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# Insync Investment Funds

## Other Material Information

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## Introduction

This is an important document in relation to your investment in the Insync Investment 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 [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) ("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 ("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](http://www.legislation.govt.nz).

In this Document, "you" or "your" refers to a person or entity that invests in a Fund within the Scheme, whether directly or through a wrap platform or similar administration and custodial service. If you hold units through a wrap platform or similar administration and custodial service, please note the section "Investing through administration and custodial services" (including wrap platforms). "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.

Capitalised terms 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 Insync Investment Funds) ("Governing Document"), unless they are otherwise defined in this Document.

## Other information on the Scheme

This Document relates to the offer of Units in the Insync Global Quality Equity PIE Fund ("Fund"). There is currently only one fund offered under the Scheme.

The Fund is constituted within a managed investment scheme called the Insync Investment Funds. The Scheme is governed by:

- the Master Trust Deed for the Establishment of Managed Investment Schemes dated 1 December 2016 and amended on 11 January 2021 ("Trust Deed"),
- the Scheme Establishment Deed dated 27 February 2025, and
- the Fund Establishment Deed dated 27 February 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 [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

## Investing through administration and custodial services

The Fund is offered through certain administration and custodial services. These include "wrap platforms". When you invest through an administration and custodial service you do not hold Units in the Fund directly. Instead, your Units are held in the name of a custodial entity for the wrap platform on your behalf. This means many of the legal rights attaching to those Units are held by that custodial entity rather than by you, and so your ability to exercise those rights is subject to the terms and conditions agreed between you and the provider of the service. You are encouraged to familiarise yourself with those terms and conditions as set out in service provider's marketing and legal documentation.

## Other information on the parties involved

### 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 [www.companiesoffice.govt.nz/companies](http://www.companiesoffice.govt.nz/companies). This information may change from time to time without notice to you.

### Investment Manager

The Investment Manager for the Scheme is Insync Funds Management Pty Limited (the "Investment Manager" or "Insync"). Established in July 2009, Insync is a global equity specialist based in Sydney, Australia. Key executives, including the CIO and founder Monik Kotecha, own equity in the business and co-invest in other Insync-managed funds (including the underlying fund) alongside other investors.

Insync's core belief is that superior returns over time result from a concentrated portfolio of high quality global companies exhibiting strong sustainable financials that are also beneficiaries of enduring global megatrends.

Combining its data-driven and unique systemised process with a future-focused mindset, Insync's team harnesses its deep experience and understanding across global commerce to produce strong investor outcomes.

Further information on Insync may be found at [www.insyncfm.com.au](http://www.insyncfm.com.au).

The Investment Manager is responsible for investing 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.

### Supervisor

The supervisor of the Scheme is Public Trust (the "Supervisor"). 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 the Fund's 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 through an independent custodian.

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**

BNP Paribas Fund Services Australasia Pty Limited ("BNP" or the "Custodian") is the Custodian of the Fund's assets. Assets of the Fund may be registered in the name of BNP Paribas Nominees (NZ) Limited, a subsidiary of the Custodian.

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

## **Administration Manager**

FundRock has appointed Apex Investment Administration (NZ) Limited ("Apex NZ") as the administration manager (the "Administration Manager") for the Fund. Key roles undertaken by Apex NZ include:

- unit pricing;
- fund accounting; and
- registry services.

## **Other**

Other key parties currently employed by FundRock are:

<b>Party</b>	<b>Role</b>
PricewaterhouseCoopers	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 or the Supervisor's private property, for the satisfaction of any obligation of the Fund.

## **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 27 February 2025, we and Public Trust entered into the Scheme Establishment Deed for the Insync Investment Funds. The deed established the Insync Investment Funds scheme.

