



QUAYSTREET®
ASSET MANAGEMENT

QUAYSTREET
KIWISAVER SCHEME

OTHER MATERIAL INFORMATION
7 JULY 2026


KiwiSaver™
Poua he Oranga

SMARTSHARES LIMITED

This document replaces the other material information dated 31 March 2026



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1. GENERAL

This 'Other Material Information' document contains information that is considered by Smartshares Limited ('Smartshares', 'we' or 'us') to be 'material' to the QuayStreet KiwiSaver Scheme (the 'Scheme') that is not contained in the Product Disclosure Statement ('PDS') for the Scheme. This document is provided to meet the requirements of section 57(1) (b) (ii) of the Financial Markets Conduct Act 2013 ('FMC Act').

The Scheme is a KiwiSaver scheme.

2. KEY TERMS OF THE SCHEME

The Scheme was established on 16 August 2007 and is currently governed by an amended and restated Trust Deed dated 29 August 2016 but effective from 12 September 2016.

The Scheme only invests in the QuayStreet Funds. The QuayStreet Funds were established under a Master Trust Deed dated 1 June 2016 ('Master Trust Deed'), together with a separate Establishment Deed for each QuayStreet Fund.

We are the manager of the QuayStreet KiwiSaver Scheme and the QuayStreet Funds.

ELIGIBILITY

Any natural person entitled to permanently reside in New Zealand and living in New Zealand (subject to certain exceptions) may apply to join the Scheme as a member by completing an application form attached to the latest PDS.

We may refuse any application without giving a reason.

The KiwiSaver Act 2006 (the 'KiwiSaver Act') sets out how persons who have joined the Scheme, but are not eligible to do so, will be treated.

PARTICIPATING EMPLOYERS

Membership of the Scheme is also available to employees of employers that have chosen the Scheme as their preferred KiwiSaver scheme.

If you are allocated to the Scheme because it is your employer's preferred KiwiSaver scheme and you have not provided an investment direction, your contributions will be invested in the default investment fund.

INVESTMENT DATES

Your contributions, whether regular or lump sum, will be invested into the Scheme on the next available business day.



RESTRICTIONS ON WITHDRAWALS

The Scheme cannot suspend member withdrawals. However, we may not be able to process your withdrawal if QuayStreet Fund redemptions have been suspended.

We can suspend redemptions in certain circumstances, including if we believe processing a redemption would be materially prejudicial to the interests of unitholders.

We will process any withdrawal received during a suspension when the suspension is lifted.

BENEFITS NOT ASSIGNABLE

Your benefits and rights under the Scheme belong only to you. Subject to the KiwiSaver Act, you may not transfer, assign, charge or mortgage your benefits.

UNCLAIMED BENEFITS

If we are unable to trace you for a period of five years from the later of your last contribution or the date you are entitled to withdraw your retirement benefit, Smartshares and the Supervisor can apply section 149 of the Trusts Act and transfer your benefit to the Crown.

SIDE-POCKETING

We may 'side-pocket' certain assets and liabilities of a QuayStreet Fund, with the approval of the Supervisor of the QuayStreet Funds, where we consider that it is in the best interests of unitholders in the QuayStreet Fund to do so.

Side pocketing is the process where specific assets are held separately from other assets within a fund. Assets are side pocketed where, for example, there is a risk they will experience an unusual valuation event or there are liquidity issues. Side-pocketing isolates the impact of the valuation event or liquidity issue to unitholders when the side-pocketing account is created. Future unitholders will not be impacted by this valuation event or liquidity issue.

If assets and liabilities of a QuayStreet Fund are side-pocketed, this may affect our ability to process withdrawals you make from the Scheme.

SINGLE SCHEME, SEPARATE FUNDS

The Scheme operates as a single trust fund. This means that all of the assets of the Scheme are available to meet the liabilities of the Scheme.

Each QuayStreet Fund in which the Scheme invests is a separate investment fund and the assets of one QuayStreet Fund will not be available to meet the liabilities of another QuayStreet Fund.


