



## **Information Memorandum**

July 2024

# **Pacific Equity Partners Alternatives NZ Funds**

## **- For an offer of units in the PEP Gateway NZ PIE Fund**

**Dated 4 July 2024**

**Investment Management by PEP Services Pty Limited**

**Issued by FundRock NZ Limited**

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## 1. Important notice

The PEP Gateway NZ PIE Fund (**Fund**) is part of the Pacific Equity Partners Alternatives NZ Funds (**Scheme**) and is only open to persons who are Wholesale Investors and other persons who do not require disclosure under Part 3 of the *Financial Markets Conduct Act 2013* (**FMCA**) (**Wholesale Investors**) and who accept the conditions of receipt of this information memorandum (**IM**). You can only invest in the Fund with the approval of FundRock NZ Limited (NZBN 9429031398602) (**FundRock** or the **Manager**) and PEP Services Pty Limited (ACN 165 732 347) (**Investment Manager**). The Investment Manager is part of the Pacific Equity Partners group of businesses (collectively referred to hereafter as **PEP**).

This IM is prepared and issued by FundRock as the Manager of the Scheme. This IM gives you important information about this investment to help you decide whether you want to invest. FundRock has prepared this document in accordance with the Trust Deed.

You should read this IM in its entirety before making a decision about whether to invest in the Fund. This IM sets out general information about the Scheme and Fund for the recipient of this IM (**Recipient**) to consider in making a decision as to whether the Recipient should acquire an interest in the Fund.

### Date

This IM is dated 4 July 2024 (**IM Date**). Its delivery at any time after the IM Date does not imply that the information contained in it is accurate, timely and complete at any time subsequent to the IM Date.

### Glossary

Certain words and expressions used in this IM are defined in Section 12 (*Glossary*).

### General advice warning

The information contained in this IM is general information only and is not personal financial product advice. This IM has been prepared without taking into account the objectives, financial situation or needs of any particular person. Investors should not construe the contents of this IM as tax or investment advice. Investors are strongly encouraged to undertake their own due diligence in relation to the Scheme and Fund before making an investment. In addition, Investors should read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this IM.

### Conditions of receipt

This IM is not made available generally to the public but rather is supplied personally to the Recipient on the conditions set out below, which are taken to be accepted and agreed by the Recipient as evidenced by the retention by the Recipient of this IM, in part consideration of the supply of this

IM. If these conditions are not acceptable, this IM must be returned immediately.

### Disclosure document status

This IM is intended to provide potential Investors with information only and does not constitute a Product Disclosure Statement for the purposes of the FMCA. Neither the Scheme nor the Offer made by the Fund are registered or regulated under the FMCA (although Part 2 of the FMCA still applies).

New Zealand law normally requires people who offer financial products to persons who are *retail investors* under the FMCA to give information prescribed by the FMCA and its regulations to these investors before they are able to invest. This information is designed to help investors make an informed decision.

If you are a wholesale investor, as defined by the FMCA, the usual rules do not apply to offers of financial products made to you. As a result, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for these investments. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

### Restrictions on distribution

The Offer is an offer which is available to persons receiving this IM within New Zealand but does not constitute an offer of interests in the Fund in any jurisdiction where, or to any persons to whom, it would be unlawful to make the Offer.

This IM does not constitute an offer to sell or the solicitation of an offer to buy any securities or other financial products other than Units. It is the responsibility of any person located in a jurisdiction other than New Zealand to ensure compliance with all laws of any country relevant to the Offer. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of any relevant laws and that all approvals and consents have been obtained.

### Applications may be rejected

The Manager reserves the right to evaluate any applications to acquire Units and to reject any or all of them (in whole or in part), without giving reasons for rejection. The Manager is not liable to compensate any Investor or recipient of this IM for any costs or expenses incurred by any person in reviewing, investigating or analysing any information in relation to the Offer, the Fund or otherwise.

In the case of a rejected application, the application money received by the Manager in respect of the rejected application will be refunded without interest.

### Indirect Investors

The Manager authorises the use of this IM as disclosure to indirect investors who access the Fund through a platform and those investors (**Indirect Investors**) may rely on this IM. Indirect Investors do not become, or have the same rights

as, direct Investors. For Indirect Investors, the operator or custodian of the platform (**Operator**) is investing in units in the Fund on your behalf. The Operator will be recorded as the Unitholder in the Fund's Unit register and will be the person who may exercise the rights and receive the benefits of a Unitholder in accordance with the arrangements they have with the Indirect Investor.

Reports, and documentation relating to the Fund will be sent to the Operator instead of the Indirect Investor. Indirect Investors may be subject to different rules and conditions from those set out in this IM, particularly in relation to:

- the application and transfer of Units;
- minimum initial and additional investment amounts;
- payment methods for your investment amount(s);
- fees and expenses;
- distribution calculation and timing of payments; and
- investor reporting.

Indirect Investors should contact their adviser or Operator with any queries or for any other information relating to an investment in the Fund using a platform.

References to "you" or "your" in this IM is generally a reference to a direct investor in the Fund, but may also refer to Indirect Investors investing through a platform as the context requires.

#### Date of information

Unless otherwise specified, all financial and operational information contained in this IM is stated as at the date of this IM. Its delivery at any time after the date of this IM does not imply that the information contained in this IM is accurate, timely and complete at any time subsequent to that date.

#### Investors to undertake own due diligence

Information contained in this IM has been provided to Investors to assist them to make an assessment of whether or not to invest in the Fund. In relation to the information contained in this IM, none of the Manager or the Investment Manager, or their officers, employees, related parties, associates, consultants, advisers and agents, warrant or represent that:

- all information which is relevant to the Offer or to the acquisition of Units has been provided in this IM; or
- all information provided under this IM is accurate, correct or complete.

While the Manager has taken all reasonable steps to ensure that the information contained in this IM is accurate, it is possible that, due to factors such as the passage of time or the uncertainty in forecast details, the information contained in this IM may be inaccurate at the date of release of this IM or at a later time.

Except where expressly disclosed, the information contained in this IM has not been independently verified or independently audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Independent Trustee, Manager or Investment Manager and their associates or advisers as to the accuracy or completeness of any part of this IM, nor will they have any responsibility to update this IM.

To the maximum extent permitted under the law, the Independent Trustee, Manager, and the Investment Manager disclaim any liability arising from any information provided in this IM, including any errors or omissions.

#### No performance guarantee

None of the Independent Trustee, Manager or the Investment Manager or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Fund, the repayment of capital invested in the Fund by an Investor, any particular rate of return on investments in the Fund or (where information about tax is provided) any particular tax treatment.

Where this IM sets out any past performance in respect of the Fund, the Fund's strategy, or other funds or investment vehicles operated or managed by the Manager or Investment Manager, Investors must not interpret that information as a representation about the future performance of the Fund. Past performance is not a reliable indicator of future performance. There can be no assurance that the Fund will achieve results that are comparable to the track record of the Manager or Investment Manager, or that the Fund's investment objectives will be achieved.

#### Forward-looking statements

Certain information contained in this IM constitutes 'forward-looking statements' that can be identified by the use of forward-looking terminology such as 'may', 'will', 'should', 'expect', 'aim', 'anticipate', 'foresee', 'estimate', 'target', 'intend', 'likely', 'planned', 'continue', 'potential', or 'believe' or the negatives or other variations of those words or comparable terminology.