- On 27 February 2025, we and Public Trust entered into the Fund Establishment Deed for the Insync Global Quality Equity PIE Fund. The deed established the Insync Global Quality Equity PIE Fund.
- 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 the Fund. The Supervisor Reporting Agreement specifies the reporting and information to be provided by us to the Supervisor and 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 26 August 2016, we and Apex NZ entered into an Administration Agreement under which we delegated certain administrative functions in relation to certain funds to Apex NZ, including registry, fund accounting and unit pricing. On 17 April 2025 we and Apex NZ updated the current agreement to include Apex NZ's provision of registry, fund accounting and unit pricing services to the Insync Global Quality Equity PIE Fund.
- On 16 April 2025, we entered into an Investment Management Agreement with Insync. Under the agreement, Insync is responsible for investment of assets of the Fund under normal market terms.
- On 16 April 2025, we and Insync entered into a Fund Hosting Agreement formalising the framework within which FundRock is engaged by Insync to establish and manage the Scheme. Under this agreement, we are responsible for issuing, administering, and managing the Scheme, with Insync being appointed as the Investment Manager and distributor of the Fund. The agreement covers broadly the investment management, administration and distribution of the Scheme and the Fund, branding, advertising and the preparation of offer documents.

## Disclosure of Interests

An investment in the Fund is subject to a number of actual or potential conflicts of interest.

### Insync

The Investment Manager intends to invest substantially all the assets of the Fund into the Insync Global Quality Equity Fund ("Underlying Fund"), a class of the Insync Global Titans Fund, a registered Australian managed investment scheme. Insync also acts as the investment manager for the Underlying Fund. Insync, in its role as investment manager for the Fund (representing a single investor in the Underlying Fund) may have a potential conflict when acting as the investment manager for the Underlying Fund (representing all investors in the Underlying Fund).

We manage this potential conflict by certifying to the Supervisor that the Fund's investment into the Underlying Fund is on arms' length commercial terms or better.

### Investments in the Fund by related parties

Parties related to the Fund, including the staff of the Investment Manager and their families, and the staff of FundRock and their families may from time to time invest in the Fund.

### Apex Investment Administration (NZ) Limited

Both we, and the Scheme's administration manager, Apex Investment Administration (NZ) Limited, are ultimately owned by Apex Group Limited. This common ownership may influence us to agree commercial terms with Apex NZ that are more favourable to Apex NZ than would otherwise be the case. If that happened, it would benefit the interests of Apex NZ at the expense of the interests of investors. We manage this potential conflict of interest by certifying to the Supervisor that the arrangement with Apex NZ is on arms' length commercial terms and by complying with our Conflicts of Interest Policy in respect of our relationship with Apex NZ.

## 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 the Investment Manager, 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.
- The 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, it 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 conflicts of interest and related party transactions policies and procedures ("Policies") which extend the statutory duties imposed on us to our staff members. The Policies define 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 Disclose Register. 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, plus an amount per unit calculated to reflect the cost of acquiring investments following the issue of Units ("buy spread") and other administrative costs relating to the sale or issue of units. For the current buy spreads for the Fund see [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/). The Issue Price of a Unit is generally determined on each Business Day ("Valuation Time").

The value of the assets held by the Scheme 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 Time, 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 Time, Units will be issued at the Issue Price determined as at the end of the following Valuation Time.

The cut-off time for the receipt of applications and cleared funds for the Fund is currently 2pm New Zealand time.



The Fund invests into an Underlying Fund located outside New Zealand (i.e. Australia). In some circumstances (e.g., where there is a public holiday in the jurisdiction of the Underlying Fund or security; or where a significant proportion of the markets in which the Underlying Fund invest are closed) it may not be possible to determine the Issue Price of a Unit for the Fund because there is no valuation data available for the Underlying Fund or security. In these cases, the Issue Price may be determined on the next Business Day on which valuation data is available for the Underlying Fund or security. Alternatively, with the permission of the Supervisor, the Issue Price may be determined by applying an index movement to the previous day's price.