INVESTMENT MANAGER CHOOSES INVESTMENTS

The Scheme only invests in the QuayStreet Funds. Members elect which QuayStreet Funds to invest in through their Investment Direction.

We have appointed QuayStreet Limited ("Investment Manager") to manage and select the investments of the Scheme and each QuayStreet Fund. The Master Trust Deed, the Establishment Deeds and the Statement of Investment Policy and Objectives of the QuayStreet Funds define the investment objectives, targets, benchmarks and authorised investments. Details are available on the Disclose Register, disclose-register.companiesoffice.govt.nz and the QuayStreet website, quaystreet.com.

CHANGE OF MANAGER

We may retire as Manager upon giving three months' prior notice to the Supervisor, subject to the appointment of a new Manager. We may be removed as Manager only in the following circumstances:

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- by a written direction of the Supervisor after the Supervisor certifies that it is in the best interests of members that we are removed;
 - if we are substituted by the High Court under the FMC Act; or
 - by a special resolution of members.

The power of appointing a temporary new Manager is vested in the Supervisor. The retiring Manager has the power to appoint a permanent manager with the approval of the Supervisor.

SUPERVISOR

The functions of the Supervisor are:

- acting on behalf of members in relation to us, any matter connected to the Trust Deed or the terms of the offer, any contravention or alleged contravention of our obligations as issuer and manager of the Scheme and any contravention or alleged contravention of the FMC Act by any other person in connection with the Scheme;
- supervising the performance by us of our functions as issuer and manager of the Scheme and the financial position of us and the Scheme to ascertain that it is adequate;
- holding the property of the Scheme or ensuring that it is held in accordance with the FMC Act; and
- performing or exercising any other functions, powers and duties conferred or imposed on the Supervisor by or under the FMC Act, the Financial Markets Supervisors Act 2011 and the Trust Deed.

CHANGE OF SUPERVISOR

The Supervisor may retire upon giving 30 days' notice to us, subject to the appointment of a new Supervisor. In addition, the Supervisor may be removed from office in the circumstances set out in the FMC Act or by the High Court on application by us.

The power of appointing a new Supervisor is vested in us.

AUDITOR

The Auditor is selected by us after consultation with the Supervisor. The Auditor may at any time be removed by us on the approval of the Supervisor. A replacement Auditor will be appointed by us after consultation with the Supervisor.

EXPENSES

We and the Supervisor are entitled to be reimbursed out of the assets of the Scheme for all expenses, costs or liabilities (including tax) incurred in acting as Supervisor or Manager under the Trust Deed.

AMENDMENTS TO THE TRUST DEED

We and the Supervisor may at any time make any amendment to the Trust Deed if:

- the Supervisor is satisfied that the change does not have a material adverse effect on the members and the Supervisor certifies to that effect; or
- the change is approved by, or contingent on approval by, a special resolution of the members that are or may be adversely affected by the change.

However, no amendment may detract from the main purposes of the Trust Deed, being to provide retirement benefits.

WINDING UP

The Scheme will terminate on the earlier to occur of:

- us resolving to terminate the Scheme;
- the Scheme's registration being cancelled; or
- the Scheme being required to be wound up under the FMC Act.

Upon termination, no new members will be admitted and no further contributions will be received, and we will realise all investments and distribute them in accordance with the Trust Deed, the KiwiSaver Act and the FMC Act.



MEMBERS' LIABILITY

Members do not incur any liabilities (including contingent liabilities) from being a member in the Scheme, other than the liabilities detailed in the Scheme's Trust Deed which include the liability to pay personal tax obligations as described below.

Every member indemnifies the Supervisor and us in respect of any tax payable by the Supervisor or us in respect of that member's interest in the Scheme. Members also have adjustments made to their interests in the Scheme to reflect tax paid or payable on their behalf.

