (or such other date as is approved by Special Resolution of investors).

When redemption requests are suspended, in accordance with the Governing Document, the redemption price payable to investors will be calculated on the last Business Day of the period of the suspension.

Tax on redemptions

Where units are redeemed, the tax liability on income allocated to you up to the redemption date will need to be satisfied either by us cancelling units or by deduction from any distributions. Generally, this will occur by cancellation of units on redemption.

Right to sell units

You may sell and transfer all or any of your units, (either to an existing investor or another person) by completing a transfer request form, to be signed by the transferor and transferee. The transfer becomes effective when it is entered in the Register.

We may decline to register any transfer in our absolute discretion and without giving any reasons. Without limiting this discretion, we may decline a transfer due to:

- non-compliance with any law or the provisions of the Establishment Deed; or
- the transfer resulting in the transferee or the transferor holding less than the minimum holding or more than the maximum holding; or
- the transfer resulting in the Fund becoming ineligible as a PIE or threatening such eligibility.

No transfer of any units can be registered unless any sums owed in respect of those units (including any applicable PIE tax, or other duties or any commissions, fees and charges in respect of the transfer of the units) have been paid.

TERMINATION OF A FUND

The Fund will terminate on the first of the following:

- the date of termination (if any) notified in writing by us and the Supervisor to each investor of the Fund which will be at least three months after the date of the notice;
- 80 years less two days from the date of the Trust Deed; or
- the date on which investors determine to terminate the Fund by Special Resolution.

TAXATION

This section briefly summarises the taxation regime as it currently applies to the Fund. It is intended as a general guide only. There may be changes to the taxation legislation and tax rates in the future which may impact each investor differently. Investors should always seek independent professional taxation advice for their individual circumstances.

Portfolio Investment Entity

The Fund is a PIE.

Under the PIE regime, the Fund will allocate its taxable income to Investors and, where applicable, pay tax on allocated income on behalf of Investors for an Investor with a prescribed investor rate (**PIR**) of greater than zero. The Fund will undertake any necessary adjustments to an Investor's interest in the Fund to reflect that the Fund pays tax at varying rates on behalf of Investors.

Investors will not pay tax on distributions (if any) paid to investors from the Fund.

You can find out more about PIE funds and how they are taxed on the Inland Revenue website (www.ird.govt.nz). Search for 'PIE for Investors'.

Foreign residents

The Fund has elected to be a Foreign Investment variable-rate PIE. This means that lower PIRs will apply to eligible foreign residents who have sufficiently completed and provided to us a notified foreign investor (**NFI**) form (available on request). The lower rates are as follows:

All non-New Zealand sourced income, fully imputed dividends, income from New Zealand based financial arrangements excluding interest covered below	0%
New Zealand interest income	1.44%
New Zealand dividend income, to the extent it is un-imputed, is taxed based on whether the investor is resident in a country with which New Zealand hold a double tax agreement (DTA) that reduces the dividend withholding tax rate below the standard 30%.	15% (non-standard); 30% (standard)
Other New Zealand sourced income (if any)	28%

Once every year the Funds must check their investors are still NFIs.

Withholding tax

The Fund may invest in offshore managed investment schemes (e.g. Australian Unit Trusts). The offshore managed investment schemes may have foreign withholding tax deducted from income that they receive. However,

withholding tax on income received by the offshore managed investment schemes is not recognised under New Zealand tax law and therefore cannot be utilised against any PIE tax liability related to investments in the Fund.

General

Investors must advise FundRock of their PIR and IRD number when applying to invest in the Fund and if their PIR changes at any time. If an investor does not provide their PIR to FundRock they will automatically be taxed at the maximum default rate of 28%.

If you are a New Zealand tax resident individual and 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.

Investors that are New Zealand tax resident trusts may elect a rate of 0%, 17.5%, 28% and in limited circumstances, 10.5%. Unless a 28% rate is applied, PIE income and credits must be included in a trust's income tax return, with a credit claimed for any PIE tax paid.

Other non-individual New Zealand resident investors with a PIR of 0% must include PIE income and credits in their own income tax returns.

The Commissioner of Inland Revenue can require FundRock to disregard a PIR notified by an investor if the Commissioner considers the rate to be incorrect. The rate specified by the Commissioner would then apply to that investor's attributed income.