The Underlying Fund is generally valued every business day in Australia, however it may "freeze" valuations on or about 30 June, when distributions are made every year, to facilitate the calculation and payments of those distributions. We do not expect a freeze to continue for more than 10 business days. Once the freeze is lifted, the Underlying Fund will then be retrospectively valued for each business day of the freeze. In any such cases, the Fund will also "freeze" valuations and apply retrospective valuations according to the Underlying Fund's valuation information once this is available.

Applications for Units in the Fund received and accepted during a freeze will be processed using the Issue Price applicable for the relevant Valuation Time once the freeze is lifted.

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

The Issue Price includes a buy spread that provides for the cost of acquiring investments the Fund. The Redemption Price includes a sell spread that provides for the cost of realising investments in the Fund. Buy and sell spreads take into account any buy and sell spread within the Underlying Fund. For the most up to date buy/sell spreads see [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/). We review the buy/sell spreads from time to time. Buy/sell spreads are indicative only and may apply to each investment/redemption and be a cost to you.

### Annual fund charges

The Fund's estimated annual fund charges ("Annual Fund Charges"), which include any management fees, are outlined in the PDS for the Scheme. The Fund charges include our best estimate of fees and costs that will be charged by the Manager, Supervisor, Custodian, Administration Manager, Investment Manager and Auditor. It may also include professional fees (for example for legal and tax advice) and index license costs. These charges may be directly charged to the Fund or recovered by the Manager 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 daily and 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 the Underlying Fund (if applicable) or paid to an underlying investment manager.

### 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 Fund Charges. Some of these expenses may be paid to us or the Administration Manager. There is no limit on these expenses, which will be shown in the Fund's financial statements.

### **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 Fund charges (which includes management fees) by agreement with an investor or a group of investors.

### **Additional information about performance fees**

Depending on how well the Fund performs, the Investment Manager may be entitled to receive a performance fee which is payable by the Fund.

The performance fee is equal to 15% of the outperformance of the Fund's return (net of management fees) over its benchmark's return, multiplied by the net asset value of the Fund (excluding the performance fee accrual plus any applications, minus any redemptions). The benchmark used for calculating the performance fee for the Fund is the MSCI All Country World ex-Australia Net Total Return Index in New Zealand dollars. If an index ceases to be published, we will nominate an equivalent replacement index. The performance fee is calculated and accrued each business day and if positive on a cumulative basis, is paid twice annually as at 31 March and 30 September each year. The Investment Manager will only be paid the performance fee if the Fund's cumulative daily performance fee accrual is positive on those dates. That is, any previous negative performance fee accruals generated when the Fund underperformed the benchmark must have been recovered.

### **Worked example – performance fee calculation**

The worked example in the following table is shown only for the purpose of illustrating how the performance fee may be calculated for three unrelated days only, and assumes there are no applications or redemptions made during each day.

The daily performance fee accrual is calculated as the day's opening NAV (excluding the performance fee accrual, plus any applications, minus any redemptions -- the latter both assumed to be nil in the examples), multiplied by the Fund's daily out or underperformance compared to the benchmark, multiplied by 15% (performance fee rate).

The day's performance fee accrual is then added to the performance fee accrual balance (carried over from the previous day) to give the cumulative performance to that date. The actual performance in the ordinary course of business, the unit price, the benchmark, and the hurdles may all fluctuate from day to day. It is also important to note the below table is not an indication of the expected or future performance of the Fund, and that actual performance may differ materially from that used in the following worked example.

Fee components	Example Day 1	Example Day 15	Example Day 30
Performance fee rate	15%	15%	15%
Opening NAV excluding performance fee accrual	\$10,000,000	\$15,000,000	\$20,000,000
Fund daily return	0.10%	0.50%	-0.25%
Benchmark daily return	0.05%	-0.25%	0.70%
Daily out/underperformance of the benchmark	0.05%	0.75%	-0.95%
Daily performance fee accrual*	\$750	\$16,875	-\$28,500
Performance fee accrual (carried over from previous day)	\$20,000	-\$60,000	\$75,000
Total Performance Fee accrual	\$20,750	-\$43,125	\$46,500

\*If the performance fee accrual was positive on a performance fee payment date, a performance fee would be payable equal to the performance fee accrual.