Furthermore, any projections or other estimates in this IM, including estimates of returns or performance, are 'forward-looking statements' and are based on certain assumptions that may change.

Due to various risks and uncertainties, including those set out in Section 5 (*Risks of investing*), actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in any forward-looking statements.

The forward-looking statements included in this IM involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, or are unknown to, the Independent Trustee, Manager and Investment Manager. Actual future events may vary materially from the forward-looking

statements and the assumptions on which those statements are based. Given these uncertainties, Investors are cautioned to not place undue reliance on any forward-looking statements.

Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this IM are forward-looking statements and subject to this cautionary statement.

### **Currency**

In this IM any reference to currency, '\$', 'NZD', or 'dollars' is to New Zealand dollars, unless otherwise indicated.

### **Confidentiality**

The contents of this IM are confidential. Neither this IM nor any other information provided by the Manager or Investment Manager may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Fund, or used for any purpose other than the consideration of an investment in the Fund, unless the express prior written consent of the Manager is obtained. Any reproduction of all or part of this IM is strictly prohibited without the written consent of the Manager, and may only be reproduced in accordance with that consent. In the event that the Recipient does not participate in the Fund, this IM, along with all related materials, must be returned to the Manager immediately on demand.

### **Classes of units**

The Manager may create and issue one or more different classes of units with rights, obligations or restrictions differing from each other class of unit, and may at any time consolidate or divide units.

## 2. Fund at a glance

Item	Summary	Further Information
<b>Fund Details</b>		
<b>Fund Name</b>	PEP Gateway NZ PIE Fund.	
<b>Manager</b>	FundRock NZ Limited.	
<b>Independent Trustee</b>	Public Trust.	
<b>Investment Manager</b>	PEP Services Pty Limited. As at the date of this IM, investment management responsibilities are sub-delegated to PEP Gateway Management Pty Limited (ACN 655 960 795), who are an investment team within the Pacific Equity Partners group.	
<b>Fund Administrator and Unit Registry</b>	Adminis NZ Limited ( <b>Adminis</b> ).	
<b>Custodian</b>	Public Trust.	
<b>Investment Details</b>		
<b>Investment Objective and Strategy</b>	<p>The Fund's investment objective is to provide attractive returns over the medium and long term through exposure to a diversified portfolio of high quality global private equity investments, including exposure to some of the world's best private equity funds and fund managers.</p> <p>The Fund gets this exposure through investing in PEP Gateway (the <b>Underlying Fund</b>).</p> <p>The Underlying Fund targets those investment opportunities considered most attractive at a given point in time while delivering diversification including across strategy, asset class, geography, vintage and industry sector.</p> <p>Through the Fund's investment in the Underlying Fund, Investors have the opportunity to invest in global private equity assets that may otherwise be difficult for individuals to access.</p>	Section 4
<b>Benefits of Investing in the Fund</b>	<p>The Fund, through its investment in the Underlying Fund, offers Investors a range of benefits, including:</p> <ul style="list-style-type: none"> <li>• access to attractive global private equity investments which may not otherwise be readily available to individuals;</li> <li>• diversification, including across strategy, asset class, geography, vintage and industry sector;</li> <li>• greater liquidity than is generally associated with private equity investments; and</li> <li>• investment expertise of Pacific Equity Partners, one of Australia's leading private markets firms.</li> </ul>	Section 4
<b>Risks</b>	All investments are subject to risk. The significant risks associated with an investment in the Fund are discussed in Section 5.	Section 5
<b>Distributions</b>	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 this	

Item	Summary	Further Information
	distribution. Any income or capital gains will currently be included in the unit price calculated for the Fund.	
<b>Currency Hedging</b>	Unhedged.	Section 4
<b>Borrowing</b>	The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses). The Underlying Fund is permitted to borrow up to 25% of its assets, including to fund investments, meet redemptions or pay fees and expenses.	Section 4
<b><u>Entering and Exiting the Fund</u></b>		
<b>Suggested Minimum Investment Timeframe</b>	5-7 years.	
<b>Minimum Initial Investment</b>	\$50,000	Section 6
<b>Minimum Additional Investment</b>	\$10,000	Section 6
<b>Minimum Withdrawal</b>	\$10,000	Section 7
<b>Applications</b>	Monthly, subject to the limitations detailed herein.	Section 6
<b>Withdrawals</b>	Monthly, subject to the limitations detailed herein.	Section 7
<b><u>Fund Valuations</u></b>		
<b>Valuations</b>	Monthly.	Section 11
<b>Unit Pricing</b>	Monthly.	Section 11
<b><u>Fees and Other Costs</u></b>		
<b>Estimated Fund Charges</b>	The Fund pays the Manager, the Investment Manager, the Independent Trustee, the Custodian, the Fund Administrator and Unit Registry, fees that, in aggregate, are estimated to equal 1.96% p.a. (including GST) of the Fund's NAV. This is an estimate only. The actual amount of fees paid to the Manager, the Independent Trustee, the Custodian, the Fund Administrator and Unit Registry will depend on a number of factors, including NAV.	Section 8
<b>Performance Fee</b>	There is a performance fee in the Underlying Fund equal to 15% (including GST net of RITC) of any out-performance above an 8.0% p.a. hurdle rate of return, subject to a high water mark. There is no separate or additional performance fee payable to the Investment Manager by the Fund.	Section 8
<b>Entry and Exit Fees</b>	Nil.	
<b>Buy / Sell Spread</b>	No buy spread applies. No sell spread currently applies or is typically expected to apply, however a sell spread may be applied at either the Fund level or the Underlying Fund level in certain circumstances such as during periods of market volatility. Please refer to the Manager website at <a href="https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/">https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/</a> for confirmation of the current sell spread (if any) that applies at the Fund level.	Section 8
<b>Other Fees and Administrative Costs of the Fund</b>	At the outset, the Investment Manager will pay the costs of establishing the Fund. The Fund will then reimburse the Investment Manager for the full amount of those costs through periodic payments. Those payments are estimated to amount to approximately 0.10% p.a. (including GST) of the Fund's NAV and it is expected that reimbursement will be completed	Section 8

Item	Summary	Further Information
	<p>within two years of the Fund's establishment. However, the periodic payments may continue beyond that time if reimbursement has not been completed. This might happen if, for example, the Fund grows more slowly than initially forecast.</p> <p>The Fund will also bear all other expenses, including legal, regulatory, accounting, information technology, compliance, reporting and printing fees, interest, costs, expenses and fees and other bank or government charges related to borrowing by the Fund (if any), expenses incurred in connection with the obtaining and maintaining of insurance policies by or on behalf of the Fund, investments of the Fund, the Independent Trustee's, the Manager's and the Investment Manager's expenses of winding up the Fund, and other similar expenses (including any expenses and fees of any Fund Administrator and Unit Registry, Custodian and any other professional service providers to the Fund and including costs associated with proposed transactions that are not ultimately consummated). These expenses will be deducted from the assets of the Fund.</p>	



### 3. Who is involved

#### About Pacific Equity Partners

##### One of Australia's leading private markets firms

Founded in 1998, PEP is one of Australia's leading and well-established private markets firms. PEP provides a range of private equity and private credit solutions to institutional and wholesale investors globally.