Taxable income is attributed annually to 31 March, or at any time an investor withdraws all or part of their investment from the Fund.

If there is a tax loss or there are excess tax credits allocated to an investor for a period, these will generally be available to investors with a PIR other than 0% in the form of a rebate. The Fund will either re-invest this rebate by purchasing units in the Fund on an investor's behalf in respect of annual attributions as at 31 March or include it in the net proceeds payable to that investor or applied on their behalf as a result of a full withdrawal. For trusts that have chosen a PIR other than 28%, and New Zealand resident investors with a 0% PIR, the tax loss should be available to include in that investor's tax return along with any attributed tax credits (although a tax credit may not be claimed for attributed foreign tax credits).

OTHER RISKS

The PDS for the Scheme describes the key risks associated with investments in the Fund. Further information is provided below. Different investments have different types of risks. We recommend that you seek professional advice before investing in the Fund to understand what risks are associated with this investment, especially in relation to your circumstances.

Administration risk: This is the risk that instructions in relation to your investments in the Fund have not been accurately relayed or processed or that fraudulent instructions are acted upon. FundRock, the Investment Manager, and the Fund Administrator will follow reasonable electronic instructions in good faith. Whilst we cannot always detect fraudulent instructions, we will apply best endeavours to mitigate this risk.

Currency risk: The Fund has the ability to invest offshore and hence is exposed to currency risk. Currency risk stems from the value of foreign currencies moving differently to the New Zealand dollar. For example, a fall in an investor's local currency can result in an increase in the value of their international investments. Conversely, a rise in that currency can decrease the value of an investor's international investments. The Fund mitigates currency risk by intending to fully hedge all currency exposures back to the New Zealand dollar.

Cybersecurity and operational risk: Cybersecurity breaches may allow an unauthorised party to gain access to the Fund's assets, customer data, or proprietary information, or cause the Fund or its service providers to suffer data corruption or lose operational functionality. Similar incidents affecting issuers of the Fund's securities may negatively impact performance. Operational risk may arise from human error, error by third parties, communication errors, or technology failures, among other causes.

Fund risk: These are risks specific to the Fund. These risks include that the Fund could terminate; the fees and expenses of the Fund could change; FundRock may be replaced as manager; the Vision Invest investment team may

change; or that investing in the Fund may lead to a different result than investing in the market directly. FundRock aims to keep fund risk to a minimum by monitoring the Fund and the investments of the Fund at all times and acting in investors' best interests.

Inflation risk: Inflation reduces the real value of all investments. If you invest long-term in a fund like the Fund offered under this PDS, with a high proportion of cash or other relatively conservative investments, you take a risk that the value of the investments will not keep up with inflation.

Investment risk: The underlying investments of the Fund may fall in value. Vision Invest aims to reduce investment risk by limiting exposure to any one investment and with careful analysis of and research into the management of the underlying investment prior to investing. FundRock holds regular meetings with investment managers to ensure that the underlying investments and investment process remains consistent with the investment objectives of the Fund.

Key person risk: This is the risk that key individuals are no longer able to fulfil their obligations in respect of the investment or administration of the Fund. FundRock aims to ensure that all staff are highly qualified and capable of mitigating individual key personnel risk. FundRock will ensure that it has sufficient resources to enable the Fund to continue unaffected should any member of the team be unable to fulfil their obligations.

NZ fixed interest risk: The Fund invests predominantly in fixed interest securities denominated in New Zealand dollars. Therefore, investors are exposed to the risks associated with only having exposure to this economy, market and currency. Individual investors can look to manage this risk by including other investments in their portfolio.

Regulatory risk: This is the risk that domestic or international laws or regulations are changed adversely or that regulatory supervision of transactions and reporting is performed by managers and their custodians at less than an appropriate standard. Regulatory risk is managed by FundRock by regularly and closely reviewing changes in the law and seeking expert legal advice where necessary.

Risk rating methodology risk: The risk rating methodology is calculated by Funding Partners using both static (debt-service coverage ratio (**DSCR**) and loan to value ratio (**LVR**) and dynamic (days in arrears and loss experience) data. The static data is collected at the time a loan is approved and updated at the time a loan review (if any) is carried out. The dynamic data is determined whenever the risk rating score is recalculated. The combination of both static and dynamic data, and in particular the use of static data, may mean that the risk rating score may not entirely reflect the risk rating of a loan, particularly if there has been a deterioration in the borrower's DSCR or LVR that has not yet been captured as part of a loan review.