## Distributions

The Fund does not currently distribute income or capital gains but may elect to do so in the future. If the Fund does elect to distribute income or capital gains, then a component of your return will also come from these distributions. Any income or capital gains will currently be included in the unit price calculated for the Fund.

## 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 any 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 under the "Redemption of units" section.

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).

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

### Minimum redemption amounts

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 \$5,000 worth of Units.

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.

## **Redemption price**

The Redemption Price of a Unit is determined on each Valuation Time for the Fund. If an investor's Redemption Request is received prior to the applicable cut-off time on a Valuation Time, the Redemption Price applicable to your Redemption Request will be the Redemption Price determined as at the end of that day. If your Redemption Request is received at or after the applicable cut-off time on a Valuation Time, the applicable Redemption Price will be the Redemption Price determined as at the end of the following Valuation Time.

The cut-off time for the receipt of Redemption Requests for the Fund is currently 2pm New Zealand time.

The Fund invests into an Underlying Fund located outside New Zealand (i.e. Australia). In some circumstances (e.g., where there is a public holiday in the jurisdiction of the Underlying Fund or security; or where a significant proportion of the markets in which the Underlying Fund invest are closed) it may not be possible to determine the Redemption Price of a Unit for the Fund because there is no valuation data available for the Underlying Fund or security. In these cases, the Redemption Price may be determined on the next Business Day on which valuation data is available for the Underlying Fund or security. Alternatively, with the permission of the Supervisor, the Redemption Price may be determined by applying an index movement to the previous day's price.

The Underlying Fund is generally valued every business day in Australia, however it may "freeze" valuations on or about 30 June, when distributions are made every year, to facilitate the calculation and payments of those distributions. We do not expect a freeze to continue for more than 10 business days. Once the freeze is lifted, the Underlying Fund will then be retrospectively valued for each day of the freeze. In any such cases, the Fund will also "freeze" valuations and apply retrospective valuations according to the Underlying Fund's valuation information once this is available.

Redemption Requests for the Fund received and accepted during a freeze will be processed using the Redemption Price determined at the applicable Valuation Time once the freeze is lifted.

## **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 a 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 Trust Deed, 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's investors for the Supervisor to realise assets or borrow to permit redemptions.

Particular reasons for suspension mentioned in the Trust Deed 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 the 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.

Under the Trust Deed, a suspension will continue until:

- we give notice that the suspension is concluded; or
- the expiry of any period stated in the Fund Establishment Deed (currently none); 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 Trust Deed, 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 Governing Document; 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 the 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 Scheme as a whole, or a Fund in the Scheme, 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 Scheme, or 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 has elected to be 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 interests in the Fund to reflect that the Fund pays tax at varying rates on behalf of investors.

As at the date of this OMI, the Fund gains exposure to global shares via an Underlying Fund, which holds these shares directly. For New Zealand tax purposes, these investments will generally be taxed under the Fair Dividend Rate ("FDR") method whereby 5% of the opening market value of the global shares is taxable income to the Fund each year. The method of calculation of taxable income may change without notice.

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](http://www.ird.govt.nz)). Search for 'PIE for Investors'.

### Withholding tax – Underlying Funds

The Fund currently invests through an Underlying Fund. The Underlying Fund may have foreign withholding tax deducted from income that it receives. However, withholding tax or income received by the Underlying Fund is not recognised under New Zealand tax law and therefore cannot be utilised against any PIE tax liability related to investments in the Fund.

### Foreign residents

The Fund has elected to be a foreign investment variable-rate PIE.