##### Compelling track record

PEP has a history of generating solid returns for its investors and, as at the date of this IM, has delivered a median net IRR of 23% across its mature private equity funds. The firm has received a number of awards from industry bodies in recognition of its achievements, including Private Equity Firm of the Year and has been ranked as one of the world's most consistently performing private equity firms by Preqin. PEP seeks to deliver reliable and attractive returns for investors across each of its products.

##### Privileged access

Over its many years as a successful private markets investor, PEP has developed deep experience and extensive networks across industry, government, advisors and the global investment community. PEP's experience and networks provide the firm with privileged access and insight in sourcing and evaluating investment opportunities.

#### About FundRock NZ Limited

FundRock is a funds 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 (other than a restricted scheme) under the FMCA by the Financial Markets Authority (**FMA**) on 25 August 2015. The licence is subject to FundRock maintaining the same or better standard of capability, governance and compliance as was the case when the FMA assessed FundRock's licence application. The licence is subject to the normal conditions imposed under the FMCA and the FMC Regulations, and the standard conditions imposed by the FMA.

FundRock does not need a licence to act as Manager of this Fund because it is not a registered scheme under the FMCA. The Fund is not directly regulated by the FMA.

#### About Public Trust

Public Trust is a statutory corporation that is a Crown entity established under the Public Trust Act 2001 and domiciled in New Zealand. Public Trust is an autonomous Crown entity

for the purposes of the Crown Entities Act 2004, and its ultimate parent is the New Zealand Crown.

Public Trust provides a range of services to help New Zealanders across three core customer markets: Retail; Investments; and Corporate Independent Trustee Services. Corporate Independent Trustee Services was formed in 1967 as a separate business division within Public Trust to focus on the corporate trustee market and work with business customers and groups of investors on a wide range of public and private investment schemes and other offers.

Public Trust is licensed under the Financial Markets Supervisors Act 2011 to act as statutory supervisor for retirement villages and supervisor of debt securities and in respect of the following registered schemes:

- KiwiSaver schemes;
- specified managed funds;
- non-fund schemes; and
- superannuation schemes.

In addition Public Trust holds a corporate independent trustee licence.

Public Trust's role for the Scheme is that of a trustee for a wholesale managed investment scheme rather than a licenced supervisor. Public Trust does not need a licence to act as Independent Trustee of this Fund because it is not a registered scheme under the FMCA. The Fund is not directly regulated by the FMA.

## 4. How the Fund invests

### Investment strategy

The Fund operates as a feeder fund and invests primarily in the Underlying Fund.

The Underlying Fund's investment objective is to provide capital growth over the medium and long term through a diversified portfolio of high quality global private equity investments, including exposure to some of the world's best private equity funds and fund managers. Investments made through the Underlying Fund target those investment opportunities considered most attractive at a given point in time while delivering diversification including across strategy, asset class, geography, vintage and industry sector.

Through the Fund's investment in the Underlying Fund, Investors have the opportunity to gain exposure to global private equity assets that may otherwise be difficult for individuals to access.

### The Underlying Fund's investments

Private equity is a term commonly used for privately negotiated investments that are typically made in non-public companies. Private equity investments can follow a variety of strategies, including without limitation, acquiring controlling investments in mature companies (**Buyouts**) or making investments in businesses that are early stage or otherwise have high growth potential (**Venture/Growth Equity**).

The Fund, through its investment in the Underlying Fund, may gain exposure to private equity through a number of different asset classes, including without limitation:

- **Primary investments.** Primary investments are interests or investments in newly established private equity funds. Private equity funds are comingled, professionally managed investment vehicles that typically acquire diversified private equity portfolios within a defined strategy. Primary investors subscribe for interests during an initial fundraising period and their capital commitments are then used to fund investments in a number of individual operating companies (usually ten to thirty) during a defined investment period (usually four to six years). Cash is returned by a private equity fund to its investors as the private equity fund exits its investments over the fund's life which is typically defined as ten to twelve years.
- **Secondary investments.** Secondary investments are interests in existing private equity funds that are acquired in privately negotiated transactions, usually after the end of the private equity fund's fundraising period.
- **Direct investments or co-investments.** Direct investments generally involve taking an interest in securities issued by an operating company and are typically made alongside a private equity fund or other lead investor. The investment horizon for direct

investments can vary, but such investments are usually exited within two to six years. In the context of private equity fund investors, direct investments are also often referred to as co-investments.

- **Listed private equity.** Listed private equity comprises investments in listed entities that invest in private equity transactions or private equity funds or that earn fees and/or carried interest from the same. Listed private equity may also include investments in listed companies where a private equity fund holds significant influence.

The Underlying Fund may gain such exposures directly, or indirectly, through interposed vehicles. The Underlying Fund may also invest up to 20% of its assets in other opportunistic investments (which may or may not be in the nature of private equity style investments) and hold cash and fixed income assets.

### Asset selection

The Fund, through its investment in the Underlying Fund, leverages PEP's experience and networks in sourcing and selecting high quality investments.

The Underlying Fund targets those investment opportunities that are deemed most attractive at a given point in time, including consideration of the following:

- investment risk and return profile;
- portfolio diversification (including across strategy, asset class, geography, vintage and industry sector); and
- maintaining sufficient liquidity.

Rigorous due diligence is undertaken prior to selecting investments for the Underlying Fund. Once investments have been made, they continue to be closely monitored as part of the Underlying Fund's ongoing portfolio management activities.

### Benefits of investing in the Fund

The Fund, through its investment in the Underlying Fund, offers Investors a range of benefits, including:

- access to attractive global private equity investments which may not otherwise be readily available to individuals;
- diversification, including across strategy, asset class, geography, vintage and industry sector;
- greater liquidity than is generally associated with private equity investments; and
- investment expertise of PEP, one of Australia's leading private markets firms.

### Diversification

The Underlying Fund aims to invest in a diversified portfolio, including across strategy, asset class, geography, vintage and industry sector.

The Underlying Fund will not invest more than 20% of its assets in any single investment (assessed at the time of investment).

While the Fund invests substantially all of its assets in the Underlying Fund, the Fund is expected to benefit from the diversification of the Underlying Fund's assets.

### **Currency hedging**

Neither the Fund nor the Underlying Fund hedge their exposure to currency fluctuations.

### **Borrowing**

It is not intended that there will be any borrowings at the Fund level. The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses). The Underlying Fund is permitted to borrow up to 25% of its assets, including to fund investments, meet redemptions or pay fees and expenses.

### **Derivatives**

The Underlying Fund may utilise derivatives for risk management purposes or to gain exposure to target assets where consistent with the Underlying Fund's objectives. Such derivatives may include without limitation forward contracts, futures, swaps and options.

### **Short selling**

Neither the Fund nor the Underlying Fund currently intend to engage in short selling, however the Underlying Fund is permitted to short sell securities with value of up to 10% of its assets (assessed at the time of investment).

### **Conflict management**

The Underlying Fund may invest in, or co-invest with, other PEP funds as permitted by the Underlying Fund's Trust Deed. Procedures, including in relation to deal allocation, have been established to resolve conflicts of interest that may arise directly or indirectly in such circumstances.

### **Environmental, Social and Governance (ESG) considerations**

PEP acknowledges the importance of investing in a responsible and ethical manner and believes such practices are a factor in generating sustainable returns.

PEP is a signatory to the United Nations supported Principles of Responsible Investment (PRI), an initiative developed by an international group of institutional investors, reflecting the increasing significance of ESG issues to investment practices. The PRI promote understanding of the investment implications of ESG factors and incorporating these factors into investment decisions.