How risks can affect an investment

The actual or perceived existence of risk may manifest itself in uncertainty, which in turn increases volatility of investment returns. When the collective sentiment of the market is positive, prices rise; when it is negative, prices fall. If specific risks eventuate a total loss of capital may occur. Each investment will be affected by a different combination of risks.

Because of these risks, it is possible that an investor may receive back less than the capital invested by the investor into the Fund. However, the investor will not be required to pay more money than the amount the investor invested in the Fund (with the exception of any PIE tax liability that may be incurred).

Risk rating methodology

The Fund uses a range of metrics to determine a risk rating for each loan in the portfolio, and for the portfolio of loans in aggregate. The metrics used by the Fund to calculate the risk rating are:

- DSCR – DSCR measures the ability of a company to use its operating income to repay all its debt obligations, including repayment of principal and interest on both short-term and long-term debt. A higher DSCR means that the borrower's income is more likely to have the ability to meet its debt obligations as they come due.
- LVR – LVR is the amount of a loan compared to the value of the property against which the loan is secured. The table below reflects the different market segments (residential, commercial and land) and the differentiated risk pertaining to each segment. Note this metric is only used when LVR is applicable/assessable which will not be the case for all loans in the portfolio. A higher LVR means that the loan value is high compared the value of the secured property.
- Days in arrears – Arrears are the part of a debt that is overdue after missing one or more required payments.
- Loss experience – Loss experience is the percentage of a loan that has been written-down following Vision Invest's decision that, in their view, that proportion of the loan is unlikely to be recovered from the borrower.

For each metric, a score will be derived, as per the following scoring methodology:

DSCR

DSCR	DSCR score
Greater than or equal to 1.5 or sufficient Interest Provision held	1
Greater than or equal to 1.25 but less than 1.5	2
Greater than or equal to 1 but less than 1.25	3
Less than 1	4

LVR (if applicable)

LVR - Residential	LVR - Commercial	LVR - Land	LVR Score
0-70%	0-60%	0-50%	1
70-80%	60-70%	50-60%	2
80-90%	70-75%	60-70%	3
90-100%	75-100%	70-100%	4

Days in arrears

Days in arrears	Days in arrears score
No arrears	1
Up to 15 days in arrears	2
Greater than 15 days and up to 30 days in arrears	3
More than 30 days in arrears	4

Loss experience

Loss experience	Loss experience score
No loss experience	1
Loss experience greater than 0% but less than 10%	2
Loss experience greater than or equal to 10% but less than 20%	3
Loss experience greater than or equal to 20%	4

Each of the risk scores are then weighted as per the table below to derive an overall risk rating score for each loan in the portfolio:

Metric	Weighting	
	If LVR applicable	If LVR not applicable
DSCR	25%	33.3%
LVR (if applicable)	25%	0%
Arrears	25%	33.3%
Loss experience	25%	33.3%

The risk rating scores for all loans in the portfolio are then aggregated, with each individual risk score weighted according to the size of the loan relative to the size of the total portfolio of loans.

Risk Rating Calculation Example

For the purposes of this example there are only two borrowers from the Fund.

Borrower one	John's Mowing Services Limited (**John's Mowing Service**) applies for a loan from the Fund and is backed by a personal guarantee. The loan application is approved. John's Mowing Services has earnings before interest, tax, depreciation, and amortization (**EBITDA**) of $350,000 and the principal and interest of the loan (which is the only loan that John's Mowing Service has) is $200,000. This calculates to a DSCR of 1.75, which equates to a DSCR score of 1. The loan to John's Mowing Service is not secured against physical property, therefore LVR is not applicable. At the time the risk rating scores were calculated, the loan to John's Mowing

	Service had no arrears and there had been no losses on the loan (equating to risk scores of 1 for both of these metrics).