For eligible foreign residents who have sufficiently completed and provided to us a notified foreign investor ("NFI") form (available on request), tax will be calculated and paid by the PIE based on the type and source of income allocated to the NFI, 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 unimputed, 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% (DTA); 30% (no DTA)
Other New Zealand sourced income (if any)	28%

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

## 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 non-individual investors with a 0% PIR, the tax loss or excess credits may be available for offset in that investor's tax return against other income, with any excess available to carry forward.

## 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.

**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 Insync 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.

There is also the risk that someone involved with your investment (even remotely) does not meet their obligations or perform as expected, assets may be lost, not recorded properly or misappropriated, laws may adversely change, insurers may not pay when expected, systems may fail or insurance may be inadequate.



Investing through an administration platform also brings some risks that the operator of the administration platform may not perform its obligations properly.

**Manager risks:** The Fund is subject to manager risks, including human error, system failures, poor procedures, lack of management controls, termination of the Fund, changes in fees, replacement of the Manager and replacement of the Investment Manager.

**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.

**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.

**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 Administration Manager will follow reasonable electronic instructions in good faith. Whilst we cannot always detect fraudulent instructions we will apply best endeavours to mitigate this risk.

**Investment risk:** The underlying investments of the Fund may fall in value. The Investment Manager aims to reduce investment risk with careful analysis 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.

**Country market risk:** Economic, technological, political or legal conditions and market sentiment can lead to volatility in the value of investments and the overall level of liquidity in the market. To the extent possible, the Investment Manager aims to reduce this risk by continuously engaging in research and analysis to form a view of the market.

**Counterparty risk:** There is a risk that the Underlying Fund, may incur a loss arising from failure of another party to a contract (the counterparty) to meet its obligations. Substantial losses can be incurred if a counterparty fails to deliver on its contractual arrangements.

**Fund of fund risk:** The Fund invests in the Underlying Fund and is subject to certain risks associated with an investment in the Underlying Fund, including but not limited to exposure to the investment strategy, performance of and fees and costs (if any) associated with the Underlying Fund.

**Liquidity risk:** This is the risk that your withdrawal requests cannot be met when you expect. Because cash is paid to your account when you withdraw, investments of the Fund (principally being units in the Underlying Fund) may need to be sold to pay you. Consequently, the Underlying Fund may also need to sell its investments to meet a withdrawal request made by the Fund.

Where this is the case, the ability of the Underlying Fund (and consequently the Fund) to meet withdrawal requests will also depend on factors such as the state of the markets, and selling investments is not always possible, practicable or consistent with the best interests of investors (including investors in the Underlying Fund where the Underlying Fund needs to sell investments to meet withdrawal requests).

**Governance risk:** The Investment Manager may take into account environmental, social and governance (ESG) issues in the management of the Fund with the intention of enhancing financial returns and/or managing risk. Be aware that the Investment Manager's policy does not take into account all labour standards, environmental, social and ethical considerations, and that any assessment of what is or is not such a factor and should or need not be taken into consideration is subjective. The Investment Manager's policy can change, and that investing having regard to such factors may not result in ESG outcomes improving or desired investment outcomes being achieved. Investments may form part of the portfolio even though they do not meet such standards.



**Information risk:** We are committed to ensuring that your information is kept secure and protected from misuse and loss and from unauthorised access, modification and disclosure. We use the internet in operating the Fund and may store records in a cloud system. If stored overseas, different privacy and other standards may apply there. The internet does not however always result in a secure information environment and although we take steps we consider reasonable to protect your information, we cannot absolutely guarantee its security.

## 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 foreseeable 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).

No person, including the Supervisor, Investment Manager or the Manager or their respective directors and shareholders guarantees the performance of the Fund, any particular rate of return, or the return of an investor's capital. An investor's investment is not secured against any assets.

## 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 attached to the PDS, 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 Scheme 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 index

The returns of the Fund are measured against the market index described in the SIPO. More information about this market index can be found at the following web page:

- [www.msci.com](http://www.msci.com)

## No guarantee

Neither the Supervisor, 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.