As a signatory to PRI, PEP takes ESG considerations into account through its due diligence and portfolio management processes. You can find more information about this, including PEP's Responsible Investment Policy at

<https://www.pep.com.au/responsibility/>. Neither FundRock nor Public Trust independently monitor PEP's compliance with that policy.

### **Changes to investment strategy**

The Manager, in consultation with the Investment Manager and Trustee, can change the Fund's investment strategy at any time and without notice to Investors.

## 5. Risks of investing

All investments are subject to risk. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The risk factors below should be considered in light of your risk profile when deciding whether to invest in the Fund. Your risk profile will vary depending on a range of factors, including your age, your investment time frame (how long you wish to invest for), your other investments or assets and your risk tolerance. Neither the Manager, nor the Investment Manager guarantee the liquidity of the Fund's investments, repayment of capital or any rate of return or the Fund's investment performance. You may lose money by investing in the Fund and your investment in the Fund may not meet your objectives. Future returns may differ from past returns. In addition, neither the Independent Trustee, nor the Investment Manager offer advice that takes into account your personal financial situation, including advice about whether the Fund is suitable for your circumstances. If you require personal financial advice, you should contact a financial adviser.

The main risk factors which may affect the returns of the Fund include, but are not limited to:

### Feeder fund risk

The Fund invests substantially all of its assets in the Underlying Fund. As such, risks that apply to the Underlying Fund apply equally to the Fund. Further, as investments are made in, and assets are held through, the Underlying Fund, decisions regarding those investments are made by the investment manager for the Underlying Fund. The Fund invests in the Underlying Fund, which is principally governed by Australian, rather than New Zealand, law.

### Concentration risk

As the Fund invests substantially all of its assets in the Underlying Fund, the Fund's investments are concentrated in one particular security (being units in the Underlying Fund). However, the Fund is expected to benefit from the diversification of the Underlying Fund's assets.

### Risks arising from the nature of private equity investments

Private equity investments typically display uncertainties which may not exist to the same extent in other investments. Private equity investments may be in entities which have only existed for a short time, which have little business experience, whose products do not have an established market, or are faced with restructuring, etc. Any forecast of future growth in value may therefore be subject to greater uncertainties than is the case with other investments. Further, unlisted private equity investments do not typically display the same degree of liquidity or transparency often found in other investments (e.g. listed securities). In addition, unlisted private equity investments are often valued on the basis of estimated prices and therefore subject to potentially greater pricing uncertainties than listed securities.

### Liquidity risk

Unlisted private equity investments are typically less liquid than other investments (e.g. listed securities). Securities or other financial assets that the Fund or Underlying Fund may invest into, may be difficult to readily sell without a substantial discount to market value, particularly during periods of market volatility.

**As the Fund invests substantially all of its assets in the Underlying Fund, its ability to meet withdrawal requests will be dependent on the liquidity of the Underlying Fund.**

For more information on withdrawals, please refer to Section 7 (*Withdrawing from the Fund*).

### Identification and availability of investment opportunities

The success of the Fund depends on the identification and availability of suitable investment opportunities for the Underlying Fund. The availability of investment opportunities will be subject to market conditions and other factors outside of the Investment Manager's control.

### Investment selection risk

Investments are selected for the Underlying Fund in accordance with the approach outlined in Section 4 (*How the Fund invests*). However, there is a risk that the Underlying Fund's investments may not perform in line with the Investment Manager's expectations, which could impact the returns to investors in the Fund.

### Investment specific risk

There may be instances where an investment made by the Fund or the Underlying Fund falls in price because of investment specific factors (for example, where a company's major product is subject to a product recall). The value of investments can vary because of factors including, but not limited to, changes to management, product distribution, investor confidence, internal operations or the company's business environment.

### Leverage risk

Private equity investments (including private equity funds and underlying operating companies) may employ significant leverage independent of the Fund and the Underlying Fund. The Underlying Fund may also employ leverage. Leverage generally magnifies both the opportunities for gain as well as the risk of loss from an investment.

### Currency risk

Units in the Fund are denominated in New Zealand dollars. However, the Underlying Fund into which the Fund invests is denominated in Australian dollars. Movements in the exchange rate between the New Zealand dollar and Australian dollar may cause the value of the Fund's investment in the Underlying Fund to fluctuate when expressed in New Zealand dollars.

Units in the Underlying Fund are denominated in Australian dollars. However, investments of the Underlying Fund are likely to often be denominated in other currencies. Movements in the exchange rate between the Australian dollar and other currencies may cause the value of these investments to fluctuate when expressed in Australian dollars.

Neither the Fund nor the Underlying Fund hedge their exposure to currency fluctuations.

## Derivatives

The Underlying Fund, or a fund in which the Underlying Fund invests, may utilise derivatives for risk management purposes or to gain exposure to target assets. The use of derivatives involves special risks, including: (i) derivatives may magnify the potential loss or gain relative to an investment in the underlying security, (ii) a derivative counterparty may default on their financial or contractual obligations, and (iii) in the case of hedging transactions, the value of the derivative may not be perfectly correlated with the value of the investment, or securities, being hedged.

## Risks in relation to the Underlying Fund satisfying capital calls

Investments into private equity funds may involve commitments by the Underlying Fund to make capital contributions from time to time as they are called by the underlying fund managers. If the Underlying Fund does not meet its obligations to make capital contributions as they fall due, whether because of a lack of resources resulting from over-commitments, mismanagement of the Underlying Fund's liquidity or any other reason, the Underlying Fund may be subject to significant penalties under the terms of such investments, which could have a material adverse effect on the value of those investments and/or subject the Underlying Fund to a liability in connection with those investments.

## Non-controlling investments

Investments made by the Underlying Fund may be in funds or other assets or securities controlled and/or managed by third parties. In these instances, such third parties may make decisions that the Investment Manager does not agree with and/or that do not serve the Fund or Underlying Fund's interests. As a result, the performance of the Fund may depend significantly on the investment and other decisions made by third parties, which could have an indirect, adverse impact on returns to Investors in the Fund.

## Performance fee risk

The existence of a performance fee may create an incentive for the investment manager of the Underlying Fund to select more speculative investments for the Underlying Fund than it would in the absence of a performance fee.

## Settlement risk

The Underlying Fund may make investments which are settled outside of established clearing systems, including for example (i) investments made in unlisted companies, (ii)

investments which are only based on agreements and for which the investor has no security as proof of the investment, or (iii) investments in securities where the delivery of securities does not occur at the same time as payment of the purchase price. In addition, the settlement of investments or dividends and/or realisations may be more difficult or become impossible because of circumstances which are not within the power of the Investment Manager, including for example, technical problems, sovereign restrictions or acts of God.

## Counterparty risk

The Fund and the Underlying Fund will rely on its counterparties performing their obligations in accordance with any agreement or contract. Any default or performance failure by another party, including insolvency or inability to meet other obligations, may expose the Fund and the Underlying Fund to reduced performance and/or a loss of capital.

## Interest rate risk

Changes in official interest rates can directly and indirectly impact (negatively or positively) on investment returns. Generally, an increase in interest rates has a contractionary effect on the state of the economy and thus the valuation of stocks. For example, rising interest rates can have a negative impact on an entity's value as increased borrowing costs may cause earnings to decline. As a result, the entity's security price may fall.