At the time of calculation, the risk rating score for John's Mowing Service was:

- DSCR = 1 x 33.3% = 0.33
- LVR = N/A
- Days in arrears = 1 x 33.3% = 0.33
- Loss experience = 1 x 33.3% = 0.33
- Overall risk rating = 1

Borrower Two	ABC Builders Limited (**ABC Builders**) applies for a loan from the Fund which is secured against property owned by ABC Builders. The loan application is approved. ABC Builders has EBITDA of $600,000 and the principal and interest of the loan (which is the only loan that ABC Builders Limited has) is $500,000. This calculates to a DSCR of 1.2, which equates to a DSCR score of 3. The value of the building against which the loan is secured is $1.7m. The property type is a commercial building. This calculates to a LVR of 29%, which equates to an LVR score of 1. At the time the risk rating scores were calculated, ABC Builders was 10 days in arrears on its interest payments, equating to a days in arrears score of 2, but at that point in time there had been no losses on the loan (equating to a risk score of 1 for loss experience.

At the time of calculation, the risk rating score for ABC Builders was:

- DSCR = 3 x 25% = 0.75
- LVR = 1 x 25% = 0.25
- Days in arrears = 2 x 25% = 0.5
- Loss experience = 1 x 25% = 0.25
- Overall risk rating = 1.75

Aggregate Risk Rating

Combining the risk ratings of both John's Mowing Services and ABC Builders, weighted according to the size of each of their respective loans relative to the size of the total portfolio of loans, provides the following aggregate (or loan portfolio level) risk rating:

Total loan portfolio size:	$200,000 + $500,000 = $700,000
Proportionate share of loan portfolio:	
John's Mowing Services	$200,000 / $700,000 = 28.6%
ABC Builders	$500,000 / $700,000 = 71.4%
Weighted aggregate risk score	(28.6% x 1) +(71.4% x 1.75) = 1.536

The risk rating for each loan and the aggregate portfolio of loans at the time of calculation is set out below:

John's Mowing Service	1
ABC Builders	1.75
Aggregate loan portfolio	1.54

INSOLVENCY OR WINDING UP

You will not be liable to pay money to any person as a result of the insolvency or winding up of the Fund (except as described below).

You will be liable to meet any tax liability attributable to you which exceeds the value of your investment in the Fund (in which case you indemnify the Supervisor for the difference between the value of the units and the tax liability). A custodian that holds legal title to units on behalf of underlying investors and elects to be a proxy for PIE investors will, under the terms of the application form, be asked to indemnify us and the Supervisor for any losses, liabilities, costs or expenses arising from any breach (in relation to underlying investors that such custodian is responsible for) of the investor interest size requirements under section HM 15 or the investor membership requirements under section HM 14 of the Income Tax Act 2007, including the losses, liabilities, costs or expenses arising from the Fund losing PIE status.

On insolvency or winding up of the Fund, the assets of the Fund are first applied to meet the claims of any creditors of the Fund (whether preferred, secured or unsecured), which includes the Supervisor's and Manager's claims for fees and expenses. Following this, the remainder of the assets of the Fund will be distributed to investors in proportion to the number of units held.

At the date of this document there are no other claims on the assets of the Fund that rank ahead of or equally with the claims of investors. In certain circumstances, you may receive assets other than cash (e.g. securities in another investment held by the Fund) as part of a wind up.

MORE INFORMATION ABOUT MARKET INDICES

Having exercised reasonable endeavours, FundRock has determined that there is neither relevant index nor benchmark for the relevant assets of the Fund, which relies on the provisions of the Financial Markets Conduct Regulations, Schedule 4, clause 99.

The Fund predominantly invests in commercial loans for New Zealand business associated with the Brethren Community. FundRock is not aware of any market index that covers these assets and meets the regulatory requirements1. The Fund also holds cash for liquidity purposes. While there are market indices available for this asset class, FundRock does not believe that an appropriate market index for this asset would be likely to be useful to investors when assessing the performance of the Fund as a whole.

NO GUARANTEE

Neither the Supervisor, Manager, Investment Manager nor any other person guarantees or provides undertakings in relation to the return of capital invested in the Fund by an investor, the payment of any return on capital, or provision of any distribution or payment of any money in relation to the Fund, or the performance of the Fund. An investor's investment is not secured against any assets.

[1] Pursuant to regulations, a market index must be (i) widely recognised and widely used in the financial markets, (ii) administered by a person who is not the manager, investment manager, a party related to them; and (iii) appropriate in terms of assessing movements in the market in relation to the returns from the assets in which a fund invests, directly or indirectly.