



Hobson Wealth Investment Funds

Other Material Information

Dated 13 April 2023
Issued by FundRock NZ Limited



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Introduction

This is an important document in relation to your investment in the Hobson Wealth 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 ('Disclose Register'). If you are a Retail Investor you must be given a copy of the PDS before we can accept your application for Units.

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

In this Document, 'you' or 'your' refers to a person or entity that invests in the Hobson Wealth NZ Fixed Interest Fund, the Hobson Wealth NZ Equity Fund or the Hobson Wealth International Growth Fund (the 'Funds'), 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 (e.g. 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 Hobson Wealth Investment Funds ('Governing Document')), unless they are otherwise defined in this Document.

Other information on the Funds

This document relates to the offer of Units in the Funds.

The Funds are constituted within a managed investment scheme called the 'Hobson Wealth Investment Funds', registered scheme number SCH12667. The Scheme is governed by the Trust Deed dated 1 December 2016, the Scheme Establishment Deed dated 27 May 2019, and the Fund Establishment Deeds dated 27 May 2019 and 29 May 2019 (together the 'Governing Document' for the Scheme). The Funds invest in accordance with the 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.

Investing through administration and custodial services

The Funds are 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 Funds 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 <https://companies-register.companiesoffice.govt.nz/>. This information may change from time to time without notice to you.

Investment Manager

The current Investment Manager for the Funds is Hobson Wealth Partners Limited ('Hobson Wealth'). Further information on Hobson Wealth, including information on Hobson Wealth's directors and senior management, may be found at <https://www.hobsonwealth.co.nz/>

Hobson Wealth is responsible for investing the assets of the Funds 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 Funds remain invested within limits documented in the SIPO.

Supervisor

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

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

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

- Acting on behalf of the Funds' 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 Funds' assets or ensuring that the assets are held in accordance with applicable legislative requirements.

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

Custodian

Public Trust is the Custodian of the Funds' assets.

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 for the Funds. Key roles undertaken by Apex NZ include:

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

Other

Other key parties currently employed by FundRock are:

| Party | Role |
|------------------------|---------------|
| PricewaterhouseCoopers | Auditor |
| DLA Piper New Zealand | Legal adviser |
| Deloitte | Tax adviser |

Manager and Supervisor's Indemnity

Both FundRock and the Supervisor are entitled to be indemnified out of the Funds. The indemnity covers any personal liability (including Portfolio Investment Entity ('PIE') tax) incurred by or on behalf of the Funds, or any action taken or omitted in connection with the affairs of the Funds (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 Funds, are each deemed to be acting for and on behalf of the Funds and not in our own respective capacities.

Neither the Supervisor nor we, (except as otherwise expressly provided in the Governing Document) are under any personal liability, nor may resort be had to our private property, for the satisfaction of any obligation of the Funds.

Material Contracts

The following material contracts are in place in relation to the Scheme and Funds:

- 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 May 2019, we and Public Trust entered into the Scheme Establishment Deed for the Hobson Wealth Investment Funds. The deed established the Hobson Wealth Investment Funds scheme.
- On 27 May 2019, we and Public Trust entered into Fund Establishment Deeds for the Hobson Wealth NZ Fixed Interest Fund and the Hobson Wealth NZ Equity Fund. On 29 May 2019, we and Public Trust entered into a Fund Establishment Deed for the Hobson Wealth International Growth Fund. The deeds established the Hobson Wealth NZ Fixed Interest Fund, the Hobson Wealth NZ Equity Fund and the Hobson Wealth International Growth Fund.
- On 24 June 2019 Public Trust and Apex NZ entered into a Custodial Agreement for the provision of custodial services to the Funds.

- On 1 December 2016, we entered into a Supervisor Reporting Agreement with the Supervisor that sets out the arrangements between us and the Supervisor in relation to certain operational matters relating to certain funds. The Supervisor Reporting Agreement specifies the reporting and information to be provided by us to the Supervisor, the requirements for operating the Funds' 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 a Services Agreement under which FundRock delegated certain administrative functions in relation to certain funds to Apex NZ, including registry, fund accounting and unit pricing. On 24 June 2019 Apex NZ and FundRock updated the current agreements to include the Hobson Wealth NZ Fixed Interest Fund, the Hobson Wealth NZ Equity Fund and the Hobson Wealth International Growth Fund.
- On 12 June 2019, we entered into an Investment Management Agreement with Hobson Wealth. Under the agreement, Hobson Wealth is responsible for investment of the assets of the Funds under normal market terms.
- On 12 June 2019, we and Hobson Wealth entered into a Fund Hosting Agreement formalising the framework within which FundRock is engaged by Hobson Wealth to establish and manage the Scheme. Under this agreement FundRock is responsible for issuing, administering, and managing the Scheme, with Hobson Wealth being appointed as the Investment Manager and distributor of the Funds. The agreement covers broadly the investment management, administration and distribution of the Scheme and the Funds, branding, advertising and the preparation of offer documents.
- On 23 September 2022 Public Trust replaced Apex NZ as custodian for the Funds.

Disclosure of Interests

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

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

| <i>Conflict of interest</i> | <i>How the conflict of interest could influence our or Hobson Wealth's investment decisions</i> | <i>How the conflict of interest is managed</i> |
|--|---|---|
| Secondary market purchases and sales of financial products for the Funds are executed through Hobson Wealth. | Hobson Wealth receives brokerage for transactions executed through it. This means that the Hobson Wealth employees making the investment decisions for the Funds of the Scheme could be encouraged by the brokerage paid to Hobson Wealth to transact when they otherwise might not have. | The brokerage charged by Hobson Wealth to the funds is at or below normal commercial rates. There is no direct link between brokerage received by Hobson Wealth or any profit that Hobson Wealth makes trading on its own account, and the remuneration of the Hobson Wealth employees making investment decisions for the Funds. |
| Hobson Wealth trades on secondary markets for other clients and may also trade for its own account. | If the counterparty to a transaction for a Fund is a Hobson Wealth client, Hobson Wealth will also receive brokerage from that client. This means that the Hobson Wealth employees making the investment decisions for the | We receive regular reporting on the brokerage paid out of the Funds to Hobson Wealth Limited to check that transaction levels remain appropriate. |

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| | <p>Funds of the Scheme could be encouraged by the brokerage to be paid to Hobson Wealth by the other client to transact when they otherwise might not have.</p> <p>If Hobson Wealth is the counterparty to a transaction for a Fund, then Hobson Wealth may benefit if (in the case of a sale by the Fund) the price of the financial product increases or (in the case of a purchase) the price of the financial product decreases. This means that the Hobson Wealth employees making the investment decisions for the Funds of the Scheme could be encouraged by Hobson Wealth's opportunity to benefit from the transaction to transact with Hobson Wealth as a counterparty when they otherwise might not have.</p> | |
| <p>The Hobson Wealth employees making the investment decisions for the Funds may have a direct or indirect financial interest in financial products in which they transact for the Funds, or have personal relationships or outside business interests that give rise to non-work duties or interests relevant to the issuer of those financial products.</p> | <p>The employees making the investment decisions for the Funds could be encouraged by their personal financial or other interests to transact for the Funds when they otherwise might not have.</p> | <p>The Hobson Wealth employees making the investment decisions for the Funds are required to disclose their personal holdings of financial products, their outside business interests and any other relevant conflicts of interest, and their investment decisions are monitored in light of those disclosures.</p> |

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 Funds 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 Funds, 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 Funds to Hobson Wealth, 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.
- Hobson Wealth, as investment manager of the Funds, must comply with a professional standard of care i.e. in exercising any powers, or performing any duties as investment manager, they must exercise the care, diligence, and skill that a prudent person engaged in the profession of investment management would exercise in the same circumstances.

We have built these statutory controls into our internal compliance processes and procedures. We have a Conflicts of Interest and Related Party Transactions Policy and Procedure ('Policy') which extends the statutory duties imposed on us to our staff members.

The Policy defines what a conflict of interest is and provides for appropriate reporting and disclosure of conflicts of interest or related party transactions, or potential conflicts.

Explanation of Key Terms

The information below is a summary of the key provisions of the Governing Document. For a detailed description of the Funds' governing terms, please refer to the Governing Document held on the scheme register at www.companiesoffice.govt.nz/disclose ('Disclose Register'). If there is any conflict between information in this Other Material Information 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 of your choosing at the Issue Price. The Issue Price is the Net Asset Value per Unit in the Fund. The Issue Price of a Unit is generally determined on each Business Day ('Valuation Time').

The value of the assets held by each Fund and the net asset value of the Funds 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 Funds 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 10am, New Zealand time.

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

Charges

Buy/sell spreads

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

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

Annual fund charges

The estimated annual Fund charges (which includes any management fees) are outlined in the PDS for the Funds. Fund charges include fees and costs charged by the Manager, Supervisor, Custodian, Administration Manager, Investment Manager, registrar 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 Funds, or recovered by the Manager from the Funds.

The GST treatment of each of these components varies. For example, GST is currently charged at 15% on 10% of the investment management fee paid to Hobson Wealth. In contrast, 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.

Fund charges are calculated daily and paid monthly in arrears. We may waive or decrease the 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.

Fund charges include any investment management fees deducted within an underlying fund or paid to an underlying investment manager.

Manager's termination fees

If the Funds terminate, we may charge the Funds a fee and recover costs and disbursements from the Funds 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 Funds 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 Funds' financial statements.

Supervisor's other fees

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

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.

Distributions

We expect to make quarterly distributions for the Hobson Wealth NZ Fixed Interest Fund in respect of the periods ending on the last business day in March, June, September and December. We expect to make six-monthly distributions for the Hobson Wealth NZ Equity Fund in respect of the periods ending on the last business day in June and December. We expect to pay distributions within 10 business days. You can elect for your distributions from a Fund to be reinvested in that Fund. If you do not make a distribution election the default option is reinvestment. We do not currently intend to make distributions from the Hobson Wealth International Growth Fund, but may elect to do so in future.

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 any 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 relevant Funds 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 any 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).

If your holding in any 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 a Fund is \$10,000.

We may take all steps necessary to ensure the Funds remain eligible to be PIEs. This includes our ability to compulsorily redeem some or all of your Units and pay the net proceeds to your nominated bank account.

Redemption of units

You may request redemption of some or all of your investment at any time. Regular withdrawals can be set up on a monthly, quarterly or six-monthly basis.

Minimum redemption amounts

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

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

Redemption price

The Redemption Price of a Unit is determined on each Valuation Time for the Funds. 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.

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 Fund 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.

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 Unit redemptions.

Particular reasons for suspension mentioned in the Trust Deed are:

- a decision to wind up a 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 a Fund's eligibility for PIE status,
- the nature of any asset or investment Fund,
- the suspension of redemptions in an underlying fund into which a Fund invests, and
- the occurrence or existence of any other circumstance or event.

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

The suspension will continue until:

- we give notice that the suspension is concluded; or
- the expiry of any period stated in the Establishment Deed; or
- six months after the date of the notice; or

- such other date as may be approved by a Special Resolution of Investors.

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

Tax on redemptions

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

Right to sell units

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

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

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

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

Termination of a Fund

A Fund will terminate on the first of the following:

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

Taxation

This section briefly summarises the taxation regime as it currently applies to the Funds. 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 Funds have elected to be Portfolio Investment Entities ('PIE funds').

As Multi-Rate PIEs, the Funds will allocate their 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 Funds will undertake any necessary adjustments to an Investor's interests in the Funds to reflect that the Funds pay tax at varying rates on behalf of Investors.

Capital gains derived by PIEs in relation to New Zealand and most listed Australian companies are not subject to tax. Investments in certain offshore equities 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.

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

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

Foreign residents

If an Investor is not a New Zealand resident, the Investor's allocated income from the Funds will be taxed at 28%. FundRock will account to the IRD directly for tax on a non-resident Investor's allocated income from the Funds.

However, FundRock has elected for all Funds to be Foreign Investment PIEs. 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 Funds must check their investors are still NFIs.

Withholding tax – Global Funds

The Hobson Wealth International Growth Fund may invest in offshore managed investment schemes (e.g. Australian Unit Trusts). The offshore managed investment schemes may have foreign withholding tax deducted from income that they receive. However, withholding tax on income received by the offshore managed investment schemes is not recognised under New Zealand tax law and therefore cannot be utilised against any PIE tax liability related to investments in the Funds.

General

Investors must advise FundRock of their PIR and IRD number when applying to invest in the Funds 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 an Investor provides an incorrect PIR they may be liable for any additional income tax.

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 Funds.

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 Funds will either re-invest this rebate by purchasing Units in the Funds 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.

Neither the Supervisor, Manager nor any other person guarantees or provides undertakings in relation to the return of capital invested in the Funds by an Investor, the payment of any return on capital, or provision of any distribution or payment of any money in relation to the Funds, or the performance of the Funds.

Other Risks

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

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

NZ Shares: The Hobson Wealth NZ Equity Fund invests predominantly in shares from New Zealand. Therefore investors are exposed to the risks associated with only having exposure to this economy, market and currency. Individual Investors can look to manage this risk by including other investments in their portfolio.

International Shares: The Hobson Wealth International Growth Fund invests predominantly in international shares. While this provides investors with additional diversification benefits beyond just holding New Zealand investments and assets, investing internationally brings with it a range of specific risks. Each country's market is regulated by different authorities, resulting in different levels of consumer protection. The volatility of economic and political conditions will vary from country to country, creating uncertainty and an increase in unforeseen factors.

Fund risk: These are risks specific to the Funds. These risks include that the Funds could terminate; the fees and expenses of the Funds could change; FundRock may be replaced as manager; the Hobson Wealth investment team may change; or that investing in the Funds may lead to a different result than investing in the market directly. FundRock aims to keep fund risk to a minimum by monitoring the Funds and the investments of the Funds at all times and acting in investors' best interests.

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 Funds. 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 Funds 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 Funds 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 Funds may fall in value. Hobson Wealth, as investment manager aims to reduce investment risk by limiting exposure to any one investment and with careful analysis of and research into the management of the underlying investment prior to investing. FundRock holds regular meetings with investment managers to ensure that the underlying investments and investment process remains consistent with the investment objectives of the Funds.

Inflation risk: This is the risk that an investment will lose real value because of the rate of inflation. The risk is greater in long term investments due to the difficulty in predicting inflation rates over long periods. All of the Hobson Wealth Investment Funds are exposed to this risk.

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, Hobson Wealth, as Investment Manager, aims to reduce this risk by continuously engaging in research and analysis to form a view of the market.

Concentration risk: When investments are concentrated in a smaller number of securities than the broader market index, the unit price of the Fund may be more volatile than the return of the benchmark. The Funds have both security and sector limits relative to the market index which aim to manage this risk by ensuring satisfactory diversification.

Interest rate risk: Changes in interest rates can influence the value and returns of investments. The Investment Manager's careful analysis of detailed research in combination with diversified holdings, aims to minimise this risk.

Small Company risk: Investing in securities of smaller companies may be riskier than investing in larger, more established companies. Smaller companies may have limited financial resources, a less established market for their shares and fewer shares issued. This can cause the share prices of smaller companies to fluctuate more than those of larger companies. The market for the shares of small companies may be less liquid.

No assurance can be given that such matters will not adversely affect the Funds and the Investment Manager's ability to achieve the Funds' investment objectives.

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 Funds. However, the Investor will not be required to pay more money than the amount the Investor invested in the Funds (with the exception of any PIE tax liability that may be incurred).

No person, including the Supervisor or the Manager or their respective directors and shareholders guarantees the performance of the Funds, 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 Funds (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 Funds (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 Funds losing PIE status.

On insolvency or winding up of the Funds, the assets of the Funds 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 Funds 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 Funds within 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 Funds) as part of a wind up.

More information about market indices

The Funds' returns are measured against the market index described in the SIPO. More information about the market indices for the Funds can be found at the following web page:

- S&P/NZX Indices: <http://us.spindices.com/regional-exposure/asia-pacific/new-zealand>
- Bloomberg Indices: <https://www.bloomberg.com/professional/product/indices/bloomberg-ausbond-index/>
- MSCI Indices: <http://www.msci.com/indexes>

No guarantee

Neither the Supervisor, Manager nor any other person guarantees or provides undertakings in relation to the return of capital invested in the Funds by an Investor, the payment of any return on capital, or provision of any distribution or payment of any money in relation to the Funds, or the performance of the Funds.