## Market risk

Changes in legal and economic policy, political events, technology failure, health crises, changes in interest rates, changes in economic cycles, investor sentiment and social climate can all directly or indirectly create an environment that may influence (negatively or positively) the value of an investment in the Fund. In addition, a downwards move in the general level of the equity market can have a negative influence on the performance of the Underlying Fund and therefore the Fund.

## Conflicts of interest risk

The following circumstances have the potential to give rise to a conflict of interest between investors in the Fund and other parties:

- the Fund invests substantially all of its assets in the Underlying Fund in respect of which the Investment Manager also serves as investment manager; and
- the Underlying Fund may invest in, or co-invest with, other PEP funds as permitted by the Underlying Fund's trust deed.

Procedures have been established to resolve conflicts of interest that may arise directly or indirectly in such circumstances.

## Cybersecurity risk

Details of the Fund's Investors and holdings are held electronically. There is a risk of financial loss, disruption or

damage from either internal or external, accidental or malicious conduct targeting the Manager, the Fund Administrator and Unit Registry, the Custodian, the Independent Trustee and/or the Investment Manager, or any of their agents or service providers resulting in unauthorised access to digital systems, networks or devices for the purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption.

## **Fund risk**

As with all managed funds, there are risks particular to the Fund and Underlying Fund, including that:

- the Manager or Investment Manager may be replaced;
- the investment team may change;
- investing in the Fund may result in a different outcome to investing directly because of the application of tax laws to the Fund, income or capital gains accrued in the Fund, the deduction of fees and expenses, and the impact of investments into and withdrawals out of the Fund by other Investors;
- fees and expenses could change;
- an investment in the Fund may lead to more volatile returns than investing in a fund with a more diversified portfolio; and
- the Fund or the Underlying Fund may be terminated.

The value of an investment in the Fund and the Fund's performance may be adversely impacted as a result of the above risks.

## **Business and legal risks**

In some jurisdictions in which the Underlying Fund may invest, the interpretation and implementation of laws and regulations and the enforcement of shareholders' rights under such laws and regulations may involve significant uncertainties. Furthermore, there may be differences between accounting and auditing standards, reporting practices and disclosure requirements and those generally accepted internationally.

In addition, the laws and regulations in any jurisdiction where the Underlying Fund is invested or operates may change from time to time. Any change in applicable laws and regulations could affect the value of the investments held by, and the performance of, the Underlying Fund and therefore the performance of the Fund.

## **Tax risks**

The Fund, the Underlying Fund and the funds in which the Underlying Fund may invest, may be subject to withholding and other taxes. Tax law and regulations of any jurisdiction are frequently reviewed and may be changed at any time, in certain cases with retrospective effect. The interpretation and applicability of tax law and regulations by tax authorities in some jurisdictions are not consistent and transparent and

may vary from jurisdiction to jurisdiction and/or region to region. Any change in taxation legislation could affect the value of the investments held by, and the performance of, the Underlying Fund and therefore the performance of the Fund.

## 6. Investing in the Fund

### Eligible Investors

Applications to invest in the Fund can only be made by persons and entities who are Wholesale Investors as defined in the FMCA. Persons and entities who satisfy the relevant criteria may include:

- individual and joint investors 18 years of age or over;
- partnerships;
- companies;
- trusts; or
- superannuation schemes.

### Initial investments

You can make an investment into the Fund by completing the Application Form available from the Manager or Investment Manager and paying the application money by direct credit.

As part of this Application Form, investors must complete one of the following:

- Wholesale Investor certificate. Under this certificate an Investor self certifies the category of wholesale investor that they come within; or
- Eligible Investor certificate. Under this certificate an Investor certifies as to their experience in acquiring or disposing of financial products and a financial advisor, chartered accountant or lawyer signs a confirmation of that certificate.

If an Application Form is returned without a duly completed certificate or the Independent Trustee or Manager has any reason to believe that a certificate may be incorrect, the application may be rejected and any application monies received will be promptly refunded.

The minimum initial investment amount is \$50,000.

Applications can be made on any day, however the Fund is priced, and applications are processed, on a monthly basis. Only applications received together with the application money and required identification documents by the last Business Day of the month will be processed in that month. The Manager reserves the right to accept applications after this date. Applications which are accepted will receive the Unit Price determined for the last calendar day of that particular month. Confirmations will typically be provided to Investors on or around the 20<sup>th</sup> Business Day the following month.

The application price will vary as the market value of assets in the Fund rises or falls.

### Additional investment

The minimum additional investment amount is \$10,000. You may make additional investments into the Fund during the application timeframe outlined above. This can be done by written notification via mail or email to the Manager, and

forwarding payment via direct credit, including your investor ID as payment reference (account details will be provided separately).

Any additional investments will be deemed to have been made on the terms of the current IM at the time the investment is made.

### Other terms and conditions

No interest is paid on application monies. The Manager is entitled to receive an amount equal to any interest that accrues on application monies before such monies are transferred to the bank account or bank accounts for the relevant Fund in accordance with the Trust Deed.

The Manager reserves the right to refuse any application without giving a reason. If for any reason the Manager refuses or is unable to process your application to invest in the Fund, the Manager will return your application money to you, subject to regulatory considerations, less any taxes or bank fees in connection with the application. You will not be entitled to any interest on your application money in this circumstance.

The minimum initial and additional investment amounts are determined by the Manager and can be altered at any time.

### The value of your investment

Investors in the Fund are issued with Units, each of which represents a share of the value of the Fund's net assets. In order to calculate the value of your investment at any point in time, the number of Units held is multiplied by the prevailing Unit Price, which is updated on a monthly basis.

### Risk

Before making a decision about investing in the Fund, you should consider the risks of investing (see Section 5 (*Risks of Investing*)). The Fund is not capital guaranteed and the value of your investment in the Fund can rise and fall.

### Changes to the IM

It is important to read a current IM before making an investment decision, as information provided in an IM may change from time to time. The current IM is available online or by contacting the Investment Manager or Manager.

### Retaining this IM

You should retain a copy of this IM and any replacement IM, as you may need to refer to information about the Fund for ongoing investing.

## 7. Withdrawing from the Fund

### Accessing your money

Investors can withdraw their investment by written request to:

FundRock NZ Limited  
Level 2, Woodward House  
1 Woodward Street  
PO Box 25003  
Wellington 6140

Or

Email to [contact@fundrock.com](mailto:contact@fundrock.com)

The minimum withdrawal amount is \$10,000.

Withdrawal requests must be submitted by the last Business Day of any given month. Any withdrawal request received after that time will be deferred until the following month.

The Manager intends to confirm and pay withdrawal requests by the 20<sup>th</sup> Business Day of the following month. However, the Trust Deed allows the Manager up to 100 days to satisfy withdrawal requests. A longer period may be determined by the Independent Trustee, acting reasonably.

As the Fund invests substantially all of its assets in the Underlying Fund, its ability to meet withdrawal requests will be dependent on the liquidity of the Underlying Fund.

Net withdrawals from the Underlying Fund in each calendar quarter are limited to 5% of the number of units on issue in the Underlying Fund at the end of the preceding quarter, unless the investment manager for the Underlying Fund advises the trustee for the Underlying Fund to apply a higher percentage limit. The trustee for the Underlying Fund may further limit net withdrawals to less than 5% of units in the Underlying Fund in each calendar quarter where the Underlying Fund ceases to be liquid or where the trustee for the Underlying Fund believes facilitating a higher level of redemptions would unfairly prejudice other unitholders in the Underlying Fund. In addition, the trustee for the Underlying Fund may suspend or refuse withdrawals where the trustee for the Underlying Fund believes such action is in the best interests of the Underlying Fund's unitholders.

Scenarios where withdrawals for the Underlying Fund may be suspended or denied include, for example, where the calculation of the net asset value for the Underlying Fund has been suspended, where the Underlying Fund ceases to be liquid or where the trustee for the Underlying Fund believes accepting the withdrawal would unfairly prejudice other investors in the Underlying Fund.

Net withdrawals from the Fund in each calendar quarter are limited to 5% of the number of Units on issue in line with restrictions on withdrawals from the Underlying Fund. The Manager of the Fund may limit withdrawals in the same circumstances as described in respect of the Underlying Fund. In addition, the Manager of the Fund may suspend

withdrawals if withdrawals from the Underlying Fund have been suspended.

For any withdrawal request not satisfied (in whole or in part) in a given month, the remaining portion shall be cancelled. Investors seeking to withdraw will need to submit a new withdrawal request after the suspension period has been lifted.

### Withdrawal price

The withdrawal price of a Unit in the Fund is based on the Net Asset Value for the Fund divided by the number of Units on issue in the Fund as at the end of the calendar month in which a valid withdrawal request has been made. Where a sell spread applies, this shall be deducted from the Investor's withdrawal proceeds (see Section 8 (*Fees and other costs*) for further details).

### Minimum investment balance

The Manager has the right to fully redeem an Investor in the Fund whose investment falls below \$10,000 or such other minimum amount as the Manager may notify to Investors from time to time.

### Transfer of Units

A Unitholder may transfer Units in the manner as the Manager from time to time determines but must not do so without the express written consent of the Manager (which may be withheld in its absolute discretion).

### Compulsory redemption

The Manager may compulsorily redeem some or all of an Investor's Units in accordance with the Trust Deed or as permitted by law. Circumstances where this may occur include, but are not limited to, where the Manager reasonably believes that:

- the Investor no longer qualifies as a Wholesale Investor;
- the circumstances in which the Units are held might result in adverse tax consequences to the Fund; or
- the Investor has made a misrepresentation in acquiring the Units or has breached its obligations to the Manager.



## 8. Fees and other costs

### Fees and costs of the Fund

The Fund pays fees to the Manager, the Investment Manager, the Independent Trustee, the Custodian, Fund Administrator and Unit Registry, estimated to equal in aggregate 1.96% p.a. (including GST) of the Fund's NAV. The actual amount of fees payable to the Manager, the Independent Trustee, the Custodian, Fund Administrator and Unit Registry depends on a number of factors, including NAV.

As outlined above, the Investment Manager will be entitled to receive a fee out of the assets of the Fund. In addition to this, a performance fee may be charged in respect of the Fund's interest in the Underlying Fund which will be payable to the investment manager of the Underlying Fund out of the Underlying Fund's assets (as disclosed in more detail below).

At the outset, the Investment Manager will pay the costs of establishing the Fund. The Fund will then reimburse the Investment Manager for the full amount of those costs through periodic payments. Those payments are estimated to amount to approximately 0.10% p.a. (including GST) of the Fund's NAV and it is expected that reimbursement will be completed within two years of the Fund's establishment. However, the periodic payments may continue beyond that time if reimbursement has not been completed. This might happen if, for example, the Fund grows more slowly than initially forecast.

The Fund will also bear all other expenses associated with the operation and administration of the Fund, including legal, regulatory, accounting, information technology, compliance, reporting and printing fees, interest, costs, expenses and fees and other bank or government charges related to borrowing by the Fund (if any), expenses incurred in connection with the obtaining and maintaining of insurance policies by or on behalf of the Fund, investments of the Fund, the Independent Trustee's and the Investment Manager's expenses of winding up the Fund, and other similar expenses (including any expenses and fees of any fund administrator, depositary and any other professional service providers to the Fund and including costs associated with proposed transactions that are not ultimately consummated). These expenses will be deducted from the assets of the Fund.

### Underlying Fund management fee

The Underlying Fund charges a management fee of 1.65% p.a. (including GST and net of RITC) of the Underlying Fund's net assets, however this fee is fully rebated to the Fund.

### Performance fee

As identified above, no performance fees are payable in respect of, or out of the assets of, the Fund. However, a performance fee may be charged in respect of the Fund's interest in the Underlying Fund and deducted from the assets of the Underlying Fund.

At the Underlying Fund level, a performance fee will be payable to the investment manager equal to 15% (including GST and net of RITC) of performance, subject to a high water mark mechanism and an 8.0% p.a. hurdle as further detailed below. The performance fee is calculated and accrued monthly as detailed below and paid from the Underlying Fund's assets semi-annually in arrears (for periods ending 30 June and 31 December) and reflected in the unit price of the Underlying Fund.

For any given month, the performance fee (if any) in respect of a given unit in the Underlying Fund shall be calculated as 15% (including GST and net of RITC) of the amount by which that month's net asset value per unit (net of the management fee and any applicable costs for that month at the Underlying Fund level but before calculating that month's performance fee) exceeds the high water mark.

The high water mark in respect of a given unit in the Underlying Fund is the higher of:

- (a) the net asset value per unit for that particular unit, for which a performance fee was last paid or accrued; and
- (b) the net asset value per unit at which the relevant unit was issued.

The performance fee payable in respect of a given unit in the Underlying Fund shall be reduced to the extent the deduction of such a performance fee would cause the net asset value per unit for the Underlying Fund to fall below the hurdle, being \$1.00 compounded annually at 8.0% p.a. from the Underlying Fund's strategy inception date of 9 June 2021. The value of any such reduction will be carried forward to future months and recoverable by the investment manager for the Underlying Fund from future performance subject always to the net asset value per unit for the Underlying Fund exceeding the hurdle and relevant high water mark.

The performance fee calculation outlined above shall be adjusted as appropriate for any distributions (if applicable), issue of new units or redemptions at the Underlying Fund level (including the issue or redemption of units associated with differential fee arrangements). Neither the trustee or investment manager of the Underlying Fund will be liable for, or required to account to, the Underlying Fund, or any particular unitholder in the Underlying Fund, for any underperformance.

Where units in the Underlying Fund have been issued to a unitholder at a unit price below the high water mark attaching to other units, to assist the efficient administration of the Underlying Fund, the Underlying Fund may redeem a portion of that unitholder's units in satisfaction of performance fees that have accrued, or which are payable by the unitholder, in respect of those units.

### Indirect costs

As discussed in Section 4 (*How the Fund invests*), the Underlying Fund is permitted to invest in funds and other entities and assets, both directly and indirectly. The Underlying Fund may incur indirect costs when making such

investments including, for example, fees and costs charged by underlying managers or interposed vehicles. As a feeder fund that invests substantially all of its assets in the Underlying Fund, the Fund will incur such indirect costs through its investment in the Underlying Fund.

### Transactional and borrowing costs

Transactional costs such as brokerage and settlement costs are typically incurred by the Underlying Fund when assets are bought and sold and may also be incurred in connection with cash flows into and out of the Underlying Fund.

The Underlying Fund may also incur borrowing costs associated with borrowing money or securities.

All such costs are borne by the Underlying Fund and are not covered by the rebated management fee payable at the Underlying Fund level.

As the Fund invests substantially all of its assets in the Underlying Fund and it is not intended that there will be any borrowings at the Fund level, the Fund is not expected to directly incur any transactional or borrowing costs at the Fund level.

### Sell spread

A sell spread is an amount deducted from the value of an Investor's withdrawal proceeds that represents the estimated transaction costs incurred by either the Fund or the Underlying Fund as a result of the withdrawal, including the spread on assets sold to meet such withdrawals.

A sell spread is not a service fee, and if charged, would be retained in the assets of the Fund or the Underlying Fund to mitigate the impact to ongoing Investors from the costs of transaction activity driven by withdrawals.

No sell spread applies as at the date of this IM at either the Fund level or the Underlying Fund level and it is not typically expected that a sell spread will apply, however a sell spread of up to 5% of withdrawal proceeds may be applied in respect of withdrawals from either the Fund or the Underlying Fund in certain circumstances, such as during periods of market volatility.

Where a sell spread applies, the withdrawing investors will be notified of such sell spread and given the opportunity to either cancel, defer or maintain their withdrawal request.

### Extraordinary costs

The Independent Trustee, Manager and Investment Manager shall be reimbursed out of the assets of the Fund for any Extraordinary Costs which, if incurred, will be in addition to the management fee. Extraordinary Costs refer to any cost or expense incurred outside the normal day to day management and administration of the Fund, including for example, defending or bringing litigation proceedings, termination of the Fund, replacement of the Manager or Independent Trustee, and other unforeseen costs that may be incurred from time to time.

### Goods and Services Tax

GST, chargeable under the Goods and Services Tax Act 1985, will be added to any fees, if applicable.

The GST treatment of each fee component varies. For example, GST is currently charged at 15% on the audit fee, while custody fees are an exempt supply for the purposes of GST. These percentages vary, and may change in the future.

### Differential fees

The Manager has the power under the Trust Deed to enter into differential fee arrangements with Unitholders. Neither the Manager, Investment Manager nor any of their related body corporates are under any obligation to enter into differential fee arrangements in respect of a particular Unitholder.

### Changes to fees

The Manager may change the fees noted in this IM at its discretion and without the consent of Investors. However, the Manager will give Investors at least 30 calendar days' advance written notice of any changes to fees in respect of the Fund. The trustee of the Underlying Fund may similarly change the fees noted in the information memorandum for the Underlying Fund without the consent of investors on 30 calendar days' advanced written notice. The Manager will inform Investors as soon as reasonably practicable upon becoming aware of a change in fees at the Underlying Fund level. Reasons for fee changes may include, without limitation, changes in regulation, increased costs or economic conditions.

## 9. Taxation

### Taxation treatment of your investment

It is important that you seek professional taxation advice before you invest or deal with your investment, as the taxation system is complex, and the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

The Fund has elected to be a Portfolio Investment Entity (PIE).

Investments in the Underlying Fund are taxed under the Fair Dividend Rate method, with a deemed annual return of 5% of the market value, prorated over the days that the particular equity is held during the year. The method of calculation of taxable income may change without notice.

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.

To determine your PIR, go to [www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](http://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate). If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue. It is your responsibility to tell us your PIR when you invest or if your PIR changes. If you do not tell us, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

The Fund has elected to be a foreign investment zero-rate PIE. Zero-rate PIEs invest most of their funds in non-New Zealand based investments, with only minimum levels of funds in New Zealand. A zero-rate PIE applies 0% PIR to eligible foreign residents who have sufficiently completed and provided to us a notified foreign investor (NFI) form (available on request).

Once every year the Manager must check each NFI meets the eligibility requirements under the Income Tax Act 2007 and that their information details remain unchanged.

To determine whether you are a resident of a country with which New Zealand maintains a double tax agreement with, refer to [www.taxpolicy.ird.govt.nz/tax-treaties](http://www.taxpolicy.ird.govt.nz/tax-treaties).

### Withholding tax

The Fund invests through the Underlying Fund (an Australian unit trust). The Australian unit trust may have foreign withholding tax deducted from income that it receives. Withholding tax on income received by the Australian unit trust is not recognised under New Zealand

tax law and therefore may not be utilised against any PIE tax liability related to investments in the Fund. For more information on the tax effects of an investment in the Fund, please consult your tax advisor.

### GST

GST will apply to most expenses of the Fund. All stated fees and expenses are quoted on a GST inclusive basis.

### US tax law requirements

The Fund is a Reporting Financial Institution under the Inter-Governmental Agreement between the New Zealand and US governments in relation to the Foreign Account Tax Compliance Act (FATCA), a United States tax law that imposes certain due diligence and reporting obligations on foreign (non-US) financial institutions and other financial intermediaries, including the Fund, to prevent tax evasion by US citizens and US tax residents through the use of non-US domiciled investments or accounts.

To comply with the requirements under the FATCA, we will collect certain additional information from Investors and will be required to disclose such information to the IRD. The IRD will share information reported to it by Reporting Financial Institutions with the US Internal Revenue Service.

For further information in relation to how our due diligence and reporting obligations may affect you, please consult your tax adviser.

### Common reporting standard

The Fund is a Reporting Financial Institution under the Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016 that implemented the Common Reporting Standard (CRS) in New Zealand, requiring Reporting Financial Institutions in New Zealand to report to the IRD details of their foreign investors from participating jurisdictions (other countries that have implemented CRS).

To comply with CRS, we are required to collect information from you to identify if you are a tax resident of any other jurisdiction(s). For non-individual accounts, we are also required to identify the entity type and whether any controlling persons are foreign tax residents. Processing of applications or withdrawals will be delayed or refused if you do not provide the required information when requested. Penalties can apply if Investors provide false information.

The IRD will share information reported to it by Reporting Financial Institutions to tax authorities of jurisdictions that have signed the CRS Competent Authority Agreement.

For further information in relation to how the Manager's due diligence and reporting obligations may affect you, please consult your tax adviser.

## 10. Keeping you informed and contacting us

### Reports

The Manager will make the following available to all Investors:

- a transaction confirmation statement;
- a monthly confirmation of holdings statement;
- on request, the Fund's annual audited accounts for each period ended 31 March; and
- annual tax and confirmation of holdings statements for each period ended 31 March.

### Complaints

If you have any queries or complaints, please contact the Investment Manager in writing via [ir@pepgateway.com.au](mailto:ir@pepgateway.com.au). Once we receive a complaint, we will acknowledge it as soon as practicable and investigate the complaint with a view to resolving it and responding as soon as possible within 30 days. If the complaint may take longer than 30 days to investigate, we will advise you of the reasons for this delay in writing.

Any complaints or problems with the investment unable to be resolved with the Investment Manager should be directed to the Manager for resolution through its internal dispute resolution process:

FundRock NZ Limited  
Level 2, Woodward House  
1 Woodward Street  
PO Box 25003  
Wellington 6140  
Telephone: (04) 499 9654  
Email: [contact@fundrock.com](mailto:contact@fundrock.com)

### Contacting Pacific Equity Partners

For information about investing in PEP Gateway NZ PIE Fund, please contact:

#### Registered Office & Mailing Address:

PEP Gateway  
Level 31, 126 Phillip Street  
Sydney NSW 2000

#### Investor Relations:

Phone: +61 2 8238 2600  
Email: [ir@pepgateway.com.au](mailto:ir@pepgateway.com.au)  
Web: [www.pepgateway.com.au](http://www.pepgateway.com.au)

## 11. Other important information

### The Trust Deed

The Trust Deed provides the framework for the operation of the Scheme and the Fund and in addition to other relevant laws, sets out the relationship between the Independent Trustee, Manager, and Unitholders.

The Investment Manager has been appointed as a delegate of the Manager in accordance with the Trust Deed.

The Investment Manager will send you a copy of the Trust Deed free of charge, on request.

### Overview of the Trust Deed

Some of the provisions of the Trust Deed are set out in this IM. Further provisions relate to:

- the rights and liabilities of Unitholders;
- where taxes or other amounts can be deducted from payments to Unitholders;
- the liability of the Independent Trustee, the Manager and third parties (including the Investment Manager) to Unitholders in relation to the Fund;
- the powers, rights and liabilities of the Independent Trustee, the Manager and delegates of the Manager (including the Investment Manager), including its power to invest the assets of the Fund, to deal with itself and its associates, to be paid fees and to be reimbursed or indemnified out of the assets of the Fund;
- the right of the Independent Trustee, Manager or delegates of the Manager (including the Investment Manager) to be reimbursed for tax or expenses it incurs;
- the right of the Independent Trustee to redeem Units to satisfy amounts due to it from a Unitholder;
- amending the Trust Deed;
- when the Independent Trustee or Manager can terminate the Fund or retire, and what happens if this occurs; and
- resolutions and voting rights.

### Related party transactions

The Fund may enter into transactions with related parties if consented to by the Independent Trustee. Examples of such transactions include:

- the Fund investing in a PEP fund offshore; or
- a related party of the Manager or Investment Manager being appointed to provide investment services for the Fund; or,
- parties related to the Fund, including the staff and directors of PEP and their families, and the staff of

FundRock and their families from time to time investing in the Fund.

The Manager will report such transactions with related parties to the Independent Trustee, and must certify that the transaction is on reasonable arm's length commercial terms.

### Communicating electronically

When you communicate with the Manager or Investment Manager electronically (for example, by fax or email), it is your responsibility to obtain confirmation from the Manager or Investment Manager that your communication has been received. Neither the Manager nor the Investment Manager are responsible for any loss or processing delay that occurs as a result of not receiving your communication. Please note that a sender's record will not be accepted as evidence that a communication has been received. You also indemnify the Manager and the Investment Manager against any loss or liability arising from the Manager or the Investment Manager acting on any fraudulent communication received by electronic means.

### Valuation

The value of a Unit is generally derived on a monthly basis and is determined on the basis of the Net Asset Value. The Net Asset Value is calculated by deducting the value of all liabilities of the Fund from the value of all assets of the Fund.

Investments will generally be valued at their market value or net fair value, however other valuation methods and policies may be applied, if appropriate or if otherwise required by law or applicable accounting standards, and in accordance with the requirements in the Trust Deed.

Under the Trust Deed, the Manager may exercise certain discretions in determining a Unit Price.

### Anti-money laundering and countering the financing of terrorism (AML/CFT)

New Zealand's AML/CFT laws require the Manager to adopt and maintain an AML/CFT program. A fundamental part of the AML/CFT program is that the Manager must collect and verify certain information about Investors in the Fund.

To meet this legal requirement, the Manager needs to collect certain identification information and documentation (**KYC Documents**) from new Investors. Existing Investors may also be asked to provide KYC Documents as part of ongoing customer due diligence processes to comply with the AML/CFT laws. If Investors do not provide the applicable KYC Documents when requested, the Manager may be unable to process an application, or may be unable to provide products or services to existing Investors until such time as the information is provided.

Under the AML/CFT laws, the Manager may be required to submit reports to the Commissioner of Police. This may include the disclosure of your personal information. The Manager may be prohibited from informing Investors of such reporting.

The Manager is not liable for any loss you may suffer because of compliance with the AML/CFT laws.

### Privacy

The Independent Trustee, Manager, the Investment Manager and their delegates may collect personal information about you. This information is needed to facilitate, administer and manage your investment, and to comply with New Zealand taxation laws and other laws and regulations. Without such information, your application may not be processed or the Independent Trustee, Manager, Investment Manager or their delegates may be unable to provide you with particular services in respect of your investment.

The information that you provide may be disclosed to certain organisations or bodies, including:

- service providers, including the Fund Administrator and Unit Registry, the Custodian and auditors;
- your broker, financial adviser or adviser dealer group, their service providers and any joint holder of an investment; and
- authorised regulatory or law enforcement agencies if required by law.

Investors may request access to the personal information held by or on behalf of the Fund by contacting the Manager.

## 12. Glossary

Term	Definition / Explanation
<b>Application Form</b>	The application form (including wholesale/eligible investor certificate) used by Investors who wish to apply for Units in the Fund and as attached to this IM or as otherwise available online at <a href="http://www.pepgateway.com.au">www.pepgateway.com.au</a> .
<b>Business Day</b>	A day other than a Saturday or a Sunday on which banks are open for general banking business in New Zealand.
<b>CRS</b>	Common Reporting Standards.
<b>Extraordinary Costs</b>	Any cost or expense incurred outside the normal day to day management and administration of the Fund, including for example, defending or bringing litigation proceedings, termination of the Fund, replacement of the Manager, and other unforeseen costs that may be incurred from time to time.
<b>GST</b>	Where used in relation to the Fund, GST means New Zealand goods and services tax under the Goods and Services Tax Act 1985. Where used in relation to the Underlying Fund, GST means Australian goods and services tax under the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
<b>Independent Trustee</b>	Public Trust.
<b>Investor</b>	Means both prospective and withdrawing investors in the Fund as well as existing Unitholders.
<b>IRD</b>	Means the Inland Revenue Department.
<b>IRR</b>	Means the internal rate of return for an investment.
<b>NAV per Unit</b>	Means the Net Asset Value of the Fund divided by the total number of Units on issue in the Fund.
<b>Net Asset Value or NAV</b>	The total value of all assets of the Fund, less the value of all liabilities of the Fund.
<b>Offer</b>	Means the offer of Units in the Fund under this IM.
<b>RITC</b>	Reduced Input Tax Credit as that term is defined in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Trust Deed</b>	Means the Master Trust Deed – FundRock Wholesale Schemes dated 21 December 2023, the Scheme Establishment Deed for the establishment of the Pacific Equity Partners Alternatives NZ Funds (Scheme) dated 7 May 2024, and the Fund Establishment Deed for the establishment of the PEP Gateway NZ Fund (Fund) dated 7 May 2024, each entered into by the Manager and Public Trust as the independent trustee, each as amended from time to time. The Trust Deed describes the rights, responsibilities and beneficial interests of Investors, the Manager and the Independent Trustee, in relation to the Scheme and Fund.
<b>Unit</b>	Means a unit in the Fund issued pursuant to the Trust Deed for the Fund.
<b>Unitholder</b>	Means the registered holder of Units in the Fund.
<b>Unit Price</b>	Means the price of a Unit in the Fund from time to time.
<b>Wholesale Investor</b>	Has the meaning given in clause 3 of Schedule 1 of the FMCA.