MANAGER AND SUPERVISOR INDEMNITY

Subject to the indemnity limitations in the FMC Act, if we or the Supervisor are held personally liable to any other person in respect of any debt, liability or obligation (including tax) incurred by or on behalf of the Scheme or any action taken or omitted for or in connection with the Scheme, then we or the Supervisor (as applicable) are entitled to indemnity and reimbursement out of the Scheme to the full extent of that liability. The indemnity includes the costs of any litigation or proceedings, including legal fees and disbursements. Under the FMC Act, our rights and the Supervisor's rights to be indemnified are only available in relation to the proper performance of our statutory duties under the FMC Act.

SCHEME VALUATION

The valuation methodology for valuing the Scheme's assets is that the assets are measured at net market value in accordance with the latest accounting standard for the valuation of investments, provided that any managed funds in which the Scheme invests will be valued at the latest available redemption price quoted or published by the issuer or registrar of the relevant managed fund.



3. WHO IS INVOLVED?

THE MANAGER

The manager of the QuayStreet KiwiSaver Scheme is Smartshares Limited ('Smartshares'). Smartshares is a wholly owned subsidiary of NZX Limited.

Our registered office is at:

Level 2
NZX Centre
11 Cable Street
Wellington 6011

We have the following functions as manager of the Scheme:

- offering interests in the Scheme;
- issuing interests in the Scheme;
- managing Scheme property and investments; and
- administering the Scheme.

We may delegate any of our functions but will remain responsible for the acts and omissions of our delegate whether or not the delegate is acting within the terms of its delegated authority.

We have delegated investment management of the Scheme and of the investments of each Fund to the Investment Manager. The Investment Manager's contact details are:

QuayStreet Limited
Level 3, The General Buildings
29-33 Shortland Street
Auckland Central
Auckland 1010

CONFLICTS OF INTEREST

Smartshares is a wholly owned subsidiary of NZX Limited (**NZX**) and this may result in conflicts of interest, or perceived conflicts of interest for all of the QuayStreet Funds. The QuayStreet Funds can invest in financial products issued by NZX and entities in the NZX group of companies may receive commercial benefits from this. The Investment Manager chooses investments for the QuayStreet Funds based on its own internal investment selection process and in accordance with the relevant Fund's statement of investment policy and objectives.

The Investment Manager is not influenced, nor is it likely to be influenced, in its investment decisions by our relationship with NZX or any other members of the NZX group of companies.

We and the Investment Manager have internal policies and procedures in place to identify, assess and manage potential conflicts of interest. These include our related party transactions procedure that requires us to certify that a transaction is permitted by the FMC Act or to obtain the Supervisor's consent to the transaction before any benefit is given to a related party out of the QuayStreet Fund's property. We must also notify the Supervisor before we enter into a related party transaction.



THE SUPERVISOR

The New Zealand Guardian Trust Company Limited is the Supervisor and custodian of QuayStreet KiwiSaver Scheme. They supervise how we run the Scheme, for the benefit of you and other members.

The Supervisor was granted a licence by the Financial Markets Authority under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor of registered schemes. More information about the Supervisor's licence, including its conditions, can be obtained at the Financial Markets Authority's website at fma.govt.nz.

If the Supervisor does not hold an appropriate licence, then we would be obliged to seek and appoint another supervisor.

A current list of the Supervisor's directors is available online: companies-register.companiesoffice.govt.nz
The directors of the Supervisor may change from time to time.

Each of the directors listed can be contacted at:
c/- The New Zealand Guardian Trust Company Limited
PO Box 274, Shortland Street
Auckland 1140.



4. MATERIAL CONTRACTS

INVESTMENT MANAGEMENT AGREEMENT

The Investment Manager and Smartshares have entered into an investment management agreement dated 31 March 2026 (as amended from time to time), pursuant to which the Investment Manager provides investment management services relating to the Scheme and QuayStreet Funds. These services include proposing the strategic and tactical asset allocation of each Fund and proposing the investments to be held by each Fund in pursuance of those asset allocations.

5. SUMMARY OF POLICIES & PROCEDURES

Smartshares operates under both NZX Limited and Smartshares specific policies, codes and procedures. The Investment Manager also operates under its own policies and procedures. A summary of those policies is as follows:

SUMMARY OF POLICIES, CODES AND PROCEDURES

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES (SIPO)

The SIPO covers matters such as:

- Responsible investing
- Liquidity and cash flow management
- Pricing and valuation
- Trade allocation and execution
- Trade reconciliation and risk management

The purpose of the SIPO is to document for members and the Supervisor the investment policies of the Scheme. It states each Fund's investment policy and objectives, its performance benchmarks and target asset allocations.

DERIVATIVES POLICY

This policy governs the use of derivative instruments in the QuayStreet Funds. Derivatives can include forward contracts, futures, swaps and options.

ANTI-MONEY LAUNDERING POLICY

Smartshares complies with the Anti-Money Laundering and Countering of Financing of Terrorism Act 2009. Smartshares actively takes measures to guard against being used as a medium for money laundering activities. Smartshares will take reasonable measures to establish the identity of its clients and beneficial owners and will only accept clients once this process has been completed.

CODE OF CONDUCT

The Code of Conduct is a statement of our commitment to integrity and high ethical standards in all that is done at Smartshares and NZX. The Code sets the minimum standards of conduct that we expect from our directors, officers, and employees during all interactions with clients, competitors, business partners, government authorities, shareholders, and each other.

CONFLICT MANAGEMENT POLICY

The Investment Manager's Conflict Management Policy's purpose is to establish and describe the Investment Manager's policy and procedures in respect of conflicts of interest that could materially influence its investment decisions.



FINANCIAL PRODUCTS TRADING POLICY

Insider trading is trading in securities of a public issuer on the basis of inside information. Possession of insider information makes a person an information insider. The objective of this policy is to put in place procedures and controls to ensure that Smartshares' and NZX's directors and employees do not breach the prohibition on insider trading or create any perception of directors or employees trading financial products when they should not do so.

RESPONSIBLE INVESTMENT POLICY

Each QuayStreet Fund, except for the QuayStreet Socially Responsible Investment Fund, is managed by the Investment Manager in accordance with the QuayStreet Responsible Investment Policy. This policy details how the Investment Manager incorporates environmental, social and governance (ESG) factors within its investment decision-making framework. The QuayStreet Socially Responsible Investment Fund has its own specific investment policy. QuayStreet Responsible Investment Policy is available on the offer register, disclose-register.companiesoffice.govt.nz and the QuayStreet website, quaystreet.com/documents.

SOCIALLY RESPONSIBLE INVESTMENT POLICY

All investments included within the QuayStreet Socially Responsible Investment Fund are selected by the Investment Manager in accordance with the QuayStreet Socially Responsible Investment Policy (SRI Policy) and each such investment is tested and monitored by the Investment Manager to ensure ongoing compliance with the standards and criteria in the SRI Policy. The SRI Policy contains information relating to the nature and criteria of socially responsible investment in the QuayStreet Socially Responsible Investment Fund and is available on the offer register, disclose-register.companiesoffice.govt.nz and the QuayStreet website, quaystreet.com/socially-responsible-investment-process.

6. BENCHMARKS AND MARKET INDICES FOR THE QUAYSTREET FUNDS

The QuayStreet Funds' returns are measured against various benchmarks (market indices) as set out in the SIPO. More information about these benchmarks (market indices) can be found on the web pages listed beneath the following table.

BENCHMARKS AND MARKET INDICES	NZ OCR + 2%.	NZ OCR + 6%	S&P/NZX 50 GROSS INDEX	S&P/ASX 200 TOTAL RETURN INDEX	MSCI WORLD (NZD) NET TOTAL RETURN INDEX	MSCI WORLD (100% HEDGED TO NZD) NET TOTAL RETURN INDEX	S&P/NZX INVESTMENT GRADE CORPORATE BOND TOTAL RETURN INDEX	S&P/NZX BANK BILLS 90-DAY TOTAL RETURN INDEX
QuayStreet Fixed Interest Fund							100%	
QuayStreet Income Fund	100% [⊗]							
QuayStreet Conservative Fund			5%	5%	8%	2%	60%	20%
QuayStreet Balanced Fund			10%	10%	32%	8%	30%	10%
QuayStreet Socially Responsible Investment Fund			10%	10%	32%	8%	30%	10%
QuayStreet Growth Fund			12.5%	12.5%	44%	11%	15%	5%
QuayStreet High Growth Fund			7.5%	7.5%	64%	16%	4%	1%
QuayStreet New Zealand Equity Fund			100%					
QuayStreet Australian Equity Fund				100%				
QuayStreet International Equity Fund					100%			
QuayStreet International (NZD Hedged) Equity Fund						100%		
QuayStreet Altum Fund		100% ^{⊗⊗}						

[⊗] Our Quarterly Fund Updates will report the Fund's returns against a composite market index consisting of the S&P/NZX 50 Gross Index (5%), S&P/ASX 200 Total Return Index (5%), S&P/ASX 200 A-REIT Total Return Index (5%), S&P/NZX All Real Estate Index (5%), S&P/NZX Investment Grade Corporate Bond Total Return Index (70%) and S&P/NZX Bank Bills 90-Day Total Return Index (10%). This is due to the Official Cash Rate ('OCR') not being recognised as a market index under the Financial Markets Conduct Act 2013.

^{⊗⊗} Our Quarterly Fund Updates will report the Fund's returns against a composite market index consisting of the S&P/NZX 50 Gross Index (50%) and S&P/ASX 200 Total Return Index (50%). This is due to the OCR not being recognised as a market index under the Financial Markets Conduct Act 2013. The hurdle rate of return used for the determination of the performance fee payable is not based on this composite market index, instead the performance fee hurdle rate of return is the OCR plus 6%. This may result in a performance fee being charged even if the Fund's returns do not exceed the composite market index set out above.

Benchmark performance is measured in NZD except for the S&P/ASX 200 Total Return Index which is measured in AUD.



MARKET INDICES WEB PAGES

- S&P/NZX Indices: spglobal.com/spdji/en/regional-exposure/asia-pacific/new-zealand
- S&P/ASX Indices: spglobal.com/spdji/en/regional-exposure/asia-pacific/australia
- MSCI Indices: msci.com/indexes
- RBNZ - OCR: : rbnz.govt.nz/monetary-policy/official-cash-rate-decisions
- S&P/NZX Investment Grade Corporate Bond Total Return Index: spglobal.com/spdji/en/indices/fixed-income/sp-nzx-investment-grade-corporate-bond-index
- S&P/NZX Bank Bills 90-Day Total Return Index: spglobal.com/spdji/en/indices/fixed-income/sp-nzx-bank-bills-90-day-index

7. ADDITIONAL INFORMATION ON FEES

The Scheme does not charge members a management fee, as an equivalent management fee is charged within the QuayStreet Funds in which the Scheme invests. This ensures there is no double charging of management fees for members of the Scheme. The management fee charged impacts the value of the Scheme and the Funds a member invests in.

EXPLANATION OF THE ESTIMATES

TOTAL ANNUAL FUND CHARGES

Included in the PDS are 'total annual fund charges', which include estimates of expenses for each QuayStreet Fund and performance fees for the QuayStreet Altum Fund (if applicable). We have assumed expenses will not materially change from year to year. In preparing the expense estimates we based them on the latest audited financial statements for the QuayStreet Funds. Included are audit and legal fees. We therefore expect the actual expenses for each QuayStreet Fund will be similar to the financial year ended 31 March 2026.

A performance fee was not charged for the QuayStreet Altum Fund for the year ended 31 March 2026. However, the total annual fund charges for this fund includes an estimated performance fee of 0.13%, which has been calculated as an average of the average annual performance fee charged since inception (Estimated Altum Fund Performance Fee).

The QuayStreet Balanced Fund, QuayStreet Growth Fund and the QuayStreet High Growth Fund themselves do not charge a performance fee. However, each of those funds invests into the QuayStreet Altum Fund, which may charge a performance fee. The total annual fund charges for the QuayStreet Balanced Fund, QuayStreet Growth Fund and the QuayStreet High Growth Fund each include an estimated performance fee of 0.01%. The performance fee component for these funds have been calculated as a percentage of the funds' weighted investments in the QuayStreet Altum Fund in the year ended 31 March 2026 with reference to the Estimated Altum Fund Performance Fees.

SCHEME EXPENSES

The Scheme expenses referred to in the PDS are estimated at approximately \$5.00 per annum per member. The Scheme expenses are deducted from your member account. This estimate has been based on the total amount of costs and expenses, including audit and legal fees, recovered during the Scheme's previous financial year on a per member basis.

ADDITIONAL INFORMATION

MANAGER FEES

The Trust Deed provides that we are, subject to the fees not being unreasonable, entitled to be paid and retain the following annual or other fees in respect of the Scheme:

- administration fees;
- management fees;
- entry fees;
- exit fees;
- switching fees;
- membership fees;
- transfer fees; and
- such other fees as we determine from time to time.

The amount of any such fees, and the method of their payment, will be determined by us from time to time and notified to the Supervisor in writing, provided that the total amount of any such fees does not exceed 3% per annum of the net asset value of the assets of the Scheme plus GST.

SPECIAL FEES

In addition, we are entitled to charge and retain special fees on a time cost (to be calculated on the basis of the normal hourly rates applicable to our relevant personnel) and disbursements basis (plus GST).



SUPERVISOR FEES

The Supervisor is entitled to be paid and retain fees in respect of the Scheme approved by us from time to time. The Supervisor's fees are paid by us out of the portion of the management fee charged within the QuayStreet Funds. For so long as The New Zealand Guardian Trust Company Limited is the Supervisor of the QuayStreet Funds, it will not charge a separate Supervisor fee in relation to the Scheme.

FINANCIAL ADVICE FEES

You will only be charged this fee if you have a financial adviser and have agreed with your adviser that he/she will be paid a fee for providing you financial advice. The amount of this fee is to be agreed between you and your financial adviser and set out in the application form. The maximum financial adviser fee you can agree with your financial adviser is: (a) 0.25% per annum of your account balance; or (b) \$500 per annum.

DISTRIBUTION FEES

We may pay financial advisers a distribution fee for distributing our products. Any distribution fee is not a charge to you or the Scheme.

TRADING COSTS

The QuayStreet Funds may also incur trading costs when buying and selling investments of a fund. Trading costs may be incurred in the underlying QuayStreet Funds, which will indirectly affect the value of your investment.

FEES MUST NOT BE UNREASONABLE

The KiwiSaver Act 2006 requires certain fees charged by KiwiSaver schemes to be not unreasonable. Members or the Financial Markets Authority can apply to the Court for an order that any unreasonable fee be annulled or reduced. Any such application must be made within 1 year of the day that the fee is imposed or debited.

FEES PAID BY THE MANAGER OF THE QUAYSTREET FUNDS

Smartshares, in its capacity of manager of the QuayStreet Funds, has agreed to meet the fees payable to the Investment Manager, registrar, administration manager and supervisor of the QuayStreet Funds (other than any special fees charged by the supervisor of the QuayStreet Funds) from the management fee charged within the QuayStreet Funds. Smartshares, in its capacity of manager of the QuayStreet Funds, has also agreed to pay the valuation-based custody fees charged by the relevant custodian for holding and maintaining securities held by the QuayStreet Funds. The QuayStreet Funds pay any transactional fees charged by the custodian of the QuayStreet Funds. This may change, in which case the fees payable to the Investment Manager, custodian, registrar, administration manager and supervisor of the QuayStreet Funds would be paid directly out of each Fund. Smartshares, in its capacity of manager of the QuayStreet Funds, may, in respect of the QuayStreet Funds, agree to change the fees with these parties, subject to any restrictions contained in the Master Trust Deed and/or Establishment Deeds, including any notice requirements.

In addition, the supervisor of the QuayStreet Funds is entitled to charge special fees for services of an unusual or onerous nature outside that supervisor's regular services. There is no limit on such special fees. These special fees are not paid out of the QuayStreet Funds' management fee.

The fees set out in this document include GST unless otherwise stated.

For more details on fees paid by Smartshares within the QuayStreet Funds, see the latest 'QuayStreet Funds Other Material Information' document available on the offer register, disclose-register.companiesoffice.govt.nz and quaystreet.com.

QUAYSTREET ALTUM FUND PERFORMANCE FEE CALCULATIONS (ILLUSTRATIVE REPRESENTATION)

We are entitled to receive a performance fee in respect of the investment performance of the QuayStreet Altum Fund, which is one of the QuayStreet Funds in which the Scheme invests. Investments in the Scheme's QuayStreet Altum Fund are invested by the Scheme in the underlying QuayStreet Fund of the same name. In calculating that performance fee, the QuayStreet Altum Fund must return more than the hurdle rate since the high water mark was last set, and the unit price must be above the high water mark. Where the Fund's returns do not exceed the hurdle rate, no performance fee is paid. Where the current unit price is below the high water mark no performance fee will be accrued or paid, irrespective of the Fund's returns. The chart below shows a variety of scenarios relating to the performance of the fund against the hurdle rate and the unit price in relation to the high water mark. The unit price performance is calculated for **illustrative purposes only and is not indicative or representative** of actual or expected returns.





8. ADDITIONAL INFORMATION ON TAX

The following statements in relation to taxation are of a general nature only and are based on current tax legislation. That legislation may change. Tax treatment may vary depending on your individual circumstances. We recommend that you seek professional tax advice. We and the Supervisor do not take any responsibility for your taxation liabilities. Returns to you are likely to be affected by taxation. The taxation rules applying to the Scheme are set out below.

As a portfolio investment entity (PIE), the Scheme will attribute all taxable income (or losses) across all members based on the value of holdings in the Scheme. Tax is calculated on income attributed to you at your nominated Prescribed Investor Rate (PIR). The PIR for individuals is capped at 28%.

YOUR RESPONSIBILITIES

You must advise us of your IRD number within six weeks of joining the Scheme. You must also advise us of your applicable PIR when you join the Scheme, and when your details change.

If you do not notify us of your IRD number, your PIR, or if your PIR changes, you may be taxed at a default rate.

We may be instructed by the Inland Revenue to apply a PIR they have determined. The Inland Revenue will notify you directly if this occurs.

If the rate applied to your PIE Income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you by the Inland Revenue.

We are required to provide you with an annual tax certificate, which will include the PIE income attributed to you and the amount of tax paid at your PIR.

HOW TO WORK OUT YOUR PRESCRIBED INVESTOR RATE (PIR)

To work out the PIR, go to ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate.



APPLYING TAX RULES TO THE FUNDS

The Scheme's tax liability on PIE income is attributed to its members and will be deducted from each member's interests in the Scheme at the following times in respect of each tax year:

- At the end of the tax year (following 31 March);
- Upon any full or partial withdrawal or switch; or
- If at any time the balance of the remaining holdings is, or could potentially become, insufficient to cover the Scheme's accrued tax liability on income attributed to the member. We will consider potential market movements when determining whether the remaining holdings are of sufficient value to cover the tax liability.

The QuayStreet Funds invest in foreign markets and the returns on these investments are subject to foreign withholding tax. This tax is deducted at source and the QuayStreet Funds receive net tax paid income. The withholding tax rates, and income determination rules may change from time to time.

The tax paid by the Scheme on your share of the income is generally a final tax (that is, the income need not be included in your income tax return). However, the tax paid by the Scheme will not be a final tax if you select a PIR that is too low, or if you have recently become a New Zealand tax resident and have elected to disregard foreign sourced income derived prior to becoming a New Zealand tax resident when calculating your PIR.

Taxation of foreign superannuation

Members seeking to transfer foreign superannuation entitlements to the Scheme should seek professional taxation advice as to the impact of these rules.



9. ADDITIONAL INFORMATION ON RISK

All investments involve risk. There is a chance with any investment of an uncertain outcome, where the actual return is different to what was expected.

Risk can cause the value of an investment to go up or down (i.e. be volatile). The extent of any volatility will depend on the specific investment and general market conditions. In extreme circumstances, risk can result in losses which can erode an investment's entire value.

The risks identified below are additional to those referred to in our Product Disclosure Statement.

OTHER RISKS

Other risks that are not reflected in the risk indicator include:

GENERAL BUSINESS RISK

Disruption to the operations of the Scheme through such events as the loss of key personnel, failure of processes and procedures, the extended loss of power, technology failure, or the destruction of premises.

DERIVATIVE RISK

The QuayStreet Funds into which the Scheme invests may invest in derivatives, such as forward contracts, futures, swaps and options. Derivatives may be leveraged (where the QuayStreet Fund's exposure exceeds the assets invested in the QuayStreet Fund) and small changes in the value of the underlying assets may significantly increase losses to the QuayStreet Fund.

COUNTERPARTY RISK

A third party may default on their obligations resulting in a loss of value in an investment.

REGULATORY RISK

Future changes to legislation or applicable regulations (including New Zealand and international taxation legislation), which could affect the operation the Scheme or members' interests in the Scheme. The Trust Deed could be amended in a manner that is required or permitted by law that has the effect of reducing the value of members' interests or restricting access to members' entitlements.

INSOLVENCY RISK

The Scheme becoming insolvent or being otherwise unable to meet its financial obligations. If this occurs, members may not recover the full amount of their interest in the Scheme.

PIR RISK

We may either over or underpay tax within the Scheme on a member's behalf, for example, as a result of a member providing us with the wrong PIR or not advising us to change that rate when it needed to be changed. If tax is underpaid, the member will be obliged to pay additional tax (and potentially penalties or interest) to the IRD.

PIE REGISTRATION RISK

If the Scheme fails to satisfy any eligibility criteria for PIE status and that failure is not remedied within the permitted period under the Income Tax Act 2007, the Scheme could lose its PIE status. If the Scheme was to lose PIE status, the Scheme would be taxed at the rate of 28% rather than at each member's PIR. The tax exemption for gains on sale of certain New Zealand and Australian shares (including units in unit trusts) would also cease to apply to the Scheme if PIE status was lost.



ASSET ALLOCATION RISK

Asset allocation risk is the risk that a Fund's returns are affected by its mix of asset classes. This includes the balance between growth assets (such as shares and property) and defensive assets (such as fixed interest and cash), as well as decisions about the sectors and countries that the Fund invests in. The Investment Manager considers that asset allocation is an important contributor to a Fund's overall investment return. The Funds that have more defensive assets are likely over time to provide a lower return with smaller fluctuations in that return. The Funds that have more growth assets are likely over time to provide a higher return but with larger variability in the returns from year to year. Sometimes returns can be negative. The asset allocation risk can impact both a Fund's absolute return and its relative return compared to similar funds that have a different asset allocation.

ASSET CLASS RISK

Asset class risk involves the risks associated with two primary asset classes: defensive assets and growth assets. Defensive assets are also called "income assets" as from a tactical asset allocation standpoint they provide income rather than capital growth.

Defensive assets

Defensive assets, such as fixed interest securities, term deposits and cash, have different risk characteristics to growth assets, such as shares.

The performance of defensive assets is usually more closely aligned to changes in interest rates than growth assets. A rise in interest rates will generally result in a decrease in the value of a defensive asset and the longer the period to maturity the greater the decline in the value of a defensive asset will likely be. Credit quality will also affect value and if a company has a credit rating downgrade then the value of a defensive asset issued by it may fall. In extreme circumstances, if an issuer defaults on its obligations, a defensive asset issued by it may be worthless.

The Investment Manager may mitigate some of these risks by holding securities across different issuers, with different credit quality and maturities.

Growth assets

The value of a growth asset, such as shares and property, is reflected in the market price of the asset. Prices are generally driven by a company's performance. If the company performs poorly, or if it needs to reduce or stop paying dividends, its share price will usually decline. There are also many broader market forces that can negatively affect the value of shares, such as a weak economy, increased regulation, political uncertainty or negative investor sentiment. Issues like these, as well as many others, can result in lower share prices.



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