

MILFORD KIWISAVER PLAN

Milford KiwiSaver Plan

Investment Statement 1 October 2011



Milford Funds Limited



IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>

Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check—

- the type of adviser you are dealing with;
- the services the adviser can provide you with;
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

This document is an Investment Statement for the purposes of the Securities Act 1978. It is dated and prepared on 1 October 2011. Note that law and regulation relating to KiwiSaver schemes can change.

Capitalised terms used but not otherwise defined in this Investment Statement have the meaning specified in the Glossary on page 36.

Prospective members should obtain financial, legal and taxation advice before making any financial investment decision.

MilfordFundsLimited



Letter from the Manager of the Milford KiwiSaver Plan

Dear Investor

We are strong supporters of KiwiSaver as it will play an important role in raising New Zealand's savings levels and reducing investors' dependence on residential property. We are therefore delighted to offer KiwiSaver investors access to our unique and successful investment approach through the Milford Active Growth KiwiSaver Fund and the Milford Balanced KiwiSaver Fund. For both Funds we:

- aim to preserve capital while still generating growth for our investors;
- have chosen to have fair and simple fees that only provide us with higher rewards when our performance means we have earned them; and
- are committed to transparency so that our investors can see clearly the investments that make up these Funds.

At Milford our primary objective is to make money for you – our clients. We do this through taking a highly active approach to management of investment portfolios in order to take advantage of changing market conditions and opportunities.

Milford will also be a strong advocate on your behalf, particularly in terms of corporate governance of the companies we invest in.

We are proud to say that Milford has gone from strength to strength – with funds that we manage rising to more than \$800 million, as at the date of this Investment Statement. The Milford KiwiSaver Plan is offered by Milford Funds Limited. Milford also manages individual investment portfolios for high net worth individuals and for large organisations such as the Guardians of New Zealand Superannuation.

We believe that the Funds described in this Investment Statement are suited to medium to long-term investors. Please note that Milford KiwiSaver Members have the tax advantages of investing into these Funds under the Portfolio Investment Entity (PIE) regime for as long as the Funds remain eligible to be PIEs. No person, nor Milford Funds' parent company (Milford Asset Management) provides any guarantee of the performance of Funds offered in this Investment Statement.

Please read this Investment Statement in full to ensure that the approach and objectives for the Funds are consistent with your requirements as a KiwiSaver investor. If you have any questions please visit our website at www.milfordkiwisaver.co.nz or www.milfordasset.com or call us on (09) 921 4700 or 0800 662 346.

We hope that you will join the increasing number of people that have seen what our approach can offer as a fund manager.

Yours sincerely

Brian Gaynor
Executive Director
1 October 2011



KiwiSaver is a great way for New Zealanders to save for their retirement

Incentives for savers

KiwiSaver is very popular with investors because of the recognition by New Zealanders of the need to save for their retirement. It currently provides incentives for savers including: a \$1,000 kick-start, a minimum 2% compulsory employer contribution for employed members* and an annual tax credit of up to \$521.43 paid by the Government. For example if an employee earning \$55,000 a year contributes 2% * of gross salary (\$1,100) annually to their KiwiSaver fund, their employer will then have to contribute a minimum of \$1,100 over the year and the Government will pay in an annual tax credit of up to \$521.43.

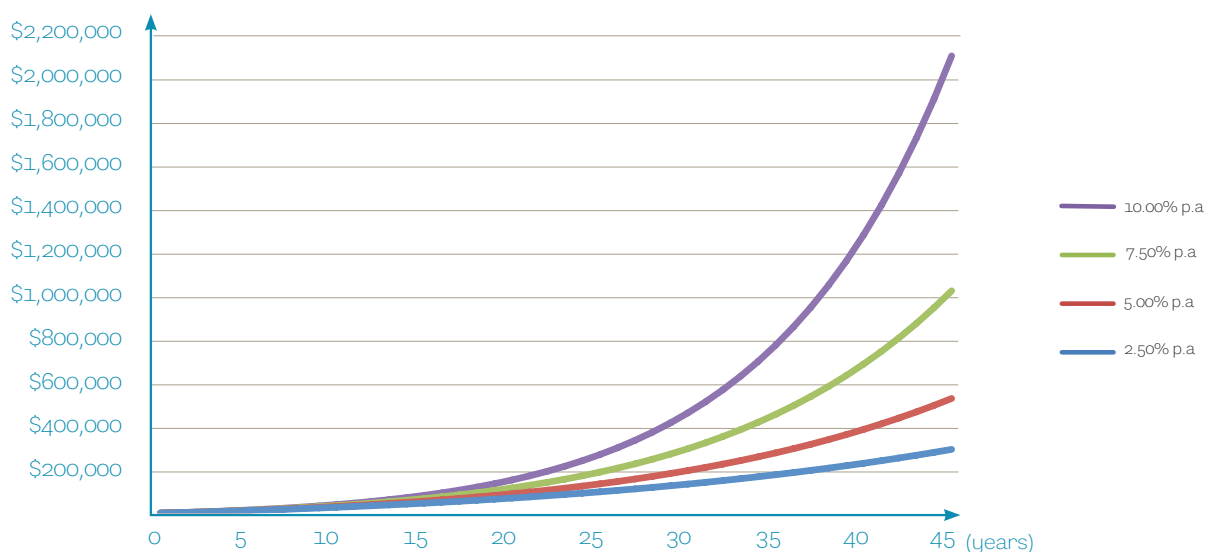
Importance of Return and Compounding

Due to the power of compounding returns, the potential size of your KiwiSaver fund can become very significant. Based on annual returns of between 2.5% and 10% (after fees and tax) the estimated fund size when an individual reaches 65 is shown in the chart below.

It assumes a starting salary of \$30,000, salary growth of 3% per annum, employee and employer contributions of 2% of pre-tax pay to KiwiSaver, annual Government contributions commensurate with salary levels, a Government kick-start of \$1,000 received in the first year, no contributions holidays are taken and that future values are not adjusted for the impact of inflation. Note the minimum employer and employee contributions are set to increase on 1 April 2013.

Please note that this is a generic illustration only to show the positive effect of compounding returns. No returns are guaranteed or assured, and returns can be negative, particularly given the length of the investment period shown in the illustration.

Potential Future Value of KiwiSaver Funds (not adjusted for the impact of inflation)



Assumptions	2011/2012	2013+
Starting Salary	\$30,000	
Salary Growth	3.0%	3.0%
Contribution Rate	2.0%	3.0%
Employer Contribution	2.0%	2.6%**

Assumed return after tax and fees	Number of years contributing to KiwiSaver		
	15 years	30 years	45 years
2.50%	\$46,456	\$134,696	\$295,260
5.00%	\$55,914	\$197,289	\$530,591
7.50%	\$67,731	\$298,448	\$1,028,767
10.00%	\$82,514	\$463,927	\$2,115,153

To look at answers to questions relating to KiwiSaver in general or specifically on the Milford KiwiSaver Plan you can also visit:

- the Milford KiwiSaver website: www.milfordkiwisaver.co.nz
- the Government's KiwiSaver website: www.kiwisaver.govt.nz
- the Retirement Commission's website: www.sorted.org.nz

* The Government has introduced legislation to provide that from 1 April 2013 the minimum employee and employer contribution rate will increase from 2% to 3%.

** From 1 April 2012 employer superannuation tax will be levied on the employee contribution at your marginal tax rate. The numbers above allow for both of these changes.

Introduction to Milford

Milford Asset Management Limited (Milford) was formed in 2003 by a highly experienced team of individuals who recognised the need for an investment company that New Zealanders can trust and which provides a premium service. Milford strongly believes in the benefits of being a staff controlled company. The benefits of this include:

- attracting and retaining the best people
- understanding our clients' needs and objectives
- focusing our resources to generate the best returns for clients
- reacting quickly to changing market conditions and new opportunities
- aligning our success to the performance of our clients' funds

Milford's core values are to:

- operate with honesty and integrity
- consistently seek to deliver superior investment returns
- be client focused
- strive for best practice in managing our funds
- remain majority New Zealand and employee owned

What's behind our name

We wanted a name with a New Zealand flavour and chose "Milford" for three main reasons.

Firstly, we wanted something that makes people think of New Zealand. We chose a New Zealand icon because we are proud to be a New Zealand staff controlled company.

Secondly, we wanted to invoke the image of Mitre Peak, rising slowly and steadily in the distance. Like Mitre Peak, we intend to be around for a very long time.

Finally, because of the serenity and peacefulness associated with Milford Sound. We wanted investors to think of investing with us as a pleasant and rewarding journey, as we aim to consistently produce superior returns while protecting our clients' capital.



The Investor's Rights

Milford recently launched "The Investor's Rights" which detail fundamental rights that we believe every investor should expect from organisations who look after investors money. The seven Investor's Rights are set out below.

- 1. The right to have someone you can trust looking after your money.** Milford has brought together some of the country's most experienced and respected investment experts, each with an impressive track record for making quality financial decisions. Our investment team, led by Executive Director Brian Gaynor, is committed to protecting and building the wealth of our clients.
- 2. The right to know your investment manager will act in your best interests.** Our investment focus is on companies that we believe demonstrate the highest levels of corporate governance and a strong commitment to their stakeholders.

And if we believe our standards are not being met we will seek change or sell our shareholding in an effort to protect your investment in the process.

- 3. The right to know exactly where your money is being invested.** Milford Fund's investors receive monthly fund updates outlining the investment holdings of a fund and the percentage value that each investment holding represents against the total value of the fund. Our monthly updates also include details of a fund's performance and market performance.



Left to Right: Marc Whittaker (Portfolio Manager and Head of Australasian Equities Research), Mark Warminger (Portfolio Manager), Brian Gaynor (Executive Director), Bryce Marsden (Chief Operating Officer), Sarah Mitchell (Client Services Officer), Sam Gibb (Analyst), Graeme Thomas (Executive Director), Jonathan Windust (Portfolio Manager), Erin Lyon (Private Portfolio Officer), Alastair Thomson (Head of Business Development), Anthony Quirk (Managing Director), William Curtaigne (Analyst), Victoria Harris (Client Services Assistant), Richard Somerville (Non-executive Chairman), Sarah Clements (Settlements Officer), Alan Moore (Executive Director)

4. The right to know the value of your investments at any time. Milford investors are able to view the value of their investments and a history of all your transactions at any time online. In addition investors are mailed six monthly transaction statements.

5. The right to sell your investments without penalty.

Unlike some other institutions, Milford does not penalise you if your financial situation changes and you need to liquidate assets. Milford investors are able to sell all or a part of your PIE Unit Trust holdings at any time without penalty. Refer to page 26 for KiwiSaver withdrawal information.

6. The right to expect your investment manager to make decisions designed to protect and grow your investment.

We constantly assess everything that affects the value of

your investments. This includes proactively altering our investment strategy if our view of the market, a company's management or trading conditions change. Milford's policy of seeking to protect investors' capital means when we believe markets will fall significantly we don't expect our clients to simply weather the storm. Instead, we act to preserve your capital.

7. The right to fair and reasonable fees with a 'pay for performance' philosophy.

Milford charges a capped management fee depending on the type of investment fund. This fee covers the normal operating costs associated with managing a fund and making investment decisions (including audit, trustee, registry and legal fees). It excludes brokerage and any performance fee. A performance fee is only charged if a fund exceeds its stated investment goals.



A key to success for any investment management business is having the right people. We believe that Milford has one of the highest calibre teams in the market in terms of experience and expertise.

Milford's Investment Committee

Milford is managed by a top-level team of professionals with significant investment industry experience and expertise. Members of the Milford Investment Committee currently includes Brian Gaynor (Chairman of the Investment Committee), Anthony Quirk, Graeme Thomas, Alan Moore, Jonathan Windust, Mark Warminger and Marc Whittaker.

Brian Gaynor – Brian is Chairman of Milford's Investment Committee and head of Milford's portfolio management and investment analysis activities. Brian is one of New Zealand's most experienced and well known investment analysts. His career includes roles as a Partner and Head of Research at stockbrokers Jarden & Co, a member of the New Zealand Stock Exchange, Chairman of the New Zealand Society of Investment Analysts and Chairman of the Asian Securities Analysts Council. Brian is Portfolio Manager of the Milford Active Growth Fund and the Milford Active Growth KiwiSaver Fund (previously called the Milford Aggressive Fund and the Milford Aggressive KiwiSaver Fund).

Anthony Quirk – Anthony has more than 26 years experience in the investment industry. He joined Milford in 2007. As Milford's Managing Director he has overall responsibility for the company's business activities. Anthony is a Fellow of the Institute of Financial Professionals New Zealand and is a current board member of that organisation. He has previously been Chairman of the Asset Management Advisory Board of the New Zealand Exchange, member of the Financial Reporting Standards Board of the New Zealand Society of Accountants and Deputy Chairman of the New Zealand Society of Investment Analysts.

Graeme Thomas – Graeme joined Milford in 2003 from a position as Head of Advisory Services at ANZ Private Bank in New Zealand. He has 27 years experience in investment management including the role as Chief Investment Officer at Southpac Investment Management. In the 15 years Graeme was at Southpac, funds under management expanded to \$3 billion with assets sourced from pension and superannuation schemes, trusts and private clients.

Alan Moore – Alan Moore is one of New Zealand's most experienced investment managers with an impressive career in financial services stretching over 36 years. He joined Milford as an Executive Director on the company's formation in 2003. Alan is a member of the Chartered Institute of Bankers in London and is a Fellow of the Institute of Financial Professionals New Zealand. Alan was a founding member of the New Zealand Society of Investment Analysts.

Jonathan Windust – Jonathan has a wide range of investment experience across financial markets both in New Zealand and internationally. Prior to joining Milford in 2008 Jonathan worked for Gartmore Investment Management in London where he was portfolio manager for the Royal Bank of Scotland Pension scheme which had assets in excess of NZ\$25 billion. At Gartmore, Jonathan was responsible for investment strategy and investments into individual private equity funds and companies across Europe and Asia. Jonathan is Portfolio Manager of the Milford Income Fund.

Mark Warminger – Mark has a wide range of investment experience across financial markets both in New Zealand and internationally. Prior to joining Milford in 2011 Mark worked for Macquarie Private Wealth as Head of Investment Strategy in New Zealand. Prior to Macquarie Mark worked as an Investment Manager for Goldman Sachs New Zealand managing two high performing New Zealand and Australasian investment funds. Mark is the Portfolio Manager of the New Zealand equity portion of the Milford Trans-Tasman Fund (previously called the Milford Peak Fund).

Marc Whittaker – Australian born Marc has considerable experience in financial markets working in Sydney, with over 10 years in equity analysis. Prior to joining Milford he was an Associate Director at Lazard Asia Pacific Asset Management in Sydney specialising in technology, media, financials and developers and contractors. Marc held an earlier position in equity analysis with UBS Australia, where he specialised in telecommunications research. Marc is the Portfolio Manager of the Australian equity portion of the Milford Trans-Tasman Fund (previously called the Milford Peak Fund).

Investment Style

Milford adopts a highly active approach to portfolio management in order to attempt to take advantage of changing market conditions and investment opportunities.

Key principles of our unique approach are:

- active portfolio management; we do not follow a “buy and hold” approach
- a focus on looking to preserve capital in bad times and invest more aggressively in better times
- detailed investment research and regular company visits
- understanding changes in the global and local economic environment and how this will impact on our investments
- managing risk through appropriate portfolio diversification
- focusing on our key competencies. Where we do not have the skills or knowledge, we identify organisations that do

We believe that our approach and philosophy will consistently generate superior positive results for our clients.

Investment Process

Our investment selection process aims to identify investments which have prospects that have not been recognised by other investors in the market.

Milford conducts in-depth research into potential and current investments to understand the key drivers of performance and future prospects. We place significant importance on meeting companies and have a disciplined company visit programme. Milford is also able to leverage off the extensive knowledge and experience of its investment team.

Milford focuses on the following issues when considering existing and potential investments:

- industry growth prospects and dynamics
- competitive position and strategy
- management and governance
- financial prospects
- valuation

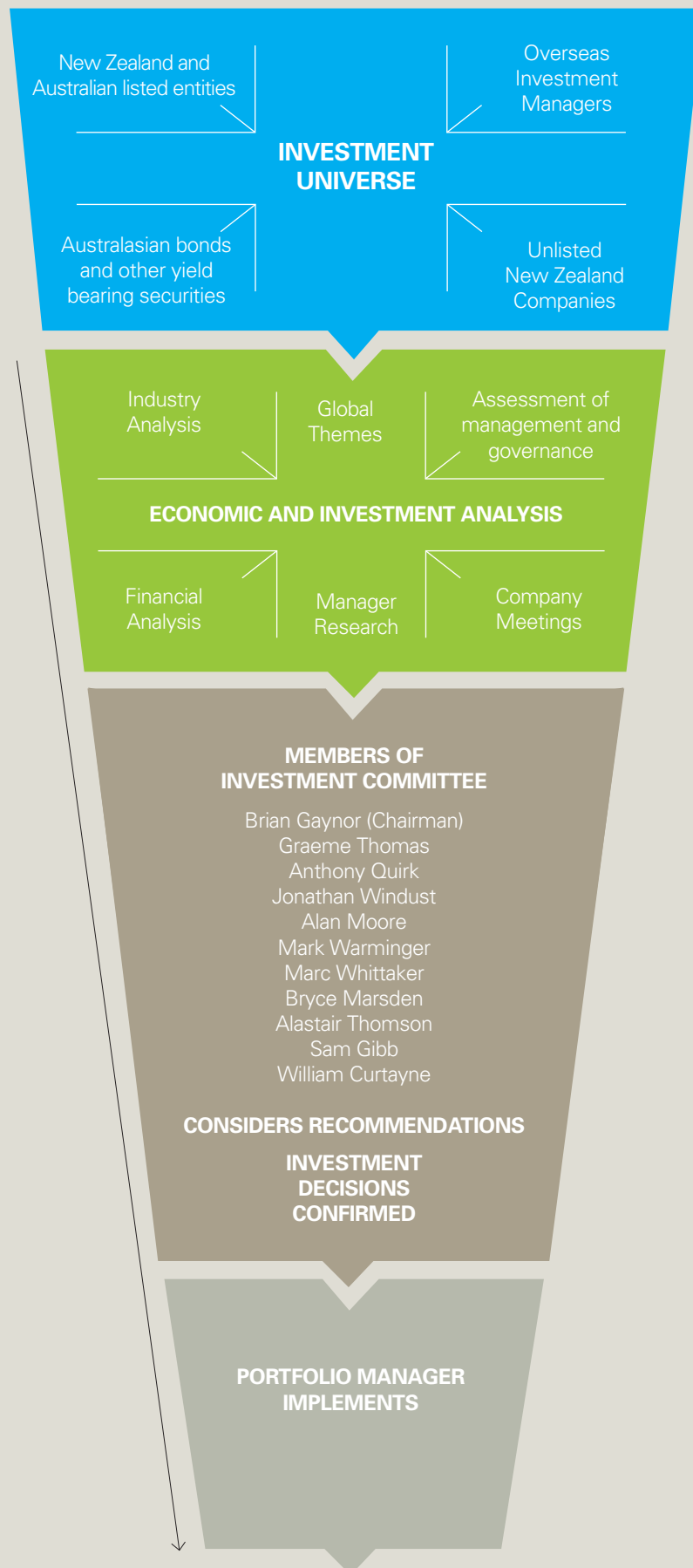
Our investment analysis is supplemented by detailed economic analysis which focuses on following key economic indicators from New Zealand and overseas.

At the date of this Investment Statement Milford may use external fund managers for investments outside of Australasia. In selecting these managers, Milford has a preference for managers that have similar characteristics to Milford, namely, that these managers are:

- specialist investment firms
- majority employee owned
- staffed by highly experienced investment professionals
- operating with a like minded investment philosophy and approach

The result of the investment analysis is typically discussed at our regular Investment Committee meetings. What we believe to be the best investment ideas are then included, where applicable, in each Fund by the Portfolio Manager responsible for that Fund.

Milford's Investment Process



Introducing the Milford Family of Funds

As we have grown we have expanded to offer additional investment funds to meet the requirements of investors with different risk tolerances. This Investment Statement details those funds that we offer in the Milford KiwiSaver Plan: the Milford Active Growth KiwiSaver Fund (previously known as the Milford Aggressive KiwiSaver Fund) and the Milford Balanced KiwiSaver Fund.

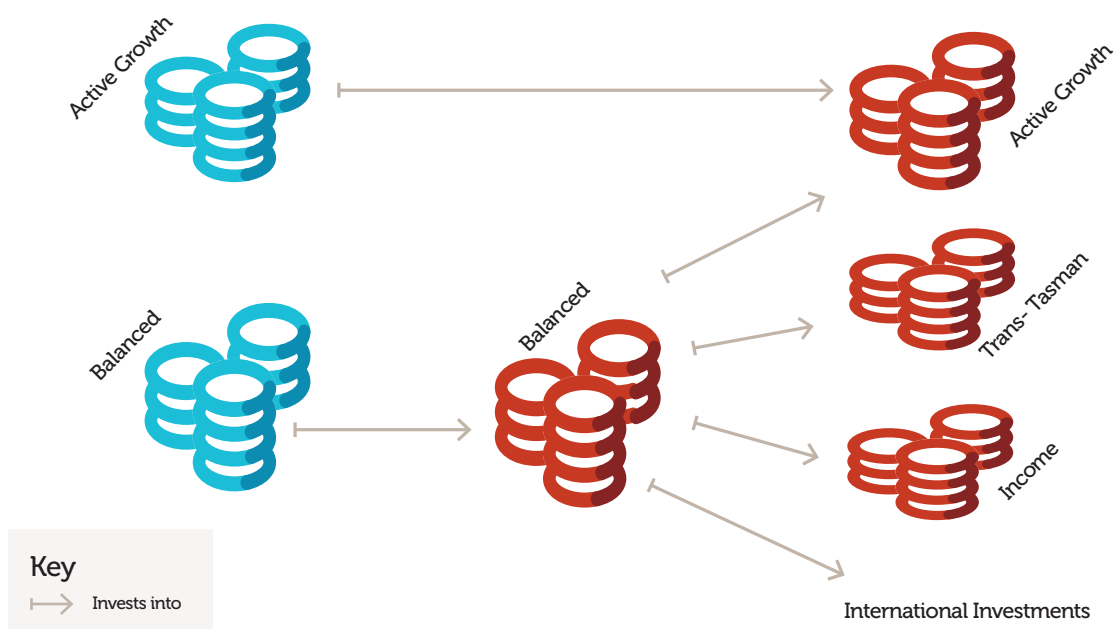
In terms of our unit trusts our original Aggressive and Peak Funds (now known as the Milford Active Growth and Trans-Tasman Unit Trust Funds), have been complemented by the Income Fund (for investors that are investing for an income rather than capital growth), and by the Balanced Fund (for investors who also wish to have a diversified fund including investments out of Australasia). These Funds are covered in a separate Unit Trust PIE Funds Investment Statement.

All our KiwiSaver Funds and Unit Trust Funds are PIE (portfolio investment entity) registered. This has potential tax benefits to you, enabling your investment to be taxed at your own marginal tax rate (the rate of tax the IRD taxes you at individually for your last dollar of income) or at a top rate of 28%. Generally, gains made by any Milford fund on the sale of shares in New Zealand resident companies or Australian resident listed companies (on an ASX approved Index) will not be liable for capital gains tax.

KiwiSaver offers you additional incentives to save, while requiring that in most circumstances your funds remain invested until retirement. The Milford Unit Trust Funds are PIEs and do allow you more flexibility to withdraw your investment if required. Together the Milford family of funds offers you a range of alternatives depending on your investment requirements, investment goals and tolerance for risk. The Milford family of funds is pictured below.

Milford KiwiSaver Funds

Milford Unit Trust PIE Funds



The Milford Balanced KiwiSaver Fund invests into the Milford Balanced Unit Trust Fund which in turn invests into the Milford Income, Active Growth and Trans-Tasman Unit Trust Funds and into investments outside of Australasia with managers selected by Milford or Milford may invest directly in global shares. The Milford Active Growth KiwiSaver Fund invests into the Milford Active Growth Unit Trust Fund.

KiwiSaver members that have additional funds to invest and wish to retain the ability of accessing those funds prior to retirement may consider the option of our Unit Trust PIE Funds range. To find out more or for a Milford Unit Trust PIE Funds Investment Statement please visit our website at www.milfordasset.com or call us on (09) 921 4700 or 0800 662 345.

The Milford KiwiSaver Funds

The Milford KiwiSaver Plan has two KiwiSaver Funds available to New Zealand investors:

- **The Milford Active Growth KiwiSaver Fund (Active Growth Fund)**
- **The Milford Balanced KiwiSaver Fund (Balanced Fund)**

Milford's KiwiSaver Funds are focused on generating long-term growth for their members and taking appropriate levels of risk to achieve this. Both Funds look to preserve capital in addition to generating growth. Because of this the Funds may hold material levels of cash or low risk investments, which may under perform in a strongly rising market. However, if Milford can successfully avoid large losses in falling markets the Funds are expected by Milford to perform well over time with less volatile returns.

What is the difference between the Funds?

Differences between the Funds include their investment objectives and mix of investments.

- The Active Growth Fund's objective is to generate positive annual returns of at least 10% per annum (after fees and before tax), in good markets and bad. To achieve this the Fund is actively managed and will usually be primarily invested directly (or indirectly through pooled funds) in shares in New Zealand and Australian companies. However, it can hold material levels of cash and bonds when attractive opportunities are scarce and the prospect for share markets is poor.
- The Balanced Fund's objective is to provide consistent positive long-term capital growth from a diversified mix of investments including New Zealand bonds and shares and global bonds and shares directly (or indirectly through pooled funds). It will be actively managed in terms of the sector weightings to reflect our investment outlook and aims to generate positive returns in good times and in bad. It can hold material levels of cash or low risk investments when attractive investment opportunities are scarce.

	Milford Active Growth KiwiSaver Fund	Milford Balanced KiwiSaver Fund
Recommended Investment Time Frame	At least five years	At least five years
Investment Objective	A return of 10% per annum (after fees and before tax)	Capital growth over time
Investment Policy	To hold shares in predominately New Zealand and Australian listed companies and also potentially shares in unlisted companies, units in unit trusts, cash and bonds. The Fund can short-sell securities, utilise leverage and use derivative products.	To hold a diversified investment portfolio including New Zealand cash, bonds and shares and global cash, bonds and shares. The Fund can short-sell securities, utilise leverage and use derivative products.

Who are these Funds suitable for?

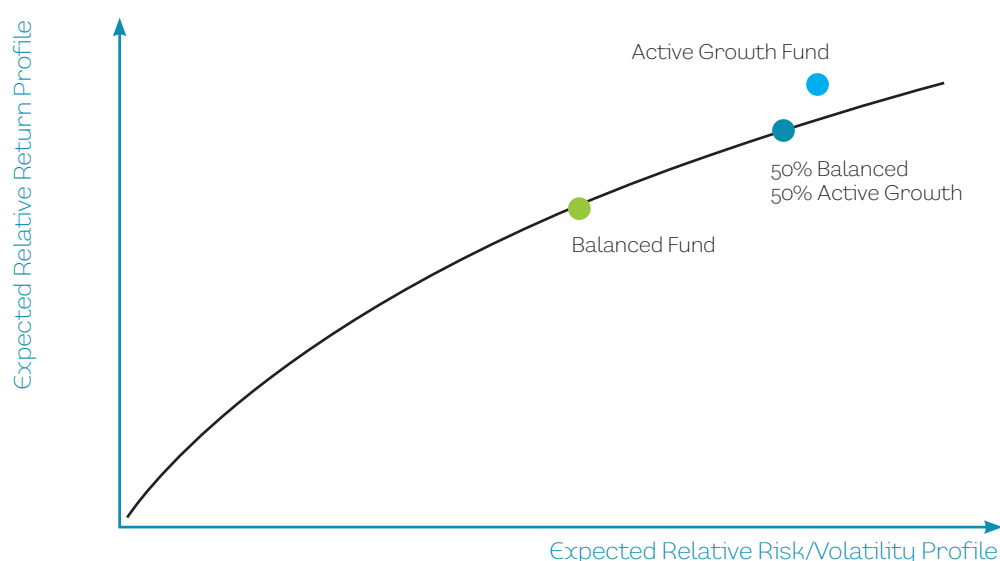
The Funds are suited to members who want Milford to actively manage their investments and make the decision about when to increase and decrease the exposure to shares.

The Active Growth Fund is suitable for members who want to invest in Milford's capability to select top performing New Zealand and Australian companies. The Balanced Fund is suitable for members who want access to these selection skills but also wish to have some exposure to investments outside of Australasia. The Balanced and Active Growth Funds have the flexibility to hold high levels of shares and are therefore appropriate for investors with longer-term investment time frames of at least five years.

Prospective members should get advice on their personal circumstances but in general the Milford KiwiSaver Funds are suitable for the following investor types.

	Milford Active Growth KiwiSaver Fund	Milford Balanced KiwiSaver Fund
Member age	Under 55	Over 55
Minimum Investment Time Frame	At least five years	At least five years
Member Goal	Members who wish to maximise the opportunity to generate higher rates of return through exposure to shares in New Zealand and Australian companies.	Members who seek long term capital growth and who wish to offset short term market shifts by investing in a mix of shares, bonds and cash.

Illustrative Expected Risk and Return Profile for the Milford KiwiSaver Plan Funds (individually and in combination)



Members can split their KiwiSaver contributions between these Funds by indicating on the application form the proportion they wish to allocate to each Fund.

Fair and Simple Fees

You should be able to see clearly both what investments are being made on your behalf and how much you can expect to pay for our management. It can equally apply to the cost of any advice that you may receive about how to invest. The cost of advice should be clear and separate from the cost of investment management – there are no advice costs built into these Funds. You should seek separate financial advice if you feel that you need to do so.

We chose to combine the investment management, Trustee, custodial, fund accounting, unit pricing, audit, legal and other normal fund operating expenses in one management fee. You are also charged a member administration and registry fee of \$36 per year. To incentivise Milford to perform well in some of our underlying unit trust funds a performance fee is charged if we exceed certain investment objectives or targets.

To the extent that assets of the Balanced or Active Growth Funds are directly or indirectly invested in any Milford Unit Trust PIE Fund, the Balanced or Active Growth Funds will be fully rebated for the management fees charged within those unit trust funds. However, any performance fee charged by Milford in respect of those unit trust funds will remain payable.

There are no entry or exit fees in the Milford KiwiSaver Funds.

	Milford Active Growth KiwiSaver Fund	Milford Balanced KiwiSaver Fund
Capped management fee	1.05% p.a.	1.05% p.a.
	This is a capped fee, including any applicable GST, of the gross asset value of the Fund (excluding any abnormal costs, brokerage or any performance fee). The capped fee covers normal fund operating costs such as investment management, trustee, custodial, audit and legal costs. The Balanced Fund usually has an allocation to international investments. Any international management fees charged by International Fund Managers are in addition to any Milford fees and are deducted within each Fund.	
Performance fee	15% of the performance of the Active Growth Unit Trust Fund (after deducting the management fee) above the target return of 10% per annum is potentially payable to Milford (see page 25 for details).	None directly paid from the Balanced Fund, although Milford will potentially receive performance fees on any Balanced Fund investments into the Milford Income, Active Growth and Trans-Tasman Unit Trust Funds in its capacity as manager of those other funds.
Member administration and registry fee	\$36 p.a.	\$36 p.a.

How to join the Milford KiwiSaver Plan

If you are a new KiwiSaver member you will need to:

1. Read this Investment Statement.
2. Complete the application form on pages 15 and 16 of this Investment Statement.
3. Enclose a copy of one form of identification such as passport, drivers licence or birth certificate.
4. If you are employed you should let your employer know you have enrolled with the Milford KiwiSaver Plan.
If the application is for a non-employee then an initial investment is required for the minimum \$1,000 investor contribution amount made out to: Milford KiwiSaver Plan or direct credited to the following bank account: **02 0500 0966274 000** in the name of: Milford KiwiSaver Plan. Please reference this payment with your name and IRD number.
5. Mail documentation to:
Milford KiwiSaver Plan
c/- Trustees Executors Limited
PO Box 409
Wellington 6140

If you are an existing KiwiSaver investor and want to switch from your existing provider, you will need to:

1. Read this Investment Statement.
2. Enclose a copy of one form of identification such as passport, drivers licence or birth certificate.
3. Complete the application form on pages 15 and 16 of this Investment Statement
Mail documentation to:
Milford KiwiSaver Plan
c/- Trustees Executors Limited
PO Box 409
Wellington 6140

Once the Trustee has received your application you will receive a confirmation letter. If you are switching from another KiwiSaver provider, we will contact your previous KiwiSaver provider to have your KiwiSaver funds transferred. Note that it can take up to 35 days for the transfer to be completed.

Ongoing contributions after you have joined

1. Contributions for employees are detailed on pages 22 and 23. In summary, contributions will be made by the employee, employer and the Government. Employees can also make irregular or regular voluntary additional contributions, the latter can be made by completing the debit form on page 17.
2. Contributions for self-employed, not employed or those under 18 are detailed on pages 22 and 23. Once a non-employee is a member of the Plan, contributions can be made to the Milford KiwiSaver Plan's trust account by internet banking as a payment to: **02 0500 0966274 000** or by sending a cheque to the Milford KiwiSaver Plan to the address detailed above. Please provide your surname and Milford KiwiSaver Plan investor number or IRD number with any payment. Regular contributions can be made by completing the direct debit form on page 17.

Investing for Children

If the child is under 16, all parents/legal guardians are required to sign the application. If the child is 16 or 17, the child must co-sign the application together with one of his/her parents/legal guardians. An IRD number is also required to process the application. Where the child's birth certificate is not used as their identification, please include the birth certificate with the application also.

How to join the Milford KiwiSaver Plan (cont).

Application Form

Please complete all sections of the application form opposite this page.

To ensure your details are recorded correctly, please:

- Print, using ball point pen.
- Use capital letters.
- If an item is not applicable please leave the designated area unmarked.
- If you make a mistake simply draw a line through the mistake and initial the change, do not use correcting fluid.
- If there is not enough space please use any available space in the margins.
- Make sure you sign the application form.

Identification

Under the Financial Transactions Reporting Act 1996, we have to verify the identity of people who apply to join the Plan. See the application form for more information.

If sufficient identification is not provided in situations where it is required then your application will be rejected.

Prescribed Investor Rate (PIR)

You will need to notify us of your PIR. For details on which PIR to choose, please see the 'Taxation section' on pages 28 and 29.

Direct Debit Form

This is for Milford KiwiSaver Plan members who wish to make regular contributions to their KiwiSaver account. For those who are self-employed, not employed or under 18, direct debit is one of the ways to make a contribution. Other options are to make contributions via internet banking or via a cheque (as detailed on the previous page). For employees the direct debit form can be used to make voluntary contributions over and above the contributions already made via salary, employer and Government contributions.

Please contact us on (09) 921 4700 or 0800 662 346 or visit Milford's website: www.milfordkiwisaver.co.nz if you have any problems or questions about filling in the application or direct debit forms or have any queries once you become a member of the Milford KiwiSaver Plan.

To look at answers to questions relating to KiwiSaver in general or specifically on the Milford KiwiSaver Plan you can also visit the following websites:

- the Milford KiwiSaver website: www.milfordkiwisaver.co.nz
- the Government KiwiSaver website: www.kiwisaver.govt.nz
- the Retirement Commission's website: www.sorted.org.nz

ADVISER'S STAMP/NUMBER

OFFICE USE ONLY:

/ /

DATE

Application or Transfer Form

This is an application to invest in the **Milford KiwiSaver Plan**

Please mail this form, together with your cheque (if a non-employee) and any other relevant documentation to:

Milford KiwiSaver Plan, c/- Trustees Executors Limited, PO Box 409, Wellington 6140

INVESTOR DETAILS

Investor Name

TITLE

SURNAME

FIRST NAMES

DATE OF BIRTH

IRD NUMBER

EVIDENCE OF IDENTITY PROVIDED

☐ Additional evidence is required - please refer to identity verification overleaf

Prescribed Investor Rate (Please tick appropriate box) ☐ 10.5% ☐ 17.5% ☐ 28%

Refer to page 28 of this Investment Statement to determine your applicable rate. If an elected tax rate is not selected, 28% will apply.

Contact Details

POSTAL ADDRESS

POSTCODE

MOBILE

BUSINESS PHONE

FAX

HOME PHONE

EMAIL ADDRESS

If you are employed

If you are employed your regular contributions will be made by your employer. If you wish to invest an additional amount directly, please contact Milford.

Elected Contribution Rate (as a percentage of your gross wages or salary) ☐ 2% ☐ 4% ☐ 8%

Employer Details

COMPANY NAME

POSTAL ADDRESS

POSTCODE

PAYROLL EMAIL ADDRESS (if known)

BUSINESS PