

# Fisher Funds KiwiSaver Scheme

Prospectus

**31 August 2011**

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## 1 WHAT SORT OF INVESTMENT IS THIS?

The securities being offered are interests in the Scheme<sup>1</sup>, which is a scheme registered under the KiwiSaver Act 2006<sup>2</sup>. The principal purpose of the Scheme is to provide you with retirement benefits.

The Scheme has two investment funds, and you can choose either of them or a mix of the two:

- the Growth Fund principally invests in growing companies in all or any of the New Zealand, Australian and other international markets; and
- the Conservative Fund may invest in all or any of the following asset classes: cash, fixed interest, shares, infrastructure securities and property securities (in each case locally and/or internationally).

Each of the Growth Fund and the Conservative Fund is referred to in this Prospectus as a *Fund* (and, together, they are referred to as *the Funds*).

Fisher Funds has complete discretion as to the manner of investing the monies held for each Fund (for example, there are no formal benchmark asset allocations, or asset allocation ranges, to achieve the Funds' investment objectives). This discretion is subject to confining each Fund's investments principally to all or any of the Asset classes listed for that Fund, and to the provisions of the Scheme's Trust Deed and all governing legislation.

When you invest in the Scheme, your money is pooled with the investments of other members of the Scheme and invested for your retirement.

Your interest in the Scheme is represented by units in one or both of the Funds (as applicable).

The value of the units is not fixed - it varies depending on the value of the relevant Fund's Assets. Movements in financial markets will affect the price of the units in a Fund, but not the number of units you hold. The value of your units can fall if the value of the Fund's Assets falls.

The unit price for each Fund is worked out on each valuation date by calculating the market value of the Assets of that Fund:

- excluding amounts for which units are to be, but have not yet been, issued; and

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<sup>1</sup> Certain terms which are capitalised in this Prospectus (such as *Scheme* and *Assets*) are defined in the Glossary at pages 75 to 78.

<sup>2</sup> The KiwiSaver Act, and all other statutes referred to in this Prospectus, can be viewed at [www.legislation.govt.nz](http://www.legislation.govt.nz)

- including amounts debited, transferred or withdrawn from accounts for which units are to be, but have not yet been, cancelled;

and adding any income that is due to be received by the relevant Fund, then deducting all liabilities (including tax, except for tax payable on behalf of members) then dividing by the number of units on issue.

The Assets of the Scheme are managed by a professional investment manager, Fisher Funds Management Limited (*Fisher Funds*), and are held by the Trustee (currently Trustees Executors Superannuation Limited) which is independent of Fisher Funds.

The Scheme is a defined contribution scheme, which means the amount of an investment, when withdrawn, will depend on the contributions made to the Scheme for your benefit, the returns achieved on those contributions and the tax and fees deducted.

## **2 WHO IS INVOLVED IN PROVIDING IT FOR ME?**

The name of the Scheme is the Fisher Funds KiwiSaver Scheme. The Scheme was established pursuant to a Trust Deed dated 11 June 2007 between Fisher Funds Management Limited (*Fisher Funds*) and the then Trustees of the Scheme. The current Trustee of the Scheme is Trustees Executors Superannuation Limited. The Scheme was registered under the KiwiSaver Act on 15 June 2007. The Scheme commenced operating on 1 July 2007.

### **2.1 The manager and promoters**

The investment manager and principal administration manager of the Scheme is Fisher Funds, an investment management company established in 1998 by Carmel Fisher, who (along with Murray Brown, Frank Jasper, Terry Tolich, Ken Applegate, Scott Brown, David McLeish, Matt Logan and Scott Huan) provides Fisher Funds with its investment expertise as at the date of this Prospectus. Fisher Funds uses its investment expertise to select and manage the Assets held by the Scheme. Fisher Funds may also appoint other, external, investment managers where it considers this to be in the interests of the Scheme and its members.

Fisher Funds and its directors are also the promoters of the Scheme.

The principal activity currently undertaken by Fisher Funds is managing the investments for the Scheme, the Fisher Funds range of unit trusts, Kingfish Limited, Barramundi Limited, Marlin Global Limited and a number of wholesale investors.

Fisher Funds' registered office and street address is:

Fisher Funds Management Limited, Level 2, 95 Hurstmere Road, Takapuna, Auckland 0622.

All investment applications, withdrawals and correspondence should be forwarded to:

Fisher Funds Management Limited, c/o Trustees Executors Limited, PO Box 409, Wellington 6140.

The Trustee has delegated to Trustees Executors Limited the performance of certain administration management functions for the Scheme.

#### ***Directors of Fisher Funds***

As at the date of this Prospectus, the directors of Fisher Funds Management Limited are:

*Carmel Miringa Fisher* BCA, CFIP  
Director Kingfish Limited, Barramundi Limited and Marlin Global Limited.

*Hugh Gladstone Fisher*

*Francis Ivor Charles Jasper*

*Hugh Richmond Lloyd Morrison* CNZM, LLB (Hons)

*Sir John Wells* KNZM, ACA, FCIS, FCCM

each of Auckland (excluding Lloyd Morrison, who resides in Wellington). Each of the directors may be contacted at the address of Fisher Funds (shown above).

Fisher Funds' directors will change from time to time. A list of the directors at any time is available on line at [www.companies.govt.nz](http://www.companies.govt.nz).

Neither Fisher Funds nor any of its directors has, during the five years preceding the date of registration of this Prospectus, been:

- (i) adjudged bankrupt or insolvent;
- (ii) convicted of any crime involving dishonesty;
- (iii) prohibited from acting as a director of a company; or
- (iv) placed in statutory management, voluntary administration, liquidation or receivership.

## **2.2 The Trustee**

The Trustee of the Scheme is Trustees Executors Superannuation Limited. The directors of the Trustee as at the date of this Prospectus are Clynton Neil Hardy of Auckland, Yogesh Mody of Wellington and Thomas Joseph Hoey of Auckland.

Under the legislation which currently governs the Scheme, the Trustee oversees and is legally responsible for the management and administration of the Scheme.

The Trustee's contact address is:

Trustees Executors Superannuation Limited  
Level 12, 45 Queen Street, PO Box 4197, Auckland 1140

Neither the Trustee nor any of its directors has, during the five years preceding the date of registration of this Prospectus, been:

- (i) adjudged bankrupt or insolvent;
- (ii) convicted of any crime involving dishonesty;

- (iii) prohibited from acting as a director of a company;
- (iv) placed in statutory management, voluntary administration, liquidation or receivership.

### **2.3 No guarantee**

None of Fisher Funds, the Trustee or any other person guarantees the performance or obligations of the Scheme or any Fund.

In particular, there is no Crown guarantee of any KiwiSaver Scheme, or of any investment product of a KiwiSaver Scheme.

### **2.4 Responsible investment**

Responsible investment describes an investment strategy which specifically addresses factors such as environmental stewardship, social and ethical considerations as well as financial return.

In managing the Growth Fund (and managing the allocations to shares from time to time within the Conservative Fund) Fisher Funds focuses on identifying and investing in great companies and does not specifically take into account responsible investment. We find that the managers of those companies are increasingly aware of responsible investment issues and factor those into their decision-making as they become more important to their shareholders, employees and wider community.

Fisher Funds considers management's ability to conduct its business in a responsible way as part of our process of identifying companies in which to invest. We find that consistently good companies seldom achieve that status without satisfying their responsibilities to their staff, clients, community and environment.

Fisher Funds takes a similar view when choosing fixed interest securities. It's essential that bond issuers can repay their debts. Entities with a sustainable business model as well as a strong balance sheet will be better placed to meet their repayment obligations. We think management teams must consider and respond to social and environmental responsibilities to ensure the long term future of their businesses.

### **3 HOW MUCH DO I PAY?**

#### **3.1 Contributions required - employees**

##### **3.1.1 Your contribution rate**

As at the date of this Prospectus, you can choose to contribute to the Scheme an amount equal to 2%, 4% or 8% of your Salary or Wages (and if you do not make a choice, your required contribution rate will be 2%). The current Government intends that on 1 April 2013 the minimum employee contribution rate will increase from 2% to 3% of Salary or Wages.

For contribution purposes, *Salary or Wages* is as defined in the KiwiSaver Act from time to time. The current definition is reproduced in more detail in the attached Glossary. However, it generally means your employment-related gross income including:

- (i) overtime, bonuses and allowances (other than accommodation benefits, the market value of board received from an employer and any taxable allowances for accommodation or living costs overseas);
- (ii) parental leave payments out of public money; and
- (iii) ACC compensation;

but excluding exempt income payments, employer superannuation contributions and redundancy payments.

Your contributions will be deducted by your employer from your after-tax Salary or Wages and paid to Inland Revenue, which then pays them to the Scheme.

If you are an employee at one workplace (despite being self-employed at another) then you are an employee for the purposes of the KiwiSaver Act, meaning that you are required to contribute to the Scheme (in the manner described above) out of your after-tax Salary or Wages from that employment.

If no tax deductions are required to be made from your Salary or Wages under the PAYE rules (and you are not a private domestic worker) then you are not required to contribute to your KiwiSaver Scheme from your Salary or Wages.

##### **3.1.2 Contributions from your employer**

Under current legislation, if:

- (i) you are aged 18 or more; and
- (ii) you have not reached your Qualifying Date (as defined in the Glossary); and

(iii) you join a KiwiSaver Scheme;

then except as outlined below (and in addition to your Salary or Wages unless you agree otherwise) your employer must contribute to that KiwiSaver Scheme for your benefit while you are contributing from Salary or Wages.

As at the date of this Prospectus, the compulsory minimum employer contribution rate is an amount equal to 2% of your Salary or Wages (excluding, for this purpose, parental leave payments out of public money and ACC compensation). The current Government intends that on 1 April 2013 the compulsory minimum employer contribution rate will increase from 2% to 3% of Salary or Wages.

Under current legislation, ongoing contributions by your employer to an existing registered superannuation scheme for your benefit will discharge or count towards your compulsory employer contribution entitlements if your employer provided employees with access to that existing scheme on 17 May 2007 and:

- your employer employed you before 1 April 2008, and before then made (or agreed to make) contributions to the existing scheme for your benefit; or
- you are covered by a collective agreement that was in force before 17 May 2007 and has yet to expire, under which your employer is required to contribute to the existing scheme for your benefit.

The employer's contributions to the existing scheme will only count as compulsory employer contributions to the extent that they vest within 5 years after being paid.

Employer contributions or credits to an existing registered superannuation scheme for your benefit will also discharge or count towards your compulsory employer contribution entitlements in certain other limited circumstances prescribed in the KiwiSaver Act.

### ***3.1.3 Contributions required – people who are self-employed/not employed***

If you are under 65 and self-employed (e.g. a sole trader running your own business), are not employed (e.g. a partner in a business, unless the partnership pays you a salary or wage for your services), or are not working, then you may contribute by completing the Application Form from the rear of the Investment Statement and:

- sending a personal cheque to Fisher Funds Management Limited c/o Trustees Executors Limited, PO Box 409, Wellington 6140 (please make your cheque payable to *Fisher Funds KiwiSaver Scheme* and cross it *Account Payee Only*); or
- by regular direct debit (please complete the Direct Debit Authority at the rear of the Investment Statement); or

- by Internet banking (details on how to make these payments can be found on our website (<http://kiwisaver.fisherfunds.co.nz>) or by calling our office on 0800 FFKIWI (0800 335494)).

### **3.2 KiwiSaver and children/minors**

If you are under 18 you can join KiwiSaver without having to contribute, and there is no minimum annual contribution required, unless you are employed. If people under 18 are employed then they must contribute to KiwiSaver from their Salary or Wages at not less than the prescribed minimum rate (see *Your contribution rate* at paragraph 3.1.1) unless no PAYE deductions are required because they qualify for children's or other tax credits. If no PAYE deductions are required to be made from a minor's Salary or Wages, then no KiwiSaver contributions are required either.

Children/minors require IRD numbers and:

- persons aged under 16 may only be enrolled into KiwiSaver by all their legal guardians (acting jointly) and may not enrol themselves; and
- persons aged 16 or 17 must co-sign with one legal guardian in order to enrol into KiwiSaver, unless they have no legal guardian.

### **3.3 State sector employees**

If you are a state sector employee who is already contributing to a state sector superannuation scheme, you can still join KiwiSaver. As at the date of this Prospectus, you will be required to contribute to the Scheme an amount equal to 2%, 4% or 8% of your Salary or Wages. The current Government intends that on 1 April 2013 the minimum employee contribution rate will increase from 2% to 3% of Salary or Wages.

Your contributions will be deducted by your employer from your after-tax Salary or Wages and paid to Inland Revenue, which will then pay them to the Scheme.

If you are in this category then if you join KiwiSaver you will not be able to receive additional employer contributions over and above any that continue being made to your existing superannuation scheme.

### **3.4 Inland Revenue holding account**

If the Scheme is the first KiwiSaver Scheme that you join, then contributions received by Inland Revenue during the three month period after the earlier of:

- the date when Inland Revenue receives the first Scheme contribution for your benefit; and

- the date when Inland Revenue receives notice (or otherwise knows) that you are a member of the Scheme,

will generally not be passed on to the Scheme until as soon as practicable after the end of that three month period. During that period, your contributions will be held by Inland Revenue in an interest-bearing holding account.

On an ongoing basis, contributions paid through Inland Revenue will also be held in that interest-bearing holding account, but paid to the Scheme as soon as practicable after Inland Revenue receives them.

### **3.5 Additional contributions**

You may also:

- contribute amounts additional to those deducted from your Salary or Wages; and/or
- arrange for other persons, including your employer, to make additional contributions for your benefit.

Additional contributions other than employer contributions may be paid:

- to Inland Revenue:
  - by Internet banking (details on how to make these payments are provided on the Inland Revenue website, [www.ird.govt.nz](http://www.ird.govt.nz)); or
  - by depositing a lump sum at any Westpac branch (you will need to give Inland Revenue your name, address, IRD number and whatever other information it may require); or
- direct to the Scheme by cheque payable to *Fisher Funds KiwiSaver Scheme* at Fisher Funds Management Limited, c/o Trustees Executors Limited, PO Box 409, Wellington 6140; or
- direct to the Scheme by direct debit, through selecting this option on your Application Form and returning an attached Direct Debit Authority form to Fisher Funds Management Limited, c/o Trustees Executors Limited, PO Box 409, Wellington 6140; or
- direct to the Scheme by Internet banking (details on how to make these payments can be found on our website (<http://kiwisaver.fisherfunds.co.nz>) or by calling our office on 0800 FFKIWI (0800 335494)).

Currently, direct lump sum investments must be made in amounts of at least \$100.

Fisher Funds accepts voluntary contributions to the Scheme on the assumption they are cleared funds. Investments may be processed prior to positive confirmation that funds have cleared through the banking system. Should a cheque or direct debit be dishonoured we must immediately sell the units purchased. If the unit price has decreased between when you invested and when your contribution is dishonoured, you will incur the shortfall.

All employer contributions to a KiwiSaver Scheme (both compulsory and voluntary) must be paid via Inland Revenue. Inland Revenue then pays them to that KiwiSaver Scheme.

Further details about making additional contributions are available from Fisher Funds.

### **3.6 Transfers from other KiwiSaver Schemes**

You may only be a member of one KiwiSaver Scheme at a time. You may transfer your benefit from (and thereby cease to be a member of) another KiwiSaver Scheme at any time.

### **3.7 Transfers from UK or Australian schemes**

The Scheme is currently approved as a qualifying recognised overseas pension scheme under UK legislation. Fisher Funds is therefore currently permitted to accept, and is accepting, transfers to the Scheme from UK pension schemes.

As at the date of this Prospectus it is expected that before the end of 2012 you will be permitted to transfer funds from an Australian complying superannuation scheme to a KiwiSaver Scheme if you have permanently emigrated to New Zealand. Fisher Funds intends offering this facility through the Scheme as soon as practicable after the enabling legislation takes effect.

For more information, including the permissibility and status of transfers from UK or Australian schemes, call us on 0800 FFKIWI (0800 335484) or visit our website (<http://kiwisaver.fisherfunds.co.nz>).

### **3.8 Government subsidies**

#### **3.8.1 Kickstart contribution**

Under current Government policy, if this Scheme is the first KiwiSaver Scheme you join, the Government will make a kickstart contribution of \$1,000 to the Scheme for your benefit approximately 3 months after the earlier of the date when Inland Revenue receives your first contribution to the Scheme and the date when Inland Revenue is notified, or otherwise knows, that you are a member of the Scheme.

Alternatively, if you have transferred a locked-in balance to the Scheme from a Complying Superannuation Fund and were a member of that Complying Superannuation

Fund for 3 or more months, the kickstart will be paid to the Scheme as soon as practicable after Inland Revenue is notified of the transfer.

If you have split your contributions between the Growth Fund and the Conservative Fund, then the kickstart will be applied to purchase units in each Fund in the same proportions as the contributions split in place when the kickstart is received.

See *Permitted withdrawals*, paragraph 5.1, for the restrictions on withdrawing your Kickstart Contribution Amount (as defined in the Glossary).

### **3.8.2 KiwiSaver Member Tax Credit**

Under current legislation, while:

- you contribute to the Scheme; and
- you reside mainly in New Zealand; and
- you are aged between 18 and your Qualifying Date (as defined in the Glossary);

you will be eligible for an annual Crown contribution (called a *KiwiSaver Member Tax Credit*) matching your contributions to the Scheme at the rate of 50 cents per dollar up to a maximum KiwiSaver Member Tax Credit of \$521.43 a year (which equals \$10 a week).

This means that you will maximise your KiwiSaver Member Tax Credit entitlements by contributing to the Scheme not less than \$1,042.86 a year (which equals \$20 a week). A year for KiwiSaver purposes is 1 July to 30 June.

Until the year ended 30 June 2011, the KiwiSaver Member Tax Credit was a dollar-for-dollar match of a member's KiwiSaver contributions up to a maximum of \$1,042.86 a year (which equalled \$20 a week). The maximum annual KiwiSaver Member Tax Credit, and the rate at which a member's contributions are matched by KiwiSaver Member Tax Credits, reduced to the current levels (described above) effective 1 July 2011.

The KiwiSaver Member Tax Credit will be available to you regardless of your employment status.

Your KiwiSaver Member Tax Credit entitlement from the Scheme for a year will reduce to the extent of any KiwiSaver Member Tax Credit payment already made to a Complying Superannuation Fund for your benefit in respect of the same year.

Under current legislation and Inland Revenue policy, your KiwiSaver Member Tax Credit entitlements will commence on the first day of the month in which (as applicable):

- deductions from your Salary or Wages start; or

- Fisher Funds receives your first contribution; or
- Inland Revenue receives the first contribution paid for your benefit

or in each case on the date (if earlier) when, if you have opted into KiwiSaver, an account in the Scheme is opened for you and Inland Revenue processes advice from us that you have joined KiwiSaver.

This means that if you join KiwiSaver part way through a KiwiSaver year then your KiwiSaver Member Tax Credit entitlements for that year will be calculated based on the proportion of the year that you were a member.

Fisher Funds will claim KiwiSaver Member Tax Credits annually on your behalf. When you withdraw from the Scheme (unless you are transferring to another KiwiSaver Scheme, in which case the provider of the other KiwiSaver Scheme may claim the KiwiSaver Member Tax Credit on your behalf) Fisher Funds will be able to claim for your benefit a KiwiSaver Member Tax Credit for the period from the start of the relevant KiwiSaver year until the date of your withdrawal.

If after you have withdrawn from the Scheme without transferring to another KiwiSaver Scheme (or by reason of death or Serious Illness) it would be impracticable to pay any outstanding KiwiSaver Member Tax Credit entitlement to the Scheme, Inland Revenue may pay it direct to you (or to your estate if you have died).

If you have split your contributions between the Growth Fund and the Conservative Fund, then when each KiwiSaver Member Tax Credit payment is received it will be applied to purchase units in each Fund in the same proportions as the contributions split in place when the KiwiSaver Member Tax Credit payment is received.

See *Permitted withdrawals*, paragraph 5.1, for the restrictions on withdrawing your Tax Credit Amount (as defined in the Glossary).

### **3.9 Alteration of contributions**

As at the date of this Prospectus, if you are an employee then you may change your contribution rate between 2%, 4% and 8% by notifying your employer of the new rate (which will apply to the next payment of Salary or Wages after your employer receives that notice). You cannot change your contribution rate at intervals of less than 3 months unless your employer agrees.

The current Government intends that from 1 April 2013 the minimum employee contribution rate will increase from 2% to 3% of Salary or Wages.

### **3.10 Dividing contributions (and your Scheme balance) between Funds**

You can elect to have your contributions invested in the Growth Fund, the Conservative Fund or any mix of the two. A default "balanced" allocation is provided if you do not select a mix – this is currently a 50%/50% split of contributions between the Growth Fund and the Conservative Fund, but Fisher Funds may alter the default allocation from time to time.

Your initial selection is not locked in. At any time (but no more than twice per financial year of the Scheme), you can:

- change the percentage of each contribution paid to the Scheme for your benefit that will go to one or both of the Funds (as applicable); and/or
- switch all or a percentage of your current balance in a Fund to the other Fund.

In each case, you must notify us in writing, by completing and returning the *Changing Your Investment Options Form* at the rear of the Scheme's Investment Statement.

Subject to the KiwiSaver Act's requirements, under the Scheme's Trust Deed a switch between Funds may be deferred if (and for as long as) the Trustee, on Fisher Funds' advice, determines that having regard to the required realisation of assets or any other circumstance or event relating to the Scheme or generally, an earlier switch would be imprudent or is impracticable.

### **3.11 Contribution Holiday**

If contributions to the Scheme are being deducted from your Salary or Wages, then under the KiwiSaver Act you may apply to Inland Revenue to suspend your contributions to the Scheme (i.e. to take a Contribution Holiday) if:

- 12 or more months have passed since your first contribution was received by Inland Revenue, or since you first contributed direct to a KiwiSaver Scheme; or
- you are suffering, or likely to suffer, financial hardship (and Inland Revenue has received at least one contribution from you).

If a Contribution Holiday is granted based on financial hardship, its duration will be 3 months (unless Inland Revenue agrees to a longer period). The duration of a Contribution Holiday will otherwise be between 3 months and 5 years. Inland Revenue will notify you before your Contribution Holiday ends and you may apply for a new Contribution Holiday.

You may resume contributing at any time by giving notice to your employer, requiring the employer to start making deductions from your Salary or Wages. Further details about Contribution Holidays are available from Fisher Funds.

## **4 WHAT ARE THE CHARGES?**

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

There are no entry or exit fees for investments in the Scheme.

### **4.2 Administration fee**

The Trustee and/or Fisher Funds are reimbursed from the Scheme's Assets for the day-to-day administration of member accounts and maintaining the member registry for the Scheme. As at the date of this Prospectus, the fee for new joiners is \$3.00 per month per member<sup>3</sup>. The fee is paid monthly by redeeming some of your units.

The administration fee is plus GST (if any), but Fisher Funds has been advised that no GST is currently payable on this fee.

### **4.3 Management fee**

Fisher Funds is entitled to be paid management fees, based on the gross asset value of each respective Fund within the Scheme, for the investment services that it provides to the Scheme. Each management fee is calculated daily and paid to Fisher Funds each month, and deducted from unit prices. The current annual management fee paid from the Assets of each Fund is:

- Growth Fund - 0.95% per annum of the gross asset value of the Fund; and
- Conservative Fund – 0.85% per annum of the gross asset value of the Fund.

No GST is currently payable on these fees.

Fisher Funds may pay your adviser, a distributor or another intermediary a portion of its management fee. These payments are not an additional cost to members. Your adviser must provide you with details of this remuneration. Any financial adviser is acting as your agent, and not as agent for the Manager or the Trustee. Neither the Manager nor the Trustee is responsible for the advice given by these advisers.

### **4.4 Growth Fund performance fee**

Fisher Funds is also entitled to be paid a performance fee on the Growth Fund equivalent to 10% of the return that is in excess of the Cash Rate (the percentage change in the NZX 90 Day Bank Bill Index) multiplied by the Growth Fund's average net asset value, calculated and payable within 3 days of 30 June and 31 December each

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<sup>3</sup> This fee is currently \$2.00 per month for each member who joined the Scheme before 1 May 2011.

year. This fee is accrued in the daily unit price and deducted from the Assets of the Growth Fund.

GST is payable on the performance fee if it arises, but Fisher Funds has been advised that no GST is currently payable.

A High Water Mark applies to ensure that Fisher Funds is only rewarded for investment performance once. *High Water Mark* refers to the restriction placed on payment of the performance fee by including a provision in the performance fee calculation that no performance fee is paid if Fisher Funds is recovering any losses that may have been incurred by the Growth Fund. The High Water Mark is the highest Growth Fund unit price on which any previous performance fee was paid (adjusted for capital movements such as a split of units).

The performance fee calculation is as follows:

- Where the High Water Mark is higher than the period end unit price, no performance fee is payable;
- Where the High Water Mark is less than the period end unit price, the performance fee is the lesser of:
  - 10% of the return in excess of the benchmark return; or
  - 10% of the return achieved since the last performance fee was payable.

This is represented by the following formulae:

Where Excess Return  $\leq 0$ , no performance fee is payable.

Where Excess Return  $> 0$ , the performance fee calculation is:

The lesser of:

Excess Return \* 10%; and

$[(UP_t / HW) - 1] * AVNAV * 10\%$ .

## Definitions

**Excess Return** = AR - BT

**UP<sub>t</sub>** The unit price at the last business day of the calculation period (t). This value is prior to the deduction of any performance fee to be paid in respect of performance in the current calculation period.

|                         |   |
|-------------------------|---|
| <b>UP<sub>t-1</sub></b> | The unit price at the last business day of the prior calculation period (t-1).  |
| <b>HW</b>               | High Water Mark. The highest unit price of the Growth Fund at the end of any prior calculation period on which a performance fee is payable (adjusted for any split or consolidation of units). The initial HW is zero. |
| <b>AVNAV</b>            | The average net asset value (NAV) of the Growth Fund, being the average NAV over the calculation period.  |
| <b>BI<sub>t</sub></b>   | NZX 90 Day Bank Bill Index at the end of the last business day of the calculation period (t).   |
| <b>BI<sub>t-1</sub></b> | NZX 90 Day Bank Bill Index at the end of the last business day of the prior calculation period (t-1).   |
| <b>BR<sub>t</sub></b>   | Benchmark Rate applicable for current calculation period: $[(BI_t / BI_{t-1}) - 1]$   |
| <b>BT</b>               | Benchmark Return: the Benchmark Rate multiplied by the AVNAV, i.e. $[BR_t * AVNAV]$ .   |
| <b>AR</b>               | Actual Return applicable for current calculation period: $[(UP_t / UP_{t-1}) - 1] * AVNAV$ (adjusted for any split or consolidation of units).  |

#### 4.5 Trustee's annual fee

The Trustee, Trustees Executors Superannuation Limited, is entitled to receive a fee of up to 0.04% per annum (on which no GST is currently payable) of the gross asset value of the Scheme for trusteeship services. This fee is calculated daily and paid to the Trustee each month, and deducted from unit prices.

#### 4.6 Custodial and other administration fees

Trustees Executors Limited, which is a related company of the Trustee, has been appointed by the Trustee to perform certain other administration services for the Scheme (currently including custodial services) and is entitled to receive a fee of up to 0.06% per annum of the gross asset value of the Scheme, plus a further \$10,000 per annum, for performing those services. Trustees Executors Limited's aggregate fee is calculated daily and paid each month, and deducted from unit prices. The fee of 0.06% per annum is split across the Growth Fund and the Conservative Fund on a pro rata basis, and the additional \$10,000 (which is an accounting fee) is split equally between the Growth Fund and the Conservative Fund. TEA Custodians Limited, also a related company of the Trustee, is nominated as custodian.

GST is payable on the administration fee if it arises, but Fisher Funds has been advised that no GST is currently payable.

#### **4.7 Total Expense Ratio (TER)**

The Investment Savings & Insurance Association of NZ Standard Total Expense Ratio (*TER*) is used to calculate and disclose the fees and expenses of each Fund comprised within the Scheme. The TER is not a separate fee, but a means of showing all fees and expenses as a percentage of average Fund size.

The TER includes the annual management fee, which Fisher Funds is entitled to as set out in this Prospectus, and the operating and administration expenses as further described below. They are calculated based on each Fund's audited financial year-end accounts. Where a Fund is invested in another fund a "synthetic" TER is calculated based on the Fund's audited financial year-end accounts and the fees charged by the wholesale fund.

Each Fund may bear all the ordinary operating expenses including but not limited to formation expenses, registration costs, the custodial fees, Trustee fees, accounting fees covering Fund accounting and administration services, registry fees, legal and auditing fees and expenses, ongoing registration fees, the cost of publication of unit prices and an appropriate portion of the costs and expenses of preparing, printing and distributing the Trust Deed, Prospectus, Investment Statement or any offering document, financial reports and other documents and letters made available to members, among others.

Each Fund's TER does not include any adviser-based fees paid to advisers directly by members. Fisher Funds may also charge a performance fee (if applicable) for the Growth Fund. Performance fees are not included in the TER calculation for that Fund.

Operating and administration expenses do not include transaction fees and extraordinary expenses such as legal action taken against Fisher Funds or the Trustee.

Transaction fees are not included in a Fund's TER. Each Fund bears all costs and expenses of buying and selling securities and financial instruments including, without limitation, any brokerage fees and commissions, interest, taxes, governmental duties, charges and levies and any other transaction related expenses excluding any costs and expenses relating to custody which relate to the relevant Fund.

As the Scheme is a PIE, the tax on a Fund's income is borne by the member to whom that income is allocated under the PIE rules, rather than by the Fund. Consequently, the post-tax TER in respect of each Fund will be different for each member and will depend on each member's relevant tax rate (called a Prescribed Investor Rate (*PIR*)). Paragraph 5.4.1 gives further information on these terms and the PIE regime generally.

The post-tax TER for each of the Funds for the year ended 31 March 2011 is shown in the table below:

**Total Expense Ratio (TER)**

| <b>Year</b> | <b>Tax rate</b> | <b>Growth Fund</b> | <b>Conservative Fund</b> |
|-------------|-----------------|--------------------|--------------------------|
| 2011        | 28.0%           | 0.83%              | 1.08%                    |
|             | 17.5%           | 0.95%              | 1.24%                    |
|             | 10.5%           | 1.03%              | 1.34%                    |

Prior to 31 March 2011, Fisher Funds used the Management Expense Ratio (*MER*) method to calculate and compare the Funds' fees and expenses.

The post-tax MERs for the Growth Fund for the last two years ended 31 March (during which the only applicable PIRs were 30% and 19.5%) were as shown in the tables below:

| <b>Post-Tax MER Excluding Performance Fees</b> |                 |                    |
|--|-----------------|--------------------|
| <b>Year</b>                                    | <b>Tax rate</b> | <b>Growth Fund</b> |
| 2010   | 30%             | 0.88%              |
|  | 19.5%           | 1.01%              |
| 2009   | 30%             | 1.05%              |
|  | 19.5%           | 1.21%              |

The Growth Fund commenced operations on 1 October 2007, therefore the MERs in the table above are for the Fund's first two full years of operation. No MER was calculated for the first part-year, being 1 October 2007 to 31 March 2008.

The Conservative Fund commenced operating on 15 June 2009 and since it had traded for less than one year by 31 March 2010, no MER was calculated for that Fund.

The post-tax MER of each Fund shows the net percentage cost to the Fund, adjusted for tax. It is calculated separately for each Fund by:

1. adding together the expenses for the year (excluding any performance fee);
2. allowing for a tax deduction on tax deductible expenses to give a net expense to the Fund / members; and
3. then dividing the net expense by the daily average Fund size, multiplied by 100 to give a percentage.

The MER excludes any performance fee or transaction allowance.

| <b>Post-Tax MER Including Performance Fees</b> |                 |                    |
|--|-----------------|--------------------|
| <b>Year</b>                                    | <b>Tax rate</b> | <b>Growth Fund</b> |
| 2010   | 30%             | 1.48%              |
|  | 19.5%           | 1.69%              |
| 2009   | 30%             | n/a                |
|  | 19.5%           | n/a                |

#### **4.8 No switching fee**

At any time up to twice per financial year of the Scheme, by completing and returning the *Changing your Investment Options Form* at the rear of the Scheme's Investment Statement, you can:

- change the percentage of the contributions payable to the Scheme for your benefit that will go to one or both Funds (as applicable); and/or
- switch all or a percentage of your current balance from one Fund to another Fund.

No change or switch fees are payable.

#### **4.9 Expenses payable from Scheme Assets**

The Trustee will pay directly from the Assets of the relevant Fund (or, if they were initially paid by Fisher Funds, Fisher Funds may, subject to the Trust Deed, be reimbursed from those Assets for) costs incurred by Fisher Funds in discharging its obligations as manager and acquiring or dealing with investments (for example fees for legal and taxation advice, audit fees, printing, postage, brokerage and third party research). Some international share brokers allow a portion of the brokerage paid to be used by Fisher Funds to purchase research on companies in which the Assets of a Fund might be invested. Such portion is then used to purchase research and research tools to benefit members in the relevant Fund.

However, no Assets of either Fund may be used to pay Fisher Funds' own costs or expenses and each expense must be approved by the Trustee as a valid expense.

The Trustee is also entitled (subject to certain restrictions prescribed in the Trust Deed) to be reimbursed from the Assets of the Scheme for costs incurred by it in discharging its obligations as Trustee under the terms of the Trust Deed.

If the Scheme or either of the Funds terminates, neither Fisher Funds nor the Trustee is entitled to receive a fee for any time spent on matters relating to the termination.

From time to time accruals for known expenses such as audit fees may be made in each Fund's unit price.

The costs and expenses recovered from each Fund each year are reported in the Scheme's financial statements, of which you may request a copy (see paragraph 11.1).

#### **4.10 Changes to fees**

The fees charged for the Scheme must comply at all times with reasonable fees restrictions prescribed in the KiwiSaver Act and the KiwiSaver Scheme Rules. Under the KiwiSaver Act, if a member or the Financial Markets Authority considers that a fee imposed in connection with membership of a KiwiSaver Scheme is unreasonable then he or she may (within one year of the fee being imposed or debited) seek a High Court order annulling or reducing the fee.

Under the KiwiSaver Act, when any fee to which the reasonable fees restrictions apply is increased, the Financial Markets Authority must be notified as soon as reasonably practicable after the increase takes effect.

Subject to those reasonable fees restrictions:

- the Trustee and Fisher Funds may alter the Trustee's fee, or the fee payable to Trustees Executors Limited for the services it provides to the Scheme or either Fund, by agreement at any time; and
- Fisher Funds may, with the Trustee's approval, alter its fees or charge other fees from time to time;

but members must be given at least 60 days' written notice of any increase to fees.

Fees can be altered without amending the Trust Deed.

## **5 WHAT RETURNS WILL I GET?**

Your returns from the Scheme will be paid as a lump sum or lump sums, either upon request after you reach your Qualifying Date (as defined in the Glossary) or when you make any earlier Permitted Withdrawal. Withdrawals are not otherwise allowed, and the Scheme will not make income distributions. Under the KiwiSaver Act 2006 provisions currently applying to the Scheme, the Trustee is legally liable to pay your returns.

You should be aware that no rate of return has been promised or guaranteed for the Scheme or either of the Funds, and that unit prices will rise and fall as the value of each Fund's underlying investments rises and falls.

If you have split your contributions between the Growth Fund and the Conservative Fund, then any partial withdrawal will be made from the Funds in the same proportions as the contributions split in place at the time of withdrawal (unless the balance in either Fund is insufficient to make up the relevant portion of the withdrawal amount, in which case the shortfall will be withdrawn from your balance in the other Fund).

As at the date of this Prospectus, Trustees Executors Limited (which is a related company of the Trustee) performs under delegated authority from the Trustee the functions of:

- considering withdrawal applications and determining whether benefits are payable;
- calculating and paying benefits;
- arranging for contributions splits and switches between Funds; and
- arranging for transfers to other KiwiSaver Schemes.

Each withdrawal facility is described below. In each case, your Tax Credit Amount (as defined in the Glossary) cannot be withdrawn:

- unless you (or if you have died, your personal representative or the permitted recipient of your death benefit) provide a statutory declaration as to when you have resided principally in New Zealand; or
- to the extent to which the Trustee has notice that your claim for the Tax Credit Amount is wrong (because the periods during which you have met that residency requirement were wrongly advised).

## **5.1 Permitted withdrawals**

### **5.1.1 Withdrawal on or after Qualifying Date**

You may withdraw your benefit on or after your Qualifying Date, which is when you reach the standard qualifying age for New Zealand Superannuation (currently 65) or the date, *if later*, when you have been a member of one or more KiwiSaver Schemes for 5 years (membership of a Complying Superannuation Fund on a KiwiSaver-consistent basis counts as KiwiSaver Scheme membership for this purpose).

Subject to terms and conditions prescribed from time to time by Fisher Funds, you may leave your benefit in the Scheme indefinitely or withdraw it in instalments.

### **5.1.2 Death**

If you die, your full benefit will be paid to your personal representatives (the executors or administrators of your estate) on request. Alternatively, if your full Scheme entitlement is less than a prescribed amount (currently \$15,000) and certain other conditions are met, the Trustee may pay your Scheme balance direct to a person such as a surviving partner or caregiver.

### **5.1.3 Significant Financial Hardship**

Subject to restrictions prescribed in the KiwiSaver Scheme Rules as amended from time to time, you may make a withdrawal, excluding the Kickstart Contribution Amount and the Tax Credit Amount (as those terms are defined in the Glossary), if the Trustee is reasonably satisfied that you are suffering or likely to suffer from Significant Financial Hardship (as defined in the Glossary). The Trustee must be reasonably satisfied that reasonable alternative sources of funding have been explored and have been exhausted.

You will need to provide a statutory declaration as to your assets and liabilities, and the Trustee may limit the withdrawal to a specified amount that (in its opinion) is required to alleviate the particular hardship you are suffering.

### **5.1.4 Serious Illness**

You may make a withdrawal if the Trustee is reasonably satisfied that you are suffering from Serious Illness (as defined in the Glossary). The Trustee will require medical evidence to support your withdrawal request.

### **5.1.5 Home purchase**

Subject to restrictions prescribed in the KiwiSaver Scheme Rules as amended from time to time, you may be eligible to make a withdrawal (excluding the Kickstart Contribution Amount and the Tax Credit Amount) to purchase your first home if:

- three or more years have passed since Inland Revenue received the first KiwiSaver contribution in respect of you (or since you first joined a KiwiSaver Scheme); and
- you have never made a home purchase withdrawal; and
- you intend that the relevant land will be your principal place of residence; and
- you have never owned an estate in land, either alone or jointly with another person (limited exceptions apply).

Alternatively, you may be eligible to make a withdrawal to purchase a home as a 'second chance' home buyer if you meet the first three of the above criteria and you provide us with written confirmation from Housing New Zealand stating that it is satisfied your financial position (in terms of income, assets and liabilities) is what would be expected of a person who has never owned a home. For more information or the necessary form, telephone Housing New Zealand on 0508 935 266 or visit its website [www.hnzc.co.nz](http://www.hnzc.co.nz).

Home purchase withdrawals may be permissible (under the KiwiSaver Act) in other limited circumstances.

No funds permitted to be transferred to a KiwiSaver Scheme from an Australian complying superannuation scheme may be withdrawn for a home purchase (though post-transfer investment earnings on those funds may be used for that purpose).

Under current Government policy, a tax-free home purchase subsidy of \$1,000 per year of KiwiSaver contributions (maximum \$5,000) may be available to certain people who qualify for a home purchase withdrawal, provided those people have been making regular KiwiSaver contributions for at least 3 years and meet all other qualifying criteria.

For details about required contribution levels and the other qualifying criteria, visit the Housing New Zealand website [www.hnzc.co.nz](http://www.hnzc.co.nz).

Housing New Zealand administers the home purchase subsidy facility and subsidies are not payable from the Scheme. Neither Fisher Funds nor the Trustee has any liability in relation to the subsidy facility.

For more information, contact Fisher Funds or visit the Housing New Zealand website [www.hnzc.co.nz](http://www.hnzc.co.nz).

### **5.1.6 Permanent emigration**

As at the date of this Prospectus, one year after you have permanently emigrated from New Zealand you may withdraw your entitlement (excluding your Tax Credit Amount) from the Scheme.

Alternatively, at any time after you have permanently emigrated, you may direct the Trustee to transfer your entitlement (excluding your Tax Credit Amount) to an overseas superannuation scheme authorised for that purpose by regulations made under the KiwiSaver Act (as at the date of this Prospectus, no such regulations have yet been made).

Your Tax Credit Amount will, in either circumstance, be repaid to the Crown.

In each circumstance, you need to complete a statutory declaration to the effect that you have permanently emigrated from New Zealand. You must also prove to the Trustee's satisfaction your departure from New Zealand, and that you have resided at an overseas address at some time during the year following your departure from New Zealand (the Trustee will require supporting documentation).

Under legislation which (as at the date of this Prospectus) is expected to take effect before the end of 2012, a KiwiSaver Scheme member who permanently emigrates to Australia:

- will not be permitted to make a cash withdrawal on the permanent emigration basis; but
- will be permitted to transfer his or her full KiwiSaver entitlement (including the Tax Credit Amount) to an Australian complying superannuation scheme.

After emigrating to Australia a member will remain entitled, as is currently the case whenever emigrating, to leave his or her balance in the Scheme until on or after reaching the Qualifying Date (defined in the Glossary) and then to withdraw it as a lump sum.

Until this legislation takes effect, the permanent emigration provisions applying as at the date of this Prospectus (see paragraph 5.1) will continue applying in cases of permanent emigration to Australia.

For more information, including whether this law change has taken effect, call us on 0800 FFKIWI (0800 335484) or visit our website (<http://kiwisaver.fisherfunds.co.nz>).

### **5.1.7 Transfer to another KiwiSaver Scheme**

You may transfer your entitlement (the transferred amount must include the Kickstart Contribution Amount and the Tax Credit Amount) to another KiwiSaver Scheme at any

time. When so doing, you will cease to be a member of this Scheme (you can only be a member of one KiwiSaver Scheme at a time).

If you join the Scheme because it is your employer's chosen KiwiSaver Scheme, and then you leave that employer's service, you will remain a Scheme member. If the employer chooses another KiwiSaver Scheme, you will remain a member but you can elect to transfer to that other KiwiSaver Scheme if you wish.

### **5.1.8 Other circumstances of withdrawal**

The Trustee must comply with any legislation or Court order requiring it to release funds from the Scheme. This includes a property sharing order made under the Property (Relationships) Act 1976.

Funds transferred to the Scheme from an Australian complying superannuation scheme (once such transfers are allowed – see paragraph 7.2) will be permitted to be withdrawn if you have reached age 60 and satisfy the *retirement* definition in Australian legislation.

## **5.2 Benefits generally**

The amount of your benefit from the Scheme will reflect the contributions made by you or for your benefit, the reason for your withdrawal, Government subsidies, and investment returns from the relevant Fund or Funds (after deducting fees, taxes, expenses and other liabilities).

Investment returns for each Fund will be reflected in that Fund's unit price on any given day. They are therefore unrealised until your money is actually withdrawn from the Scheme. Your returns will also be impacted by the tax paid by the Scheme and the expenses deducted from each Fund's Assets.

The nature of the Growth Fund's and the Conservative Fund's investments is such that no amount of return on the units can be guaranteed. Members should be aware that the unit price for each Fund may fluctuate upwards and downwards as the value of the underlying investments changes.

## **5.3 Growth in the value of your units**

The key factor that will determine the value of your units is the value of the investments made by Fisher Funds or any investment managers it appoints. The Growth Fund invests principally in company shares, and the value of these investments will depend on the performance of the companies and on the performance of share markets generally. The Conservative Fund also invests in company shares, but is expected to have lower risk and lower returns than the Growth Fund because it invests in all or any of a range of different asset classes principally comprising cash, fixed interest, infrastructure securities and property, as well as shares.

## 5.4 Taxation

Neither the Trustee nor Fisher Funds accepts any responsibility for the taxation implications for members of investing in the Scheme or any Fund. Tax legislation, its interpretation and the rates and bases of taxation are subject to change, and the application of tax laws depends on a member's individual circumstances. You are advised to consult your own independent tax adviser as to the tax consequences of investing in the Scheme or either Fund. You should choose the Fund (or the split between Funds) which you consider best suits your personal circumstances.

The following is a general statement describing the Trustee's and Fisher Funds' understanding of New Zealand tax legislation as it affects the Scheme and New Zealand-resident Scheme members as at the date of this Prospectus. Non-resident members should seek their own tax advice in applicable jurisdictions, including as to the tax treatment in those jurisdictions of payments or transfers from the Scheme.

### 5.4.1 Tax on investment income

The Scheme is a PIE (see the Glossary) and therefore the PIE tax regime applies. Under the PIE tax regime:

- each Fund's income, deductible expenses and tax credits for an attribution period are attributed to the relevant members in proportion to their interests in that Fund, and the Scheme pays tax on the net income attributed to those members at each member's PIR - see below;
- if a Fund suffers a loss (or a member's attributed tax credits exceed the tax payable) for an attribution period, Fisher Funds is able to claim a tax rebate (except for excess foreign tax credits) which will be credited to the member's account;
- at the time of a withdrawal, or of a switch from one Fund to the other (switches between Funds are treated as withdrawals for tax purposes), tax is payable only on the amount of income attributed to the period in which the withdrawal or switch occurs;
- in the case of shares held for a Fund in New Zealand resident companies, any profits on disposal are not taxable and losses on disposal are not deductible (Dividends are taxable); and
- in the case of shares held for a Fund in certain Australian resident companies that are listed on an approved Australian Securities Exchange index and maintain a franking credit account, profits on disposal are not taxable and losses on disposal are not deductible (Dividends are taxable, but Fisher Funds can claim a tax credit for any withholding tax deducted from Dividends).

For New Zealand-resident individuals who provide their IRD number to the Scheme, there are three PIR tax rates available as at the date of this Prospectus (a *tax year* is 1 April to 31 March):

- 10.5% for members who notify the Scheme that they had, in either of the two tax years immediately preceding the current tax year, taxable income of \$14,000 or less (this excludes PIE Income) and \$48,000 or less in total taxable income plus net PIE Income;
- 17.5% for members who notify the Scheme that they had, in either of the two tax years immediately preceding the current tax year, taxable income of \$48,000 or less (this excludes PIE Income) and \$70,000 or less in total taxable income plus net PIE Income; and
- 28% for members who do not qualify for either of the lower rates.

Further information on PIRs can be found at Inland Revenue's website [www.ird.govt.nz](http://www.ird.govt.nz).

For a member who does not provide a PIR, or who is a non-resident, the PIR is 28%.

Each year every member will be asked to confirm their PIR to the Scheme. Members must advise the Scheme if their PIR changes or if they cease to be resident in New Zealand.

The Scheme calculates the tax liability attributable to members in relation to each Fund for each calculation period (and as at the date of any withdrawal or switch) using members' PIRs. The tax liability attributed to each member for each Fund will be deducted from the member's account by cancelling units in the relevant Fund or Funds. If a member has elected the correct PIR, the income allocated to them will not have to be included in a tax return. Also, under current legislation such income will not affect eligibility for family assistance or student loan repayments, or child support obligations.

If a member elects a PIR lower than the correct rate, or does not advise a change to a higher rate, Inland Revenue may contact the member and require him or her to file a tax return and pay any consequential tax shortfall at the member's marginal tax rate plus any penalties or interest. Inland Revenue may also contact the Scheme and direct it to change the member's prescribed investor tax rate.

Any investments held for a Fund in foreign shares (except for shares in certain Australian resident companies that are listed on an approved Australian Securities Exchange index and maintain a franking credit account) are subject to the fair dividend rate (*FDR*) method of taxation provided the Scheme holds less than 10% of the shares in any foreign company. Under the *FDR* method, the relevant Fund is deemed to derive taxable income each year equal to 5% of the average daily opening market value of the shares held in foreign companies, but any Dividends received are not taxable (although

Fisher Funds is able to claim tax credits for any foreign withholding tax deducted from the Dividends received). Losses incurred on the disposal of foreign shares are not deductible.

Fees (if any) paid by members for ongoing management and administration services are taken into account as deductions for the purposes of calculating the tax payable on behalf of each member. Members are not able to claim deductions for such fees in their own tax returns.

#### **5.4.2 Tax on contributions**

Member contributions to the Scheme are made from after tax income, so no more tax is payable on those contributions. The kickstart contribution and KiwiSaver Member Tax Credit payments are not income or gifts for tax purposes.

If you are aged between 18 and your Qualifying Date then, under legislation applying as at the date of this Prospectus, employer contributions to the Scheme for your benefit are exempt from employer's superannuation contribution tax (*ESCT*) – i.e. they are payable tax free - up to a maximum of 2% of your Salary or Wages (if matched by contributions from your pay).

As at the date this Prospectus, employer contributions to the Scheme which exceed the tax-exempt limit (or are otherwise not tax-exempt) are taxed either at 33% or, if your employer so elects, at the following *ESCT* rates (an *income year* is 1 April to 31 March):

- 10.5% if the total of your taxable earnings and the before-tax employer superannuation contributions (to a KiwiSaver Scheme or any registered superannuation scheme) made for your benefit was not more than \$16,800 in the previous income year;
- 17.5% if the total of those earnings plus employer contributions was between \$16,801 and \$57,600 in the previous income year;
- 30% if the total of those earnings plus employer contributions was between \$57,601 and \$84,000 in the previous income year; and
- 33% in every other case.

If your current employer did not employ you for all of the previous income year, the above rates will be based on estimates of your expected taxable earnings and employer superannuation contributions for the current income year.

From 1 April 2012, all employer contributions to KiwiSaver Schemes will be subject to *ESCT* (i.e. employer contributions up to 2% of your Salary or Wages will no longer be payable tax-free). However, all employers will also be required to apply the "tiered"

annual earnings and employer superannuation contributions-based ESCT rates outlined above (i.e. applying a default 33% ESCT rate will no longer be permitted).

### **5.4.3 Tax on benefits**

UK tax treatment may apply in some cases to a withdrawal of funds transferred to the Scheme (directly or indirectly) from a UK pension scheme.

Additionally, when the Trans-Tasman savings portability legislation described under *Permanent emigration* at paragraph 5.1.6 takes effect, a transfer from a KiwiSaver Scheme to an Australian complying superannuation scheme will be subject (under current Australian legislation) to a prescribed cap on the personal superannuation contributions that can be paid tax-free in any one year. To the extent it exceeds this cap, a transferred amount will be taxed on entry into Australia.

Non-resident members should seek tax advice in their country of residence concerning the tax treatment in that country of payments or transfers from the Scheme.

Under current legislation, when you withdraw funds from the Scheme in New Zealand the amount withdrawn will not be subject to any further taxation (i.e. it will be paid tax-free).

## **6 WHAT ARE MY RISKS?**

There is some degree of risk involved with all investments. The potential return on an investment is generally related to the risk of the investment.

Investment risk encompasses the chance of losing some or all of your investment, and the possibility that investment returns become negative.

Investments in the Scheme (and in each Fund) are not guaranteed. The value of your investment in either Fund can go up and down. The main risk that could affect the level of return from your investment through the Scheme is that you will not recover the full amount invested or not receive any returns on your investment. This may occur where the value of the investments made for either of the Funds falls by such an amount that the value of your units is less than you paid for them.

The Growth Fund is expected to carry higher risk than the Conservative Fund, as it is invested principally in growing companies' shares in all of any of the New Zealand, Australian and other international markets. However, a portion of the Conservative Fund will also be invested in company shares from time to time. Share prices can fluctuate significantly over relatively short periods of time, which is why it is important to invest with a long-term horizon in mind.

As at the date of this Prospectus, markets in New Zealand and internationally remain volatile (and may continue to be volatile for some time), affecting the investment performance of a number of asset classes.

Some of the events that can affect the returns and cause the value of your investment in either Fund to go up and down are:

- economic, political or market conditions in New Zealand, Australia or internationally that impact on share prices or the ability of issuers of fixed interest securities to meet interest or debt repayment obligations;
- specific events affecting the share price of a particular company that a Fund is invested in, and causing fluctuations in the share price;
- specific events affecting the ability of any issuer of a fixed interest security in which a Fund is invested to meet interest or debt repayment obligations;
- changes to interest rates in New Zealand, Australia or internationally affecting the value of fixed interest investments or returns on cash investments;
- adverse regulatory changes in New Zealand, Australia or internationally having an impact on investments;

- changes in taxation rates or tax rules in New Zealand, Australia or internationally;
- inflation impacting on real returns;
- the Scheme's loss of PIE status for failing to meet the requirements of the tax legislation;
- the Scheme's loss of Qualifying Recognised Overseas Pension Scheme (*QROPS*) status, resulting in more UK tax to pay on any UK pension scheme funds transferred to the Scheme;
- an operational or systems failure affecting either Fund (or the markets generally);
- markets in which a Fund's Assets are invested becoming illiquid, with the result that Assets cannot be sold (or can only be sold at a discount) to give effect to withdrawals, transfers or switches between Funds;
- the investment style and strategy of Fisher Funds resulting in your returns being different from any share market index and from competing investments; and
- exchange rate fluctuations between the New Zealand dollar and other currencies in which foreign assets are denominated.

Significant portions of the Growth Fund's and the Conservative Fund's assets are held in foreign currencies. As the value of Scheme Assets is calculated in New Zealand dollars, fluctuations in the exchange rates between New Zealand dollars, Australian dollars and other currencies could impact on either Fund irrespective of any changes in value of the underlying Assets. In addition, economic, political or market conditions in New Zealand could impact on the value of the New Zealand dollar.

Fisher Funds may from time to time use derivatives to reduce currency exposure or maximise the New Zealand dollar return of each Fund (a *derivative* is any financial arrangement the value of which depends on the future value of underlying assets such as shares, fixed interest, currency or cash). The use of derivatives can result in large gains or losses, and creates risks which include magnifying any adverse Asset price fluctuations.

### **6.1 Personal liability**

There are no circumstances in which you will be obliged to pay any further money, apart from your agreed contributions and any tax liability attributed to you over and above the amount in your account(s) and any tax liability you incur personally as a result of advising the wrong PIR or failing to advise Fisher Funds when your PIR changes.

## **6.2 Consequences of insolvency**

If the Scheme was insolvent you would not incur any liability to any person, other than for payments, fees or taxes payable before the insolvency.

## **6.3 Winding up the Scheme**

Fisher Funds may resolve to wind up the Scheme. In certain circumstances set out in the KiwiSaver Act, the Financial Markets Authority may also require the Scheme to be wound up.

In the event of the winding up of the Scheme, any preferred creditors would be paid ahead of claims by Scheme members. Accordingly, you may not recover the full amount paid to the Scheme by you and any employer for your benefit. However, you will otherwise have no liability to contribute to any shortfall in the Assets of the Scheme.

If the Scheme is wound up, your claim on the Scheme's Assets will rank equally with other Scheme members' claims.

Following the wind-up of the Scheme, members will be required to transfer from the Scheme to other KiwiSaver Schemes in accordance with the choice and default allocation rules in the KiwiSaver Act.

## **6.4 Winding up a Fund**

Fisher Funds may direct the Trustee to close, wind up or alter any Fund on such terms and conditions as Fisher Funds determines.

If a Fund is closed, then no further contributions may be invested in that Fund. Closure of a Fund will not affect the obligations of the Trustee to pay any outstanding benefits owed to members eligible to receive them.

If a member has elected to allocate some or all of their investment to a Fund being wound up, the member's investment allocation will be deemed no longer to incorporate that Fund. The Manager may, in its complete discretion, determine the Fund which will replace the Fund being wound up. Members in the Fund being wound up will be notified as soon as reasonably practicable of the wind-up and of the replacement Fund.

Subject to the KiwiSaver Act, Fisher Funds will retain such amount as it considers necessary or appropriate to meet all claims, liabilities (including contingent liabilities) and expenses which in its opinion ought to be met out of the wound up Fund's Assets. Fisher Funds will also, after making such deductions, allocate each member's interest in the wound-up Fund to another Fund or Funds selected by the member.

Each member affected by the wind-up of the relevant Fund will be given the opportunity to select a replacement Fund or Funds. If a member does not select any other Fund

within the period prescribed in the wind-up notice, then the member's interest in the wound-up Fund will be allocated to the Fund specified in the notice as the Fund to which the member will be deemed to have elected to transfer if no replacement Fund is chosen.

## **7 CAN THE INVESTMENT BE ALTERED?**

### **7.1 Employee contributions**

If you are an employee then as at the date of the Prospectus you can change your contribution rate between 2%, 4% and 8% of your Salary or Wages at any time by giving notice to your employer of the new contribution rate. The new rate will apply from the next pay period after your employer receives that notice. Unless your employer agrees otherwise, you cannot change your contribution rate at intervals of fewer than three months.

The current Government intends that from 1 April 2013 the minimum employee contribution rate (including for all current KiwiSaver Scheme members) will increase from 2% to 3% of Salary or Wages. Your contribution rate options will then be 3%, 4% or 8%.

You may take a Contribution Holiday in the circumstances described at paragraph 3.11.

### **7.2 Transfers**

You may at any time transfer your benefit from the Scheme to another KiwiSaver Scheme by contracting directly with the new KiwiSaver Scheme provider to join that scheme. You cannot partially transfer your benefit from the Scheme to another KiwiSaver Scheme, as you can only belong to one KiwiSaver Scheme at a time.

In certain limited circumstances prescribed in the KiwiSaver Act, you may be compulsorily transferred between KiwiSaver Schemes.

You can transfer from an existing KiwiSaver Scheme or registered superannuation scheme to the Fisher Funds KiwiSaver Scheme, and currently you can transfer funds to the Scheme from a UK pension scheme (see paragraph 3.7). Please contact Fisher Funds for more information if you wish to do either.

As at the date of this Prospectus, it is expected that before the end of 2012 individuals will be permitted to transfer funds between KiwiSaver Schemes and Australian complying superannuation schemes after permanently emigrating between the two countries (see paragraphs 3.7 and 5.1.6).

### **7.3 Switches and changes of Funds**

You may switch part or all of your Scheme balance, and/or change some or all of the future contributions payable to the Scheme for your benefit, from one Fund to another at any time (but no more than twice per financial year of the Scheme).

In the case of a switch involving your existing balance, the total amount switched between Funds must not be less \$1,000 (or such greater minimum amount as Fisher Funds may determine from time to time) or your entire Scheme balance if it is less.

If you wish to switch part or all of your Scheme balance to another Fund, to split ongoing contributions between the Growth Fund and the Conservative Fund, or to amend any existing split of your balance or contributions between the two Funds, then you should:

- obtain and read the Scheme's most recent Investment Statement, which is available on our website (<http://kiwisaver.fisherfunds.co.nz>) or by calling us on 0800 FFKIWI (0800 335494); then
- complete the *Changing Your Investment Options Form* at the rear of that Investment Statement.

#### **7.4 Amendments**

Fisher Funds and the Trustee may amend the Trust Deed by a deed of amendment. Amendments to the Trust Deed cannot have the effect of:

- reducing, postponing or otherwise adversely affecting the benefits (whether vested, contingent or discretionary) that may in due course flow from, or are attributable to, membership of the Scheme up to the date the amendment is made; or
- removing any right of members to participate in Scheme management;
- increasing the contributions, fees or charges payable by any member (though Scheme fees can be increased without amending the Trust Deed); or
- providing for the reversion of any Assets of the Scheme to an employer to any greater extent than already provided for in the Trust Deed;

without the written consent of every member who would be adversely affected by the amendments.

#### **7.5 Changes to law**

A number of aspects of KiwiSaver that are described in this Prospectus (such as the current and pending minimum employee and compulsory employer contribution rates, the Crown incentives, the tax treatment of contributions and income and when benefits can be withdrawn) reflect the current terms of the KiwiSaver Act, the income tax and other legislation governing KiwiSaver Schemes, and Government policy. Legislation or policy may change at any time, necessitating changes to the Scheme.

Under the KiwiSaver Amendment Act 2011, Fisher Funds and the Trustee must amend the governance arrangements for the Scheme by no later than 30 September 2012 so as to ensure that:

- Fisher Funds (as manager) becomes the issuer of membership interests in the Scheme for Securities legislation purposes and is responsible for the management of the Scheme; and
- the Trustee becomes the external supervisor of the Scheme and is responsible for the oversight of Fisher Funds as manager and the custody of Scheme assets.

Fisher Funds and the Trustee will cooperate from early 2012 to make the Scheme changes necessary for Fisher Funds to become legally responsible for managing and administering the Scheme and paying members' benefits.

Additionally, under the Securities Trustees and Statutory Supervisors Act 2011, before the Scheme adopts the above new governance arrangements the Trustee must obtain a licence from the Financial Markets Authority to continue acting as a KiwiSaver Scheme trustee.

Where the expression *current* or *currently* is used in this Prospectus in relation to legislation, a policy or a practice, it refers to that legislation, policy or practice as at the date of this Prospectus. For more up-to-date information from time to time, you should visit the Government's website [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz).

## **8 HOW DO I CASH IN MY INVESTMENT?**

### **8.1 Withdrawals**

Withdrawals from the Scheme are permitted only as described under *Permitted withdrawals* at paragraph 5.1.

If you have split your contributions between the Growth Fund and the Conservative Fund, then any partial withdrawal will be made from the Funds in the same proportions as the contributions split in place at the time of withdrawal (unless the balance in either Fund is insufficient to make up the relevant portion of the withdrawal amount, in which case the shortfall will be withdrawn from your balance in the other Fund).

You can request a withdrawal from the Scheme by writing to Fisher Funds Management Ltd, c/o Trustees Executors Limited, PO Box 409, Wellington 6140. Please detail the basis for your withdrawal and provide supporting evidence. To assist you, withdrawal forms are available on the Fisher Funds website <http://kiwisaver.fisherfunds.co.nz>.

Fisher Funds may resolve to wind up the Scheme or a Fund. Upon winding up the Scheme or a Fund, the Trustee will realise all of the Scheme's (or the Fund's) Assets and, after providing for claims and liabilities (including fees), transfer members' benefits to other KiwiSaver Schemes, or to another Fund within the Scheme, as set out under the headings *Winding up the Scheme* and *Winding up a Fund* at paragraphs 6.3 and 6.4.

### **8.2 Deferring withdrawals or transfers**

Subject to the KiwiSaver Act's requirements, under the Scheme's Trust Deed Fisher Funds may defer giving effect to a withdrawal or transfer from the Scheme if (and for as long as) the Trustee, on Fisher Funds' advice, determines that having regard to the required realisation of assets or any other circumstance or event relating to the Scheme or generally, an earlier withdrawal or transfer would be imprudent or is impracticable. The Scheme's Trust Deed does not otherwise prescribe a limit as to how long the Trustee may defer a withdrawal or transfer from the Scheme.

### **8.3 Assignments**

You are not permitted to sell, assign or transfer your interest in the Scheme to another person, unless required by the KiwiSaver Act or the provisions of any other enactment.

## **9 WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?**

You can find out what the unit price of a Fund within the Scheme is by phoning Fisher Funds or visiting Fisher Funds' website <http://kiwisaver.fisherfunds.co.nz>. Fisher Funds will send you regular reports showing the value of your investment and the details of the investments in the Scheme. Each Fund's unit price will be quoted in New Zealand dollars.

If you have any questions about your investment in the Scheme please contact:

The Client Service Manager  
Fisher Funds Management Limited  
Level 2, 95 Hurstmere Road  
PO Box 33 549, Takapuna  
Auckland 0740  
Freephone: 0800 FFKIWI (0800 335494)  
Facsimile: 09 489 7139  
Email: [kiwisaver@fisherfunds.co.nz](mailto:kiwisaver@fisherfunds.co.nz)  
Website: <http://kiwisaver.fisherfunds.co.nz>

**10 IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?**

If you are not satisfied with the service you have received from Fisher Funds then you should contact us. We have an internal complaints process and undertake to investigate your concerns promptly and fairly. You may contact us to make a complaint by telephone, by email or in writing as follows:

The General Manager  
Fisher Funds Management Limited  
Level 2, 95 Hurstmere Road  
PO Box 33 549, Takapuna  
Auckland 0740  
Freephone: 0800 FFKIWI (0800 335494)  
Facsimile: 09 489 7139  
Email: [kiwisaver@fisherfunds.co.nz](mailto:kiwisaver@fisherfunds.co.nz)

You may also contact the Trustee at:

Trustees Executors Superannuation Limited  
Level 12, 45 Queen Street  
PO Box 4197  
Shortland Street  
Auckland 1140  
Telephone: 09 308 7100

As at the date of this Prospectus, both Fisher Funds and the Trustee are members of an independent dispute resolution scheme operated by Financial Services Complaints Limited (FSCL) and approved by the Ministry of Consumer Affairs. Each of us has 40 days to respond to your complaint. If you are not satisfied by the response, you may refer the matter to FSCL by emailing [info@fscl.org.nz](mailto:info@fscl.org.nz) or calling FSCL on 0800 347257. Alternatively you may write to FSCL at:

Financial Services Complaints Limited  
45 Johnston Street  
PO Box 5967  
Lambton Quay  
Wellington 6145

Full details of how to access the FSCL scheme can be obtained from its website [www.fscl.org.nz](http://www.fscl.org.nz). There is no cost to you to use the services of FSCL.

If you feel that the Scheme is not operating in accordance with (or is not meeting the requirements of) the KiwiSaver Act 2006 or any regulations made under that Act, or that the financial position, security of benefits or management of the Scheme is inadequate, then you may complain to the Financial Markets Authority at:

Financial Markets Authority  
Level 8, Unisys House  
56 The Terrace  
PO Box 1179  
Wellington 6140  
Telephone: 04 472 9830  
Facsimile: 04 472 8076

## **11 WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THE INVESTMENT?**

### **11.1 Prospectus and financial statements**

A copy of this Prospectus (and of any certificate registered under the Securities Act 1978 to extend the period during which membership may be offered under the Prospectus) is available on request from Fisher Funds. A copy of this Prospectus (and any such certificate) will be provided free of charge.

Further information about the Scheme and each Fund is contained in the Scheme's financial statements. Financial statements are prepared for the Scheme and each Fund as at the end of each financial year. Copies of the financial statements may be obtained on request from Fisher Funds, free of charge.

### **11.2 Annual reports and personalised statements**

Fisher Funds sends, or makes available, to each member as at the end of each financial year an annual report for the Scheme, which summarises the financial statements for that financial year and any amendments made to the Trust Deed since the previous balance date of the Scheme. You will not be sent an annual report if your Portfolio is inactive (that is, a Portfolio for which no contribution has been received for at least two years). However, you can still obtain an annual report on request.

Fisher Funds will also send to you as at the end of each financial year a statement setting out:

- the amount of each type of contribution received by the Scheme for your benefit during the year; and
- the value of your units in the Scheme.

### **11.3 Other information**

You may also ask Fisher Funds to send to you:

- a copy of the Trust Deed (emailed copies are free, but hard copies incur a copying fee of 20 cents per page); and
- a comparison of actual returns made by the Scheme or a Fund against any prospective returns referred to in a Prospectus or in any advertisement relating to the Scheme (these comparisons are free of charge).

All requests for the information referred to above should be made in writing and sent to Fisher Funds at the address specified at paragraph 9. Alternatively they may be made by emailing [kiwisaver@fisherfunds.co.nz](mailto:kiwisaver@fisherfunds.co.nz).

Fisher Funds will send regular email newsletters to members who have provided email addresses. Historic newsletters are available on the website <http://kiwisaver.fisherfunds.co.nz>.

#### **11.4 Registered information**

The following documents are filed on a public register maintained by the Ministry of Economic Development, and are available for public inspection on the Companies Office website [www.business.govt.nz/companies](http://www.business.govt.nz/companies) (through online services/search other registers/select all/organisation number 1961240):

- the latest registered Prospectus;
- the Trust Deed;
- any material contract referred to in the latest registered Prospectus; and
- the latest annual financial statements for the Scheme.

#### **11.5 Personal information**

By becoming a member of the Scheme you will authorise Fisher Funds and the Trustee to:

- use your IRD number for the purpose of, and to the extent necessary for, identifying you for the administration of the Scheme (but for no other purpose);
- use information received in relation to you to promote other products or services of Fisher Funds to you; and
- disclose information received in relation to you to third parties, to the extent reasonably necessary to administer your investment or to promote other products or services of Fisher Funds to you.

Access to information received in relation to you is subject to strict security arrangements, to maintain the appropriate levels of confidentiality. You have the right to access and correct this information by contacting Fisher Funds or the Trustee.

A Scheme Provider Agreement between Fisher Funds and Inland Revenue sets out certain arrangements agreed with Inland Revenue in relation to the use of all personal information obtained by Fisher Funds and the Trustee in relation to Scheme members.

## STATUTORY INFORMATION

For the purposes of regulation 16 of the Securities Regulations 2009 (*the Regulations*), the matters required to be stated or contained in this Prospectus by virtue of Schedule 6 to the Regulations are set out below.

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This Prospectus is dated 31 August 2011. A signed copy of the Prospectus was delivered to the Registrar of Financial Service Providers for registration under section 42 of the Securities Act 1978 on 31 August 2011.

In this Prospectus capitalised terms (if not otherwise defined) bear the same meaning as in the trust deed dated 11 June 2007, as amended by deeds of amendment dated 21 June 2007 and 28 May 2009, which governs the Fisher Funds KiwiSaver Scheme (*the Trust Deed*).

## **12 DESCRIPTION OF SCHEME**

This Prospectus relates to the offer to the public by the Trustee of the Fisher Funds KiwiSaver Scheme (*the Scheme*) of interests in the Scheme. The Scheme is a KiwiSaver Scheme.

The Scheme was established in Auckland by a trust deed dated 11 June 2007. The Scheme commenced accepting members immediately after 1 July 2007.

A description of the Scheme is set out at paragraph 1.

## **13 SUPERANNUATION TRUSTEE**

The Trustee for the Scheme is Trustees Executors Superannuation Limited (*the Trustee*). Its address is Level 12, 45 Queen Street, PO Box 4197, Auckland 1140. The names and places of residence of every director of the Trustee as the date of this Prospectus are as follows:

Clynton Neil Hardy of Auckland

Yogesh Mody of Wellington

Thomas Joseph Hoey of Auckland

The directors of the Trustee may be contacted care of the Trustee at the above address.

The Trustee's directors will change from time to time. A list of the directors at any time is available online at [www.companies.govt.nz](http://www.companies.govt.nz).

The Trustee was incorporated in New Zealand on 4 December 2001 under the Companies Act 1993 and changed its name from TOWER Trust Superannuation Limited to Trustees Executors Superannuation Limited on 1 August 2003.

The Trustee's ultimate holding company is Sterling Grace (NZ) Limited, incorporated in New Zealand on 30 July 2003.

The Trustee is indemnified from the Assets of the Scheme as follows:

Where the Trustee is held personally liable to any other person in respect of any debt, liability or obligation incurred by or on behalf of the Scheme or any action taken or omitted in connection with the Scheme, the Trustee is entitled to indemnity and reimbursement out of the Assets of the Scheme to the full extent of such liability and the costs of any litigation or other proceedings in which such liability has been determined (including, without limitation, legal fees and disbursements).

The Trustee is independent of the investment manager, principal administration manager and principal promoter of the Scheme, Fisher Funds Management Limited. The Trustee is a related company of Trustees Executors Limited, which performs certain administration functions in relation to the Scheme and members (see paragraph 5.1.12).

#### **14 MANAGERS, PROMOTERS, AUDITOR AND ADVISERS**

The investment manager and principal administration manager of the Scheme is Fisher Funds Management Limited (*Fisher Funds*). Its address is Level 2, 95 Hurstmere Road, Takapuna, Auckland 0622.

Fisher Funds is also the principal promoter of the Scheme. The directors of Fisher Funds are promoters of the Scheme. As at the date of this Prospectus, Fisher Funds' directors are:

Carmel Miringa Fisher

Hugh Gladstone Fisher

Francis Ivor Charles Jasper

Hugh Richmond Lloyd Morrison

Sir John Wells

Each director of Fisher Funds Management Limited resides in Auckland (excluding Lloyd Morrison, who resides in Wellington) and may be contacted care of Fisher Funds at the address shown above.

The Registrar of the Scheme is Trustees Executors Limited.

The Auditor of the Scheme is KPMG.

The Custodian of the Scheme is Trustees Executors Limited (acting through its nominee company TEA Custodians Limited).

Other professional advisers involved in preparation of this Prospectus are:

Solicitors to Fisher Funds: Chapman Tripp, Wellington.

Solicitors to the Trustee: DLA Phillips Fox, Wellington

## **15 DESCRIPTION OF SCHEME AND ITS DEVELOPMENT**

The Scheme was established and is constituted by a trust deed dated 11 June 2007.

The Trust Deed has been amended by Deeds of Amendment dated 21 June 2007 and 28 May 2009.

### **15.1 Summary of the principal terms of the Trust Deed**

Below is a summary of the principal terms of the Trust Deed not described elsewhere in this Prospectus. If more detailed information is required, members and potential members should inspect the Trust Deed in the manner indicated at paragraph 11.3.

#### **15.1.1 Scheme description**

The Scheme is registered as a KiwiSaver Scheme under the KiwiSaver Act. The operation of the Scheme is therefore governed by the KiwiSaver Act. The KiwiSaver Act provides that the KiwiSaver Scheme Rules (which, among other things, prescribe Permitted Withdrawals) and certain other terms are implied in the Trust Deed.

#### **15.1.2 Contributions and other Assets**

The Trustee holds all contributions and other Assets of the Scheme on trust in accordance with the terms of the Trust Deed.

#### **15.1.3 Admission of members**

Natural persons shall be admitted to membership of the Scheme:

- (a) by completing an application for membership of the Scheme (in such form and manner as is prescribed or otherwise required by Fisher Funds from time to time) and by contracting directly with Fisher Funds to become members in accordance with section 45 or section 55 of the KiwiSaver Act; or
- (b) if the Scheme is an employer's chosen KiwiSaver Scheme, by way of default allocation to the Scheme under section 48 of the KiwiSaver Act.

The Manager does not have the discretion under the Trust Deed to reject an application for membership of the Scheme from a natural person. However, the KiwiSaver Act prescribes invalid enrolment rules providing for circumstances where, when automatically enrolled or opting in, a person:

- does not meet the citizenship or permanent residency requirements prescribed in the KiwiSaver Act; or
- is ineligible to join a KiwiSaver Scheme by reason of having reached the standard qualifying age for New Zealand superannuation (currently 65);

or where, when automatically enrolled, a person does not meet the requirements of the automatic enrolment rules (by reason of, for example, being aged under 18 or in temporary employment, or not having commenced new employment as defined in the KiwiSaver Act).

Inland Revenue or the Scheme must be notified of an invalid enrolment as soon as practicable after it is discovered, but the Scheme can treat the enrolment as valid during an initial validation period prescribed in the KiwiSaver Act.

If the relevant enrolment criteria have not been satisfied by the end of the initial validation period then the Scheme must:

- pay the current market value of the member's investment (i.e. all amounts contributed, plus or minus positive or negative returns and less any Permitted Withdrawals), less any amount that has been transferred to the Scheme from an Australian complying superannuation scheme, to Inland Revenue; and
- pay any amount that has been transferred to the Scheme from an Australian complying superannuation scheme (or, if it is a lesser amount, the current market value of the member's investment) back to that Australian scheme, or to another Australian complying superannuation scheme chosen by the member (or chosen by Inland Revenue, if the member does not choose an Australian scheme and it is not appropriate to repay the transferred amount back to the original scheme).

Inland Revenue must then refund to the affected person:

- the amount of the person's own contributions (excluding any amount transferred from an Australian complying superannuation scheme), less Permitted Withdrawals; and
- any of the person's own contributions that are held by Inland Revenue but have not yet been passed to the Scheme,

together with interest calculated in the manner prescribed by the KiwiSaver Act.

Inland Revenue must refund New Zealand employer contributions to the person's employer, and refund the Kickstart Contribution Amount and the Tax Credit Amount to the Crown, in the same manner.

#### **15.1.4 Cessation of membership**

A person shall cease to be a member on the first to occur of:

- (a) the person's death;

- (b) the person receiving the person's full benefit from the Scheme in accordance with the KiwiSaver Scheme Rules;
- (c) the person transferring from the Scheme to another KiwiSaver Scheme (or to an Australian complying superannuation scheme or other approved overseas scheme when emigrating); and
- (d) receipt of notice by that person under rule 4(5)(b) of the KiwiSaver Scheme Rules (this relates to having a zero balance in the Scheme).

#### **15.1.5 Contributions**

The rates and amounts which members are required or can choose to contribute to the Scheme are set out at paragraphs 3.1 to 3.5. Contributions payable by employers are described at paragraph 3.1.2.

The Trustee must accept into the Scheme:

- all contributions payable by or in respect of a member through Inland Revenue by way of salary or wage deductions (unless Fisher Funds has reasonable cause to believe that those have not been correctly deducted or remitted to the Scheme, or that it has not been given the requisite information from Inland Revenue);
- kickstart contributions and KiwiSaver Member Tax Credits; and
- amounts transferred from other KiwiSaver Schemes in accordance with the KiwiSaver Act.

The Trustee may, but need not, accept other contributions and monies payable to the Scheme and may impose such terms and conditions for acceptance as the Trustee and Fisher Funds agree from time to time.

#### **15.1.6 Member Accounts**

The Trustee is required to establish and maintain for each member a Member Account, denominated in Units and comprising Units issued in respect of:

- (a) contributions to the Scheme by or in respect of the member;
- (b) any amount transferred into the Scheme in respect of the member which Fisher Funds determines to allocate to the Member Account;
- (c) the kickstart contributions and any KiwiSaver Member Tax Credits paid in respect of the member;

- (d) any other amount received by or payable to the Scheme which Fisher Funds considers should be credited to the Member Account, including (for the avoidance of doubt) any tax rebates received by the Scheme which Fisher Funds allocates to the Member Account; and
- (e) any amount switched from one Fund to another Fund within the Scheme,

less Units cancelled in respect of:

- (f) any amount that Fisher Funds determines to debit from the Member Account with respect to costs, expenses, fees or tax payable in respect of the member pursuant to the Trust Deed;
- (g) any amount comprised in the Member Account that is transferred out of the Scheme to another KiwiSaver Scheme, an Australian complying superannuation scheme or an approved overseas scheme in accordance with the KiwiSaver Act;
- (h) the Permitted Withdrawal of any amount comprised in the Member Account;
- (i) any amount switched from one Fund to another Fund within the Scheme;
- (j) any amount required to be paid to Inland Revenue in respect of the member pursuant to the provisions in the Income Tax Act concerning forfeiture of the Tax Credit Amount;

and any other amount comprised in the Member Account which Fisher Funds and the Trustee consider should be debited to the Member Account.

The Trustee may establish sub-accounts within a Member's Account.

#### **15.1.7 Unitisation**

The Scheme has two investment funds (the Growth Fund and the Conservative Fund) each of which is operated on a unitised basis. Each member's beneficial interest is divided into Units in either or both Funds (including, if the Trustee so determines, fractions of Units). The Units in each Fund are all one class and confer identical rights and interests.

A Unit Price will be determined on each Valuation Day for each Fund by dividing the Net Value of the Assets of that Fund by the number of Units then on issue in respect of the Fund (but Assets used to determine the Unit Price on a Valuation Day will not include amounts received for which Units are to be, but have not been, issued and shall include amounts debited, transferred or withdrawn from accounts for which Units are to be, but have not yet been, cancelled).

The Trustee will issue Units in each Fund in respect of amounts received by or transferred into that Fund (net of any amount that Fisher Funds considers appropriate to deduct for fees and tax) based upon the next Unit Price that is calculated for the Fund following receipt of a valid application and the amount received.

In respect of amounts debited to, transferred from or within or withdrawn from the Scheme, the Trustee will cancel the number of Units determined by dividing the amount debited, transferred or withdrawn from the relevant Fund by the next available Unit Price for that Fund after Fisher Funds makes a final determination that the debit, transfer or withdrawal shall be made.

In certain circumstances set out in the Trust Deed, and subject to the KiwiSaver Act, the Trustee may delay the issue or cancellation of Units.

#### **15.1.8 Valuations**

The Trustee shall calculate the Net Value of the Assets of each Fund on each Business Day, or at such other intervals (not exceeding 30 days) as the Trustee may determine, by deducting the liabilities attributable to that Fund from the market value of its Assets. The Trust Deed contains provisions relating to determining the market value of the Assets of, and the liabilities attributable to, a Fund.

Subject to the taxation-related provisions in the Trust Deed, the Net Value of the Assets in a Fund ascertained by the Trustee (or by Fisher Funds on the Trustee's behalf, pursuant to the delegation provisions in the Trust Deed) is final and binding on all persons including, without limitation, Fisher Funds, the Trustee and any member.

#### **15.1.9 Calculation of benefits**

For the purposes of calculating benefits under the Scheme, the KiwiSaver Act and the KiwiSaver Scheme Rules require the calculation of amounts representing a "member's accumulation" as that term is defined in the KiwiSaver Act. The Trust Deed contemplates that these amounts will be calculated in accordance with the provisions relating to Member Accounts, unitisation and valuation set out in the Trust Deed.

#### **15.1.10 Members' benefits**

Benefits are payable from the Scheme as lump sums in accordance with the KiwiSaver Scheme Rules (which are implied into the Trust Deed under section 126 and Schedule 1 of the KiwiSaver Act). Withdrawals are not otherwise permitted (other than in certain limited circumstances prescribed in regulations made pursuant to the KiwiSaver Act 2006).

Permitted Withdrawals from the Scheme, and the amounts permitted to be withdrawn in each case, are detailed at paragraph 5.1.

### **15.1.11 Transfers**

The circumstances in which Scheme members will be permitted or required to transfer to another KiwiSaver Scheme, to an Australian complying superannuation scheme or to a KiwiSaver-approved overseas superannuation scheme are detailed at paragraphs 5.1.6 and 7.2.

### **15.1.12 Management and administration of the Scheme**

As at the date of this Prospectus, the Trustee has delegated to Fisher Funds the performance of the following management and administration functions in relation to the Scheme and members:

- (a) promoting the Scheme;
- (b) admitting members;
- (c) liaising with members;
- (d) managing and recording all Scheme investments and effecting switches between Funds;
- (e) ensuring that the Scheme complies with all legislative and taxation obligations;
- (f) ensuring compliance with the Scheme Provider Agreement (see paragraph 25.1); and
- (g) exercising such other powers, authorities, functions and discretions as are incidental to the above functions or may be agreed from time to time in writing between the Trustee and Fisher Funds.

The Trustee has delegated to Trustees Executors Limited the performance of the following administration functions in relation to the Scheme and members:

- (a) unit pricing, investment accounting, cash handling and custodial services;
- (b) considering withdrawal applications, determining whether benefits are payable, calculating and paying benefits, arranging for contributions splits and switches between Funds, and arranging for transfers to other KiwiSaver Schemes, Australian complying superannuation schemes and approved overseas schemes;
- (c) establishing and maintaining accounts and member records;
- (d) receiving contributions; and
- (e) maintaining accounting records for the Scheme.

Under the Trust Deed, the Trustee may exercise any of Fisher Funds' powers, authorities, functions and discretions, give Fisher Funds written instructions or terminate the authority of Fisher Funds in any respect if (in each case) the Trustee reasonably believes that doing so is necessary:

- (a) to prevent the Trustee from being in breach of its obligations under any rule of law or to cause such a breach to cease; or
- (b) to cause the Scheme to be managed and administered in accordance with the KiwiSaver Act or other relevant law.

Fisher Funds must:

- (a) exercise the powers, authorities, functions and discretions delegated to Fisher Funds or otherwise vested in Fisher Funds under the Trust Deed in a proper, timely and efficient manner;
- (b) use the standard of care, diligence, skill and vigilance that would be expected of a person acting in the same capacity and familiar with, and experienced in, the obligations imposed on Fisher Funds under the Trust Deed in the exercise and performance of its functions, powers and duties as Manager; and
- (c) comply, in the exercise and performance of its functions, powers and duties as Manager, with the Scheme Provider Agreement and the investment policy for the Scheme and each Fund.

Fisher Funds may, on notice to the Trustee, delegate the performance of all or any of the powers, authorities, functions and discretions exercisable by Fisher Funds under the Trust Deed to its officers and employees or to any other person nominated by Fisher Funds, but Fisher Funds will remain liable to the Trustee for the acts and omissions of any such officer, employee or person whether or not the delegate is acting within the terms of the delegated authority.

### **15.1.13 Establishment of Funds**

The Trustee must establish separate Funds within the Scheme if and when (and on such terms and conditions as) Fisher Funds directs, unless the Trustee reasonably considers that doing so would cause the Trustee to breach its legal obligations.

The terms and conditions directed by Fisher Funds must include a written investment policy for each Fund.

The Scheme is one registered KiwiSaver Scheme for the purposes of the KiwiSaver Act, with all applicable legislative and other obligations applying to the Scheme construed accordingly. However, the Assets of each Fund are intended to be the exclusive property of that Fund, and all liabilities incurred in relation to a Fund are intended to be

the exclusive liabilities of that Fund (and the Trustee and Fisher Funds must act so as to give effect to those intentions, though this will not prevent Fisher Funds transferring value between the Funds to accommodate the Scheme being a single taxpayer).

The Trustee and Fisher Funds must keep separate records and accounts in respect of each Fund, and fees and other amounts payable from the Scheme must be payable from the Fund to which they relate (or, where they relate to more than one Fund, apportioned on such fair and equitable basis as Fisher Funds with the Trustee's approval determines).

The Trustee must close, wind up or alter a Fund if and when Fisher Funds directs, unless the Trustee reasonably considers that doing so would cause the Trustee to breach its legal obligations.

Members may choose the Fund (or Funds) in which their savings will be invested from time to time, subject to complying with rules prescribed by Fisher Funds concerning contributions splits and switches and any other matters concerning members' choice of Funds.

For Trustee Act 1956 purposes, the establishment of a Fund and a member's choice of a Fund or Funds are directions given with respect to the investment of trust funds.

If a Fund is wound up then Fisher Funds must notify all affected members, specifying the Fund to which the member will be deemed to have elected to transfer the relevant amount if no replacement Fund is chosen within the period prescribed in the notice.

#### **15.1.14 Fisher Funds' and Trustee's powers to invest**

Fisher Funds manages the investments of the Scheme and may give the Trustee whatever directions it considers necessary in that regard.

The Trustee shall have the right not to act on any direction of Fisher Funds in certain limited circumstances set out in the Trust Deed. The Trustee shall not be liable to the members or Fisher Funds for acting or refusing to act on any such direction by Fisher Funds. Neither Fisher Funds nor the Trustee shall be responsible to any member for the investment performance of any Fund arising as a result of an investment policy.

Subject to the prior written approval of the Trustee and provided the relevant transaction is on arm's length terms and is disclosed to the Trustee, Fisher Funds may deal with related parties of Fisher Funds in certain limited circumstances set out in the Trust Deed. Neither Fisher Funds nor any such related party is liable to account to the Trustee or any member for any profit arising from any such transaction.

The Trustee may also enter into derivative financial instruments for the purpose of investment or for the purpose of risk management.

#### **15.1.15 Borrowing**

The Trustee may borrow or raise money for any of the purposes of the Scheme or a Fund on such terms and conditions as the Trustee thinks fit and secure the repayment of moneys so borrowed, and interest on those moneys, by mortgage over all or any of the Assets of the Scheme or that Fund.

#### **15.1.16 Indemnities and related matters**

The Trust Deed contains provisions limiting the liability of the Trustee and Fisher Funds and providing for the indemnification of the Trustee and Fisher Funds. These include provisions stating that:

- (a) neither the Trustee nor Fisher Funds is generally under any personal liability, nor may resort generally be had to their private property, for the satisfaction of any obligation or claim relating to the Scheme or a Fund, and that only the Assets of the Scheme or a Fund are generally available for that purpose;
- (b) the Trustee and Fisher Funds are generally entitled to indemnity and reimbursement out of the Assets of the Scheme to the full extent of any personal liability in respect of the Scheme;
- (c) the Trustee will not generally be responsible for any loss incurred as a result of any act or omission of Fisher Funds or for checking any information, document, form or list supplied to it by Fisher Funds that is reasonably believed by the Trustee to be genuine; and
- (d) unless the Manager has acted fraudulently or negligently; it shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise of its powers.

#### **15.1.17 Remuneration of the Trustee and Fisher Funds**

The Trust Deed prescribes that (in each case subject to the reasonable fees restrictions prescribed in the KiwiSaver Act):

- (a) the Trustee will be paid such annual fee (calculated daily and payable monthly in arrears) as the Trustee and Fisher Funds may agree from time to time. That fee shall be determined and expressed as a percentage of the value of the Scheme's gross Assets. The fee may be deducted from the Assets of the Scheme or paid by cancelling Units in Accounts. The Trustee is entitled to receive, in addition to this fee, any goods and services tax or duty or similar tax or duty payable in respect of such fee; and

- (b) Fisher Funds may charge for its services with respect to the Scheme such annual or other administration, management, membership, transaction or other fees as Fisher Funds determines from time to time (subject to written approval from the Trustee, which shall not be unreasonably withheld). The method of paying such fees shall be determined by Fisher Funds from time to time and notified to the Trustee in writing. Fisher Funds is entitled to receive, in addition to such fees, any goods and services tax or duty or similar tax or duty payable in respect of those fees.

#### **15.1.18 Reimbursement of expenses**

The Trust Deed prescribes that (subject to the KiwiSaver Scheme Rules) Fisher Funds and the Trustee are entitled to be reimbursed from Scheme Assets (whether from income or capital or both) for and in respect of:

- (a) all costs, charges and expenses (including legal and valuation fees) incurred in connection with the preparation and registration of any offer document, the acquisition, registration, custody, disposal of or other dealings with investments of the Scheme, including bank charges and stamp duty, and the expenses of any agents or nominated companies of the Trustee or Fisher Funds both within and outside New Zealand, but excluding any incidental expense which is not an out-of-pocket expense or disbursement incurred (by deduction or otherwise) by Fisher Funds or the Trustee;
- (b) all costs, charges and expenses (including legal and valuation fees) incurred in connection with investigating and negotiating the acquisition for the Scheme of any investment, whether or not it is in fact acquired;
- (c) the fees and expenses of the Scheme's auditor in relation to the audit of the Scheme;
- (d) all taxes, duties and imposts charged to or payable by the Trustee or Fisher Funds (whether by a taxing authority or by any other person) in connection with the Scheme or the relevant investments on any account whatsoever (except for any PIE tax liability of the Scheme, if Fisher Funds at its complete discretion determines that such PIE tax liability is charged to or recoverable from the relevant member);
- (e) interest and other expenses relating to borrowing and discounts and acceptance and other fees in respect of bill facilities;
- (f) the costs of postage in respect of all cheques, accounts, notices, quarterly and other reports and other documents posted to all or any members in accordance with the provisions of this Trust Deed;

- (g) the fees and expenses of any solicitor, barrister, valuer, accountant or other person from time to time engaged by Fisher Funds or the Trustee in the discharge of their respective duties under the Trust Deed;
- (h) all costs of preparing, printing and distributing certificates, accounts, cheques, any offer document relating to the Scheme and any member communications;
- (i) expenses in connection with the keeping of the register maintained for the Scheme pursuant to section 51 of the Securities Act 1978; and
- (j) any other expenses properly and reasonably incurred by the Trustee or Fisher Funds in connection with carrying out their respective duties under this Trust Deed;

provided that in any case all such charges must comply with the PIE tax regime.

#### **15.1.19 Amendments**

Subject to the KiwiSaver Act, the Trust Deed may be amended by deed executed by Fisher Funds and the Trustee.

#### **15.1.20 Appointment and removal of Trustee**

The Trust Deed requires that the Scheme must have as a trustee a trustee corporation as defined in the KiwiSaver Act.

Fisher Funds may remove the Trustee from office:

- (a) with immediate effect, by written notice, if it reasonably believes that the Scheme will be adversely affected by the Trustee continuing to hold office; or
- (b) on giving the Trustee not less than 120 business days' written notice of removal.

The Trustee may retire on giving Fisher Funds not less than 120 business days' written notice.

Fisher Funds shall ensure a replacement Trustee is appointed with immediate effect following the Trustee's removal from office.

#### **15.1.21 Winding up of the Scheme or a Fund**

The manner in which the Scheme or a Fund may be wound up, and the consequences of a wind-up, are described at paragraphs 6.3 and 6.4.

### **15.1.22 Members bound by the Trust Deed**

The terms and conditions of the Trust Deed are for the benefit of, and are binding on, each member of the Scheme and all persons claiming through that member.

### **15.1.23 Notices to members**

The Trust Deed contains provisions setting out how notices may be given to members and the date on which such notices will be deemed to have been given.

### **15.1.24 Attributed tax**

The Trustee must ensure that all tax payable from the Scheme, and all tax rebates paid or payable to the Scheme or any Fund, are attributed to members and employers in accordance with any tax rules for PIEs which apply to the Scheme under the Income Tax Act (see paragraph 5.4.1).

## **15.2 Investment objectives and policy**

The Scheme has two investment funds, the Growth Fund and the Conservative Fund, and members may choose either Fund or a combination of the two in any proportions they choose (including choosing a "Balanced" strategy comprising a 50% allocation to the Growth Fund and a 50% allocation to the Conservative Fund, as described in the Scheme's Investment Statement).

The Assets of the Growth Fund are invested principally in shares issued by smaller, growing companies in the New Zealand, Australian and other international markets. The Growth Fund will typically be invested in between 10 and 20 companies in each of New Zealand and Australia at one time and 30 to 40 internationally. The Growth Fund may invest in both listed and unlisted companies. However, it is expected that generally at least 90% (by value) of the Growth Fund's share Portfolio will be investments in listed companies. Fisher Funds may from time to time use derivatives to reduce currency exposure or maximise the New Zealand dollar returns of the Fund. The investment objective for the Growth Fund is to grow the value of members' capital by investing in a hand-picked portfolio of quality, growing companies.

The Assets of the Conservative Fund may be invested in all or any of a range of different asset classes principally comprising cash, fixed interest, shares, infrastructure securities and property securities locally or internationally. Fisher Funds may from time to time use derivatives to reduce currency exposure or maximise the New Zealand dollar returns of the Fund. The Conservative Fund will typically hold a greater proportion of income Assets such as cash and fixed interest (around 80% by value) than growth Assets such as shares, infrastructure and property (around 20% by value), so Fisher Funds expects that there will be less volatility in the Conservative Fund than there may be in the Growth Fund. The investment objective for the Conservative Fund

is to achieve returns better than bank term deposits (as measured by the change in the 90 day bank bill index) over the long term.

Portions of both the Conservative Fund's and the Growth Fund's assets will be held from time to time in foreign currencies. Fisher Funds will seek to reduce the Conservative Fund's exposure to movements in foreign currencies with respect to income assets, but may also do so on growth assets in either Fund where it considers that this will maximise the New Zealand dollar return from a Fund.

The asset sector allocations described above, and in the Scheme's Investment Statement, are indicative and are based on Fisher Funds' currently anticipated long term sector allocations for each Fund. Those sector allocations may change from time to time at Fisher Funds' discretion, and there are no formal sector or asset allocation benchmarks. More generally, Fisher Funds may alter the investment objectives and policy for the Growth Fund and/or the Conservative Fund from time to time in accordance with the Trust Deed.

Current listings of the companies in which shares are held for respectively the Growth Fund and the Conservative Fund can be viewed on the homepage of our KiwiSaver website <http://kiwisaver.fisherfunds.co.nz> in the *Your KiwiSaver toolbox* section. These will be updated from time to time, as soon as practicable after changes occur.

### **15.3 Investment and other activities relating to the Scheme**

The Scheme commenced operating on 1 July 2007 and became a PIE on 1 October 2007. Money was first accepted into the Scheme on 1 October 2007. Until the introduction of the Conservative Fund, the Assets of the Scheme were invested in accordance with the investment policy for the Growth Fund outlined above.

In May 2009, the Scheme changed its name from the Fisher Funds Growth KiwiSaver Scheme to the Fisher Funds KiwiSaver Scheme and introduced the Conservative Fund as a conservative investment option for members. Members can now choose the Growth Fund or the Conservative Fund (or a mix of the two) to better suit their investment needs.

On 23 November 2010 the Government Actuary formally approved the transfer into the Fisher Funds KiwiSaver Scheme, pursuant to section 9BAA of the Superannuation Schemes Act 1989 (*the SSA*), of all members of the First NZ Capital KiwiSaver Scheme. All First NZ Capital KiwiSaver Scheme members' KiwiSaver balances and membership interests were then transferred into the Fisher Funds KiwiSaver Scheme by 28 November 2010.

On 18 May 2011, the Financial Markets Authority (which replaced the Government Actuary on 1 May 2011 as KiwiSaver Schemes regulator) formally approved the transfer into the Fisher Funds KiwiSaver Scheme, pursuant to section 9BAA of the SSA, of all members of the Huijich KiwiSaver Scheme who had received due notice of the transfer

application made by the Trustee in accordance with section 9BAB(3) of the SSA. Those Huijich KiwiSaver Scheme members' KiwiSaver balances and membership interests were then transferred into the Fisher Funds KiwiSaver Scheme by 22 May 2011.

On 30 March 2011, with the Trustee's approval, Fisher Funds increased the administration fee referred to at paragraph 4.2 from \$2.00 per member per month to \$3.00 per member per month for members joining the Scheme on or after 1 May 2011.

There have been no other material developments relating to the Scheme during the period from when the Scheme was established on 11 June 2007 to the date of registration of this Prospectus.

#### **15.4 Liabilities incurred by members**

Other than in respect of:

- (a) the payment of contributions in accordance with the Trust Deed;
- (b) any tax liability which a member incurs personally as a result of advising the wrong tax rate or failing to advise Fisher Funds when the member's tax rate changes; and
- (c) any tax liability attributed to a member over and above the amount in the member's Member Account,

no member, by reason solely of being a member or by reason of the relationship created with the Trustee or Fisher Funds, will incur any liabilities (including contingent liabilities) in relation to the Scheme.

#### **15.5 Investment performance of the Scheme**

Money was first accepted into the Scheme, and the Scheme's investment activity commenced, on 1 October 2007.

The investment returns for the Scheme over each of the years ended 31 March since the Scheme commenced operating are as follows:

##### **Growth Fund \***

| <b>From</b>    | <b>To</b>     | <b>Return</b> |
|----------------|---------------|---------------|
| 1 April 2010   | 31 March 2011 | +10.21%       |
| 1 April 2009   | 31 March 2010 | +48.88%       |
| 1 April 2008   | 31 March 2009 | -16.21%       |
| 1 October 2007 | 31 March 2008 | -13.78%       |

\* Until 12 June 2009, the Scheme's assets solely comprised what is now the Growth Fund, as the Conservative Fund had yet to commence operating. For ease of illustration, the return

for the Scheme over the period 1 April 2009 to 11 June 2009, and the return for the Growth Fund over the period 12 June to 31 March 2010, are shown as one whole-year return for the Growth Fund.

**Conservative Fund \*\***

| <b>From</b>  | <b>To</b>     | <b>Return</b> |
|--------------|---------------|---------------|
| 1 April 2010 | 31 March 2011 | +5.16%        |
| 12 June 2009 | 31 March 2010 | +0.78%        |

\*\* The Conservative Fund commenced operating on 12 June 2009.

These investment returns represent, in each case, the percentage change in the unit price for the Scheme (or the relevant Fund, as applicable) over the relevant period. The returns exclude all Crown contributions.

Each investment return is the investment performance figure for the relevant Fund (with respect to an amount invested at the start of the relevant period, assuming no subsequent contributions or withdrawals) after deducting all fees and charges (other than the administration fee) described under *What are the charges?* at part 4, but before:

- deducting the administration fee described at paragraph 4.2; and
- deducting net tax liabilities at individual members' PIRs (as outlined under *Tax on investment income* at paragraph 5.4.1).

Each investment return is a reflection of past performance and not an indication of future performance. None of the Trustee, Fisher Funds, any related company of the Trustee or Fisher Funds or any director of any of them, the Crown or any other person guarantees the performance of the Scheme or of any Fund within the Scheme.

## **16 SUMMARY OF FINANCIAL STATEMENTS**

The summary of financial statements for the Scheme for the 6 months ended 31 March 2008, and then for the years ended 31 March 2009, 31 March 2010 and 31 March 2011, is set out as Appendix 1 to this Prospectus.

The specific disclosures in the summary of financial statements have been extracted from full audited financial statements for the Scheme.

## **17 GUARANTORS**

No person guarantees payment of any monies payable from the Scheme, the performance of the Scheme or any Fund or any particular rate of return. There is no Crown guarantee in respect of any KiwiSaver Scheme or any investment product of a KiwiSaver Scheme.

## **18 ACQUISITIONS OF BUSINESS OR EQUITY SECURITIES**

As at the date of this Prospectus, all shares acquired for the Scheme have either been listed on a stock exchange or acquired by the Trustee for a purchase price less than one-fifth of the amount of the total tangible assets shown in the Scheme's financial statements. Accordingly, no disclosures are required under clause 7 of Schedule 6 to the Securities Regulations 2009.

## **19 INTERESTED PERSONS**

The Trustee, Fisher Funds and Trustees Executors Limited (which is a related company of the Trustee) are entitled to remuneration from the Scheme's Assets for the services they provide. A description of the nature of those services, and details of the remuneration recoverable from the Scheme, are set out in part 4.

Subject to the written approval of the Trustee, Fisher Funds may charge for its services with respect to the Scheme such annual or other administration, management, membership, transaction or other fees as Fisher Funds determines from time to time. The method of paying such fees shall be determined by the Manager from time to time and notified to the Trustee in writing.

The Trustee and (through the Trustee) Trustees Executors Limited are paid such annual fees as the Trustee and Fisher Funds may agree from time to time.

Subject to the KiwiSaver Act, there is no limit on the fees recoverable by Fisher Funds, the Trustee or Trustees Executors Limited. Fisher Funds, the Trustee and Trustees Executors Limited are entitled to receive, in addition to such fees, any goods and services tax or duty or similar tax or duty payable in respect of such fees.

The Trustee may, with the approval of Fisher Funds, charge any amount in relation to which Fisher Funds or the Trustee is entitled to be reimbursed to one or more of a particular Member's Accounts in such manner as the Trustee and Fisher Funds consider equitable.

The Trustee and Fisher Funds are also entitled to recover certain expenses in respect of the Scheme from the Scheme's Assets. A description of these expenses is set out at paragraph 4.9.

Subject to the reasonable fees restrictions prescribed in the KiwiSaver Act and the above qualifications, there is no limit on the recovery of expenses from Scheme Assets by Fisher Funds, the Trustee or Trustee Executors Limited.

Carmel Miringa Fisher, Hugh Gladstone Fisher, Francis Ivor Charles Jasper, Hugh Richmond Lloyd Morrison and Sir John Wells, the directors of Fisher Funds, are all members of the Scheme.

## **20 MATERIAL CONTRACTS**

No material contracts (not being contracts entered into in the ordinary course of business) have been entered into in respect of the Scheme during the two years preceding the date of registration of this Prospectus.

## **21 PENDING PROCEEDINGS**

There are no legal proceedings or arbitrations that are pending as at the date of registration of this Prospectus that may have a material adverse effect on the Scheme.

## **22 OTHER TERMS OF OFFER AND SCHEME**

All other terms of the offer of the Scheme (other than terms relating to amounts payable by or to individuals, terms implied by law and terms set out in the Scheme Provider Agreement referred to above) applying at the date of registration of this Prospectus are set out in the Trust Deed, copies of which have been lodged with the Registrar of Companies and are available for public inspection as specified under *Places of inspection of documents*, below.

## **23 FINANCIAL STATEMENTS AND AUDITOR'S REPORTS**

The latest financial statements for the Scheme that comply with, and have been registered under, the Financial Reporting Act 1993 cover the financial year 1 April 2010 to 31 March 2011 and were registered under that Act on 29 July 2011.

The auditor's report on those financial statements was dated 23 June 2011. The auditor's report did not refer to any fundamental uncertainty, and nor was it qualified or modified in any respect.

A copy of a report from KPMG (the Scheme's auditor), stating that the amounts stated in the summary of financial statements have been correctly taken from the full financial statements of the Scheme, is attached to this Prospectus as Appendix 2.

## **24 PLACES OF INSPECTION OF DOCUMENTS**

Copies of:

- (a) the Trust Deed;
- (b) the latest financial statements for the Scheme registered under the Financial Reporting Act 1993;
- (c) the latest annual report for the Scheme prepared in accordance with the KiwiSaver Act; and

(d) any material contracts;

may be inspected, without fee, by members or prospective members at the address of Fisher Funds during normal business hours.

Copies of these documents (other than the latest annual report) may also be obtained from the Companies Office website [www.companies.govt.nz](http://www.companies.govt.nz).

## **25 OTHER MATERIAL MATTERS**

### **25.1 Scheme Provider Agreement**

On 8 June 2007, Fisher Funds and Inland Revenue entered into a Scheme Provider Agreement recording the operational and technical requirements governing the way the parties work together to administer Fisher Funds' participation, as a scheme provider, in the KiwiSaver regime.

### **25.2 General**

Except as set out in this Prospectus there are no other material matters relating to the Scheme.

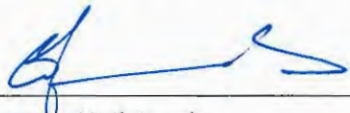
## **26 SUPERANNUATION TRUSTEE'S STATEMENT**

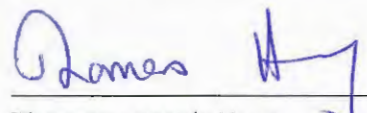
The directors of the Trustee, after due enquiry by them, hereby certify that in their opinion:

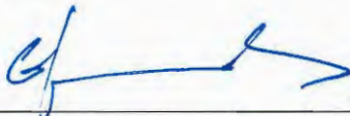
- (a) the value of the Scheme's assets relative to its liabilities (including contingent liabilities); and
- (b) the ability of the Scheme to pay its debts as they become due in the normal course of business;

have not materially and adversely changed during the period between the balance date of the latest financial statements referred to in this Prospectus (being 31 March 2011) and the date of registration of this Prospectus.

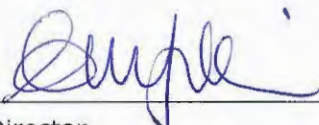
**Signed** by each of the directors of **Trustees Executors Superannuation Limited**, as Trustee of the Scheme, or by his or her duly authorised agent:

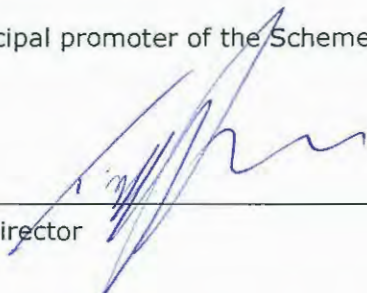
  
\_\_\_\_\_  
Clynton Neil Hardy  
*Director*

  
\_\_\_\_\_  
Thomas Joseph Hoey  
*Director*

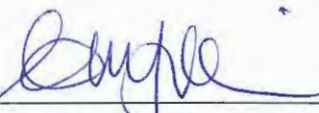
  
\_\_\_\_\_  
Yogesh Mody  
*Director (by his duly authorised agent  
Clynton Neil Hardy)*

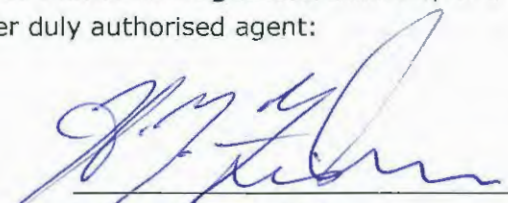
**Fisher Funds Management Limited**, as principal promoter of the Scheme, by:

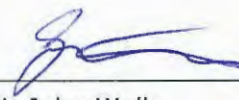
  
\_\_\_\_\_  
Director

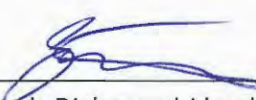
  
\_\_\_\_\_  
Director

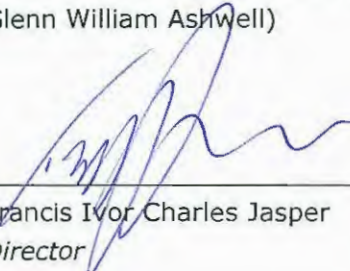
**Signed** by each of the directors of **Fisher Funds Management Limited**, as a promoter of the Scheme, or by his or her duly authorised agent:

  
\_\_\_\_\_  
Carmel Miringa Fisher  
*Director*

  
\_\_\_\_\_  
Hugh Gladstone Fisher  
*Director*

  
\_\_\_\_\_  
Sir John Wells  
*Director (by his duly authorised agent  
Glenn William Ashwell)*

  
\_\_\_\_\_  
Hugh Richmond Lloyd Morrison  
*Director (by his duly authorised agent  
Glenn William Ashwell)*

  
\_\_\_\_\_  
Francis Ivor Charles Jasper  
*Director*

**APPENDIX 1 - SUMMARY OF FINANCIAL STATEMENTS**

**(see next page)**

**FISHER FUNDS KIWISAVER SCHEME**  
**SUMMARY OF FINANCIAL STATEMENTS**

|  | NZ IFRS<br>Scheme Total<br>31-Mar-11<br>(12 months)<br>Audited<br>\$ | NZ IFRS<br>Scheme Total<br>31-Mar-10<br>(12 months)<br>Audited<br>\$ | NZ IFRS<br>Scheme Total<br>31-Mar-09<br>(12 months)<br>Audited<br>\$ | NZ IFRS<br>Scheme Total<br>31-Mar-08<br>(6 months)<br>Audited<br>\$ |
|--|--|--|--|---|
| <b>Summary statement of changes in net assets</b>  |  |  |  |   |
| Total investment revenues  | 4,250,000  | 2,299,350  | 1,275,740  | 292,887   |
| Net gains/(losses) on investments <sup>(1)</sup>   | 20,148,746   | 31,842,674   | (9,150,407)  | (2,471,739)   |
| <b>Total revenue</b>   | <b>24,398,746</b>  | <b>34,142,024</b>  | <b>(7,874,667)</b>   | <b>(2,178,852)</b>  |
| Other revenues   | 31,933   | 2,520  | 259  | -   |
| Investment expenses  | 382,465  | 237,197  | -  | -   |
| Management expenses (including those related to general administration and trustees' remuneration) <sup>(2)</sup>                        | 4,012,061  | 1,901,075  | 453,219  | 65,758  |
| Total interest expense   | -  | -  | -  | -   |
| Other expenses   | 155,327  | 153,036  | 131,671  | 38,999  |
| Operating result/change in net assets before taxation and extraordinary items  | 19,880,826   | 31,853,236   | (8,459,298)  | (2,283,609)   |
| Taxation expense   | -  | -  | -  | -   |
| Operating result/change in net assets before extraordinary items   | 19,880,826   | 31,853,236   | (8,459,298)  | (2,283,609)   |
| Total extraordinary items (net of taxation)  | -  | -  | -  | -   |
| <b>Operating result/change in net assets after tax and extraordinary items</b>   | <b>19,880,826</b>  | <b>31,853,236</b>  | <b>(8,459,298)</b>   | <b>(2,283,609)</b>  |
| Allocation to members' accounts  | -  | -  | -  | -   |
| Transfers to reserves  | -  | -  | -  | -   |
| Other distributions  | -  | -  | -  | -   |
| Contributions  |  |  |  |   |
| Member contributions   | 27,806,591   | 22,371,038   | 22,384,955   | 11,080,378  |
| Employer contributions   | 11,805,406   | 9,124,817  | 6,784,308  | 1,475,699   |
| Crown contributions  | 13,923,930   | 11,442,238   | 11,775,690   | 11,321,630  |
| Transfers from other superannuation schemes  | 21,605,975   | 4,574,554  | 1,051,227  | 285,496   |
| Other income and other contributions   | 70,646   | 96,933   | 228,619  | 136,245   |
| Total contributions  | 75,212,548   | 47,609,580   | 42,224,799   | 24,299,448  |
| Withdrawals (benefits paid)  | (3,125,474)  | (2,241,271)  | (1,982,138)  | (237,568)   |
| <b>Net membership activities</b>   | <b>72,087,074</b>  | <b>45,368,309</b>  | <b>40,242,661</b>  | <b>24,061,880</b>   |
| Movements in members' funds for the period   | 91,967,900   | 77,221,545   | 31,783,363   | 21,778,271  |
| Members' funds at the start of the period  | 130,783,179  | 53,561,634   | 21,778,271   | -   |
| <b>Members' funds at the end of the period</b>   | <b>222,751,079</b>   | <b>130,783,179</b>   | <b>53,561,634</b>  | <b>21,778,271</b>   |
| <b>Summary statement of net assets</b>   |  |  |  |   |
| <b>Members' funds</b>  | <b>222,751,079</b>   | <b>130,783,179</b>   | <b>53,561,634</b>  | <b>21,778,271</b>   |
| Current assets   | 225,033,312  | 131,627,792  | 55,021,869   | 22,322,814  |
| Non-current assets   | -  | -  | -  | -   |
| Total assets   | 225,033,312  | 131,627,792  | 55,021,869   | 22,322,814  |
| Total tangible assets  | 225,033,312  | 131,627,792  | 55,021,869   | 22,322,814  |
| Current liabilities  | 2,282,233  | 844,613  | 1,460,235  | 544,543   |
| Non-current liabilities  | -  | -  | -  | -   |
| Total liabilities  | 2,282,233  | 844,613  | 1,460,235  | 544,543   |
| <b>Net assets available to pay benefits</b>  | <b>222,751,079</b>   | <b>130,783,179</b>   | <b>53,561,634</b>  | <b>21,778,271</b>   |
| <b>Summary statement of cash flows</b>   |  |  |  |   |
| Net cash flows from operating activities   | (55,599,208)   | (32,614,980)   | (40,116,932)   | (12,871,850)  |
| Net cash flows from financing activities   | 72,143,997   | 44,852,473   | 40,449,971   | 24,016,827  |
| Net increase in cash and cash equivalents  | 16,544,789   | 12,237,493   | 333,039  | 11,144,977  |
| Opening cash brought forward   | 23,600,645   | 11,167,371   | 11,274,914   | -   |
| Effect of exchange rate fluctuations   | (89,191)   | 195,781  | (440,582)  | 129,937   |
| <b>Ending cash carried forward</b>   | <b>40,056,243</b>  | <b>23,600,645</b>  | <b>11,167,371</b>  | <b>11,274,914</b>   |
| The full financial statements for the Scheme were authorised for issue by the Trustee, Trustees Executors Superannuation Limited on the: | 23-Jun-11  | 25-Jun-10  | 11-Jun-09  | 24-Jul-08   |
| <b>Explanatory notes</b>   |  |  |  |   |
| (1) Net gains or losses on investments comprises:  |  |  |  |   |
| Net changes in fair value of financial assets  | 19,983,207   | 32,481,493   | (9,675,144)  | (2,581,871)   |
| Foreign exchange gains/(losses) on cash at bank and outstanding settlements  | 165,539  | (638,819)  | 524,737  | 110,132   |
|  | 20,148,746   | 31,842,674   | (9,150,407)  | (2,471,739)   |

(2) Management expenses for the period ended 31 March 2011 include performance fees of \$2,136,421 (2010: \$812,854) which are only applicable to the Growth Fund. The performance fees comprise; \$1,897,444 (2010: \$379,066) paid to the Manager for the six months to 31 December 2010, and \$672,765 calculated to 31 March 2011 (2010: \$433,788) which is not payable until the end of the performance fee period being 30 June 2011. The actual amount payable to the Manager at the end of the performance period to 30 June 2011 was \$Nil.

| <b>GROWTH FUND</b>  | <b>NZ IFRS</b>     | <b>NZ IFRS</b>     | <b>NZ IFRS</b>     | <b>NZ IFRS</b>     |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>SUMMARY OF FINANCIAL STATEMENTS</b>  | <b>Growth Fund</b> | <b>Growth Fund</b> | <b>Growth Fund</b> | <b>Growth Fund</b> |
|   | <b>31-Mar-11</b>   | <b>31-Mar-10</b>   | <b>31-Mar-09</b>   | <b>31-Mar-08</b>   |
|   | <b>(12 months)</b> | <b>(12 months)</b> | <b>(12 months)</b> | <b>(6 months)</b>  |
|   | <b>Audited</b>     | <b>Audited</b>     | <b>Audited</b>     | <b>Audited</b>     |
|   | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          |
| <b>Summary statement of changes in net assets</b>   |                    |                    |                    |                    |
| Total investment revenues   | 4,089,554          | 2,282,343          | 1,275,740          | 292,887            |
| Net gains/(losses) on investments <sup>(1)</sup>  | 20,034,544         | 31,830,196         | (9,150,407)        | (2,471,739)        |
| <b>Total revenue</b>  | <b>24,124,098</b>  | <b>34,112,539</b>  | <b>(7,874,667)</b> | <b>(2,178,852)</b> |
| Other revenues  | 15,696             | -                  | 259                | -                  |
| Investment expenses   | 381,691            | 237,079            | -                  | -                  |
| Management expenses (including those related to general administration and trustees' remuneration) <sup>(2)</sup> | 3,972,421          | 1,889,528          | 453,219            | 65,758             |
| Total interest expense  | -                  | -                  | -                  | -                  |
| Other expenses  | 140,958            | 141,906            | 131,671            | 38,999             |
| Operating result/change in net assets before taxation and extraordinary items                                     | 19,644,724         | 31,844,026         | (8,459,298)        | (2,283,609)        |
| Taxation expense  | -                  | -                  | -                  | -                  |
| Operating result/change in net assets before extraordinary items  | 19,644,724         | 31,844,026         | (8,459,298)        | (2,283,609)        |
| Total extraordinary items (net of taxation)   | -                  | -                  | -                  | -                  |
| <b>Operating result/change in net assets after tax and extraordinary items</b>                                    | <b>19,644,724</b>  | <b>31,844,026</b>  | <b>(8,459,298)</b> | <b>(2,283,609)</b> |
| Allocation to members' accounts   | -                  | -                  | -                  | -                  |
| Transfers to reserves   | -                  | -                  | -                  | -                  |
| Other distributions   | -                  | -                  | -                  | -                  |
| Contributions   |                    |                    |                    |                    |
| Member contributions  | 26,723,353         | 22,125,146         | 22,384,955         | 11,080,378         |
| Employer contributions  | 11,328,181         | 9,036,215          | 6,784,308          | 1,475,699          |
| Crown contributions   | 13,171,840         | 11,234,565         | 11,775,690         | 11,321,630         |
| Transfers from other superannuation schemes   | 19,518,627         | 3,408,785          | 1,051,227          | 285,496            |
| Other income and other contributions  | 67,856             | 96,322             | 228,619            | 136,245            |
| Total contributions   | 70,809,857         | 45,901,033         | 42,224,799         | 24,299,448         |
| Withdrawals (benefits paid)   | (2,965,182)        | (2,214,950)        | (1,982,138)        | (237,568)          |
| <b>Net membership activities</b>  | <b>67,844,675</b>  | <b>43,686,083</b>  | <b>40,242,661</b>  | <b>24,061,880</b>  |
| Movements in members' funds for the period  | 87,489,399         | 75,530,109         | 31,783,363         | 21,778,271         |
| Members' funds at the start of the period   | 129,091,743        | 53,561,634         | 21,778,271         | -                  |
| <b>Members' funds at the end of the period</b>  | <b>216,581,142</b> | <b>129,091,743</b> | <b>53,561,634</b>  | <b>21,778,271</b>  |
| <b>Summary statement of net assets</b>  |                    |                    |                    |                    |
| <b>Members' funds</b>   | <b>216,581,142</b> | <b>129,091,743</b> | <b>53,561,634</b>  | <b>21,778,271</b>  |
| Current assets  | 218,811,033        | 129,924,889        | 55,021,869         | 22,322,814         |
| Non-current assets  | -                  | -                  | -                  | -                  |
| Total assets  | 218,811,033        | 129,924,889        | 55,021,869         | 22,322,814         |
| Total tangible assets   | 218,811,033        | 129,924,889        | 55,021,869         | 22,322,814         |
| Current liabilities   | 2,229,891          | 833,146            | 1,460,235          | 544,543            |
| Non-current liabilities   | -                  | -                  | -                  | -                  |
| Total liabilities   | 2,229,891          | 833,146            | 1,460,235          | 544,543            |
| <b>Net assets available to pay benefits</b>   | <b>216,581,142</b> | <b>129,091,743</b> | <b>53,561,634</b>  | <b>21,778,271</b>  |
| <b>Summary statement of cash flows</b>  |                    |                    |                    |                    |
| Net cash flows from operating activities  | (52,533,233)       | (31,856,698)       | (40,116,932)       | (12,871,850)       |
| Net cash flows from financing activities  | 67,904,270         | 43,193,067         | 40,449,971         | 24,016,827         |
| Net increase in cash and cash equivalents   | 15,371,037         | 11,336,369         | 333,039            | 11,144,977         |
| Opening cash brought forward  | 22,699,521         | 11,167,371         | 11,274,914         | -                  |
| Effect of exchange rate fluctuations  | (89,191)           | 195,781            | (440,582)          | 129,937            |
| <b>Ending cash carried forward</b>  | <b>37,981,367</b>  | <b>22,699,521</b>  | <b>11,167,371</b>  | <b>11,274,914</b>  |
| <b>Explanatory notes</b>  |                    |                    |                    |                    |
| <b>(1) Net gains or losses on investments comprises:</b>  |                    |                    |                    |                    |
| Net changes in fair value of financial assets   | 19,869,005         | 32,469,015         | (9,675,144)        | (2,581,871)        |
| Foreign exchange (losses)/gains on cash at bank and outstanding settlements                                       | 165,539            | (638,819)          | 524,737            | 110,132            |
|   | 20,034,544         | 31,830,196         | (9,150,407)        | (2,471,739)        |

(2) Management expenses for the period ended 31 March 2011 include performance fees of \$2,136,421 (2010: \$812,854). The performance fees comprise; \$1,897,444 (2010: \$379,066) paid to the Manager for the six months to 31 December 2010, and \$672,765 calculated to 31 March 2011 (2010: \$433,788) which is not payable until the end of the performance fee period being 30 June 2011. The actual amount payable to the Manager at the end of the performance period to 30 June 2011 was \$Nil.

**CONSERVATIVE FUND**  
**SUMMARY OF FINANCIAL STATEMENTS**

|  | NZ IFRS<br>Conservative Fund<br>31-Mar-11<br>(12 months)<br>Audited<br>\$ | NZ IFRS<br>Conservative Fund<br>31-Mar-10<br>(10 months)<br>Audited<br>\$ |
|--|---|---|
| <b>Summary statement of changes in net assets</b>  |   |   |
| Total investment revenues  | 160,446   | 17,007  |
| Net gains/(losses) on investments  | 114,202   | 12,478  |
| <b>Total revenue</b>   | <b>274,648</b>  | <b>29,485</b>   |
| Other revenues   | 16,237  | 2,520   |
| Investment expenses  | 774   | 118   |
| Management expenses (including those related to general administration and trustees' remuneration) | 39,640  | 11,547  |
| Total interest expense   | -   | -   |
| Other expenses   | 14,369  | 11,130  |
| Operating result/change in net assets before taxation and extraordinary items                      | 236,102   | 9,210   |
| Taxation expense   | -   | -   |
| Operating result/change in net assets before extraordinary items                                   | 236,102   | 9,210   |
| Total extraordinary items (net of taxation)  | -   | -   |
| <b>Operating result/change in net assets after tax and extraordinary items</b>                     | <b>236,102</b>  | <b>9,210</b>  |
| Allocation to members' accounts  | -   | -   |
| Transfers to reserves  | -   | -   |
| Other distributions  | -   | -   |
| Contributions  |   |   |
| Member contributions   | 1,083,238   | 245,892   |
| Employer contributions   | 477,225   | 88,602  |
| Crown contributions  | 752,090   | 207,673   |
| Transfers from other superannuation schemes  | 2,087,348   | 1,165,769   |
| Other income and other contributions   | 2,790   | 611   |
| Total contributions  | 4,402,691   | 1,708,547   |
| Withdrawals (benefits paid)  | (160,292)   | (26,321)  |
| <b>Net membership activities</b>   | <b>4,242,399</b>  | <b>1,682,226</b>  |
| Movements in members' funds for the period   | 4,478,501   | 1,691,436   |
| Members' funds at the start of the period  | 1,691,436   | -   |
| <b>Members' funds at the end of the period</b>   | <b>6,169,937</b>  | <b>1,691,436</b>  |
| <b>Summary statement of net assets</b>   |   |   |
| <b>Members' funds</b>  | <b>6,169,937</b>  | <b>1,691,436</b>  |
| Current assets   | 6,222,279   | 1,702,903   |
| Non-current assets   | -   | -   |
| Total assets   | 6,222,279   | 1,702,903   |
| Total tangible assets  | 6,222,279   | 1,702,903   |
| Current liabilities  | 52,342  | 11,467  |
| Non-current liabilities  | -   | -   |
| Total liabilities  | 52,342  | 11,467  |
| <b>Net assets available to pay benefits</b>  | <b>6,169,937</b>  | <b>1,691,436</b>  |
| <b>Summary statement of cash flows</b>   |   |   |
| Net cash flows from operating activities   | (3,065,975)   | (758,282)   |
| Net cash flows from financing activities   | 4,239,727   | 1,659,406   |
| Net increase in cash and cash equivalents  | 1,173,752   | 901,124   |
| Opening cash brought forward   | 901,124   | -   |
| Effect of exchange rate fluctuations   | -   | -   |
| <b>Ending cash carried forward</b>   | <b>2,074,876</b>  | <b>901,124</b>  |

## **Notes to the summary of financial statements**

### **Relationship to full financial statements**

The above summary of financial statements for the Scheme, which comprises both the Growth and Conservative Funds, is for the years ended 31 March 2011, 31 March 2010 and 31 March 2009 and the six month period ended 31 March 2008. The above summary of financial statements for the Growth Fund is for the years ended 31 March 2011, 31 March 2010 and 31 March 2009 and the six month period ended 31 March 2008. The above summary of financial statements for the Conservative Fund is for the year ended 31 March 2011 and the ten month period ended 31 March 2010.

The summary of financial statements for the Funds and the Scheme has been taken from and is a summary of the Fund's and the Scheme's audited full financial statements. The summary of financial statements was authorised for issue by the Trustee, Trustee Executors Superannuation Limited, on 31 August 2011. The summary of financial statements cannot be expected to provide as complete an understanding as is provided by the full financial statements. The summary of financial statements is in compliance with clause 5(3) of Schedule 6 of the Securities Regulations 2009. To ensure consistency the format of previous periods has been changed.

The Scheme is a defined contribution scheme registered under the KiwiSaver Act 2006. The full financial statements have been prepared in accordance with the Trust Deed, the Financial Reporting Act 1993 and the KiwiSaver Act 2006. The full financial statements have been prepared in accordance with NZ GAAP and comply with New Zealand equivalents to International Financial Reporting Standards (*NZIFRS*) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The full financial statements also comply with International Financial Reporting Standards (*IFRS*). The auditors' unmodified audit opinion on the full financial statements for the year ended 31 March 2011 was dated 23 June 2011.

### **Functional and presentational currency**

The summary of financial statements is presented in New Zealand dollars (\$), which is the Scheme's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

### **Other**

As noted in paragraph 5.4.1, the Scheme is a PIE (see the Glossary) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the members and therefore the Scheme has no tax expense. Accordingly, the taxation expenses in the summary of financial statements are recorded as nil.

There are no items of such incidence, size or nature that they require disclosure to explain the performance of the Scheme during any of the financial periods referred to in the summary of financial statements.

**Material changes in activities**

There have been no material changes in the activities of the Scheme during any of the financial periods referred to in the summary of financial statements.

**Changes in accounting policies**

There have been no changes in the accounting policies of the Scheme during any of the financial periods referred to in the summary of financial statements.

**APPENDIX 2 - AUDITOR'S REPORT AND CONSENT**

**(See next page)**



## Independent Auditor's Report

### To the Trustee of the Fisher Funds KiwiSaver Scheme

As auditor of the Fisher Funds KiwiSaver Scheme ("the Scheme") which consists of the:

- Growth Fund
- Conservative Fund

("the Funds") we have prepared this report pursuant to clause 12(4) of Schedule 6 of the Securities Regulations 2009 for inclusion in the prospectus dated 31 August 2011.

### Report on the Financial Statements

We have audited the financial statements of the Scheme for the year ending 31 March 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 23 June 2011.

### Report on the Summary Financial Statements

The summary financial statements in Appendix 1 are taken from the audited financial statements of the Scheme for the period ended 31 March 2008 and the years ended 31 March 2009, 31 March 2010 and 31 March 2011. We expressed an unmodified opinion on the financial statements in our audit reports for the years ended 31 March 2010 and 31 March 2011. The summary financial statements do not reflect the effects of events that occurred subsequent to the date of the report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Scheme.

### Trustee's Responsibility for the Summary Financial Statements

The Trustee is responsible for preparing a summary of the audited financial statements of the Scheme for the period ended 31 March 2008 and the years ended 31 March 2009, 31 March 2010 and 31 March 2011 in accordance with clause 5 of Schedule 6 of the Securities Regulations 2009.

### Auditor's Responsibility for the Summary Financial Statements

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.



Our firm has also provided other services to the Funds in relation to audit-related services. Subject to certain restrictions, partners and employees of our firm may also deal with the Funds on normal terms within the ordinary course of trading activities of the business of the Funds. These matters have not impaired our independence as auditors of the Funds. The firm has no other relationship with, or interest in, the Funds.

### **Opinion on the Summary Financial Statements**

In our opinion, the amounts set out in the summary financial statements in Appendix 1 of this prospectus, taken from the audited financial statements of the Scheme for the period ended 31 March 2008 and the years ended 31 March 2009, 31 March 2010 and 31 March 2011, as required by clause 5 of Schedule 6 of the Securities Regulations 2009:

- are consistent, in all material respects, with those financial statements; and
- have been correctly taken from the audited financial statements of the Scheme for the period ended 31 March 2008 and the years ended 31 March 2009, 31 March 2010 and 31 March 2011.

### **Other Matters**

#### **Comparatives**

The financial statements of the Scheme for the period ended 31 March 2008 and the year ended 31 March 2009 were audited by another auditor who expressed unmodified opinions on those statements on the following dates:

|  | <b>6 months ended<br/>31 March 2008</b> | <b>Year ended 31<br/>March 2009</b> |
|--|---|-------------------------------------|
| Fisher Funds Growth KiwiSaver Fund       | 24 July 2008                            | 11 June 2009                        |
| Fisher Funds Conservative KiwiSaver Fund | N/A                                     | N/A                                 |

#### **Responsibility for Updating**

We have no responsibility to update our opinion on any of the matters above for events and circumstances occurring after the date of this report.

#### **Restriction on Use**

This report has been prepared for inclusion in the prospectus for the purpose of meeting the requirements of clause 12 of Schedule 6 of the Securities Regulations 2009. We disclaim any assumption of responsibility for reliance on this report or the amounts included in the summary financial statements, for any purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the prospectus not specifically mentioned in this report.



### **Auditor's Consent**

In accordance with regulation 18(1)(c)(ii) of the Securities Regulations 2009, we hereby give our consent to the inclusion of this report in the prospectus in the form in which it appears. We also confirm that we have not, before delivery of this prospectus, withdrawn our consent to the issue thereof.

A handwritten signature in blue ink that reads 'KPMG' with a horizontal line underneath.

31 August 2011

Auckland

## GLOSSARY

**Assets** means things of value such as cash, securities, accounts receivable and inventory.

**Complying Superannuation Fund** means a superannuation scheme that, while not a KiwiSaver Scheme, has rules enabling a KiwiSaver-consistent lock-in of balances and has been approved by the Government Actuary as a complying superannuation fund.

**Contribution Holiday** means a suspension of your contributions to a KiwiSaver Scheme that is permitted by Inland Revenue by reason of:

- your having contributed to KiwiSaver for 12 or more months; or
- your suffering (or being likely to suffer) financial hardship.

**Dividends** are part of the profit of a company that is paid to the people who own shares in it.

**Fisher Funds** means Fisher Funds Management Limited.

**Fund** means an investment fund that is managed with a specific investment objective in mind within the Scheme. There are two investment funds within the Scheme: the Growth Fund and the Conservative Fund. Members can choose either of these Funds or can elect to have contributions and/or existing balances split between the two Funds.

**Investment Statement** means the investment statement for the Scheme.

**Inland Revenue** means the Inland Revenue Department.

**Kickstart Contribution Amount** means an amount equal to the contribution paid by the Crown (currently \$1,000) to the first KiwiSaver Scheme which you join.

**KiwiSaver Act** means the KiwiSaver Act 2006 as amended from time to time.

**KiwiSaver Member Tax Credit** means the Crown contribution matching your contributions to the Scheme at the rate of 50c per dollar (up to a current maximum Crown contribution of \$521.43 a year) which under current legislation will be credited to the Scheme while you are aged 18 or more and below your Qualifying Date, are contributing and reside mainly in New Zealand. This assumes that you are not receiving KiwiSaver Member Tax Credits for locked-in contributions to a Complying Superannuation Fund.

**KiwiSaver Scheme** means a scheme registered under the KiwiSaver Act.

**KiwiSaver Scheme Rules** means the rules applying under the KiwiSaver Act to every KiwiSaver Scheme.

**Manager** means Fisher Funds Management Limited.

**Permitted Withdrawal** means a withdrawal of funds that is permitted under the KiwiSaver Scheme Rules.

**PIE** means a portfolio investment entity as defined in the Income Tax Act 2007.

**PIE Income** means the income attributed to a person from the PIEs in which that person has invested, but does not include any Dividends paid to the person by a portfolio listed company (a type of PIE). Dividends from a portfolio listed company that are not excluded income under the relevant provisions of the Income Tax Act 2007 are taxable income.

**Portfolio** means a collection of investments all owned by the same individual or organisation.

**Prospectus** means the prospectus for the Scheme.

**Qualifying Date** means the date when you reach the standard qualifying age for New Zealand superannuation (currently 65) or the date, *if later*, when:

- you have been a member of one or more KiwiSaver Schemes over a period of 5 years; or
- you have been a member of one or more Complying Superannuation Funds and KiwiSaver Schemes over a period of 5 years.

**Salary or Wages** means your salary or wages as defined from time to time for the purposes of the KiwiSaver Act. It currently means (with the exceptions noted below) the taxable income that you receive in respect of your employment with:

- the employer through whom you have been automatically enrolled; or
- if you opt into KiwiSaver, your employer (or employers, if you have more than one job, unless you choose only one or more employers); and
- in each case, any employer by whom you are later employed.

This includes overtime, bonuses and allowances (other than accommodation benefits, the market value of any board received from an employer and any taxable allowances for accommodation or living costs overseas), parental leave payments out of public

money and ACC compensation (but excludes exempt income payments, employer superannuation contributions and redundancy payments).

Your Salary or Wages excludes, solely for the purposes of compulsory employer contributions, parental leave payments out of public money and ACC compensation.

**Scheme** means the Fisher Funds KiwiSaver Scheme.

**Serious Illness** is defined in the KiwiSaver Scheme Rules to mean an injury, illness or disability:

- that results in your being totally and permanently unable to engage in work for which you are suited by reason of experience, education or training (or any combination of those things); or
- that poses a serious and imminent risk of death.

**Significant Financial Hardship** is defined in the KiwiSaver Scheme Rules to include significant financial difficulties arising because of:

- your inability to meet minimum living expenses; or
- your inability to meet mortgage repayments on your principal family residence, resulting in the mortgagee seeking to enforce the mortgage; or
- the cost of modifying a residence to meet special needs arising from your own or a dependant's disability; or
- the cost of medical treatment for your own or a dependant's illness or injury; or
- the cost of palliative care for you or a dependant; or
- funeral costs for a dependant.

Under special purpose regulations made pursuant to the KiwiSaver Act, until 21 January 2012 *Significant Financial Hardship* also includes significant financial difficulties arising for residents of Christchurch City or any of the Ashburton, Hurunui, Selwyn or Waimakariri Districts due to property destruction or damage, loss of employment or costs incurred (including costs associated with relocating to a new home or dealing with trauma) by reason of the 22 February 2011 Canterbury earthquake aftershock.

**Tax Credit Amount** means an amount equal to the total amount of KiwiSaver Member Tax Credits credited or transferred to the Scheme for your benefit (disregarding, for the purposes of calculating that amount, any positive or negative returns). If your

entitlement from the Scheme is a lesser amount, then that will be your Tax Credit Amount.

**Trust Deed** means the trust deed governing the Scheme, as amended from time to time.

**Trustee** means the Trustee of the Scheme, currently Trustees Executors Superannuation Limited.

Document Number

(for office use only)

The Securities Act 1978  
**AUTHORITY FOR AGENT TO SIGN  
PROSPECTUS**

(Section 41(b))

Issuer  
Name

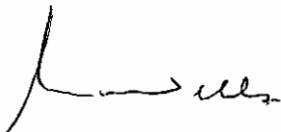
Trustees Executors Superannuation Limited

Scheme Number

1961240

I, Sir John Wells, being a director of Fisher Funds Management Limited (in its capacity as promoter of the Fisher Funds KiwiSaver Scheme), hereby authorise each of Hugh Gladstone Fisher, Carmel Miringa Fisher, Francis Ivor Charles Jasper, Hugh Richmond Lloyd Morrison and Glenn William Ashwell, separately, to sign on my behalf as my agent:

- the Prospectus for the Fisher Funds KiwiSaver Scheme (*the Scheme*) intended to be dated on or about 31 August 2011, relating to an offer of membership of the Scheme on the terms set out in the Prospectus;
- any Memorandum of Amendment(s) to the Prospectus; and
- such reports, certificates, statements, documents or other papers referred to in, or ancillary to, the Prospectus as my agent may consider necessary or desirable for the purposes of the issue and distribution of the Prospectus.



Sir John Wells  
Director of Promoter

**Date:** 29.8.11

Presented by Chapman Tripp Sheffield Young (JJM)

Postal Address 10 Customhouse Quay, Wellington

Account No.

Telephone

Facsimile

(04) 499 5999

(04) 472 7111

Document Number

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(for office use only)

The Securities Act 1978

# AUTHORITY FOR AGENT TO SIGN PROSPECTUS

(Section 41(b))

Issuer Name

Trustees Executors Superannuation Limited

Scheme Number

1961240

I, Hugh Richmond Lloyd Morrison, being a director of Fisher Funds Management Limited (in its capacity as promoter of the Fisher Funds KiwiSaver Scheme), hereby authorise each of Hugh Gladstone Fisher, Carmel Miringa Fisher, Francis Ivor Charles Jasper, Sir John Wells and Glenn William Ashwell, separately, to sign on my behalf as my agent:

- the Prospectus for the Fisher Funds KiwiSaver Scheme (*the Scheme*) intended to be dated on or about 31 August 2011, relating to an offer of membership of the Scheme on the terms set out in the Prospectus.
- any Memorandum of Amendment(s) to the Prospectus; and
- such reports, certificates, statements, documents or other papers referred to in, or ancillary to, the Prospectus as my agent may consider necessary or desirable for the purposes of the issue and distribution of the Prospectus.

Hugh Richmond Lloyd Morrison  
Director of Promoter

Date: 29/8/11

Presented by

Chapman Tripp Sheffield Young (JJM)  
10 Customhouse Quay, Wellington

Account No.

[Empty box for Account No.]

Postal Address

Telephone

(04) 499 5999

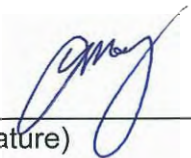
Facsimile

(04) 472 7111

# Trustees Executors Superannuation Limited

## AUTHORITY FORM

I, YOGESH MODY, as a Director of Trustees Executors Superannuation Limited authorise CLYNTON NEIL HARDY, Director, Trustees Executors Superannuation Limited to sign on my behalf, the Fisher Funds KiwiSaver Scheme Prospectus intended to be dated on or about 31 August 2011.

  
\_\_\_\_\_  
(Signature)

Dated: 31 August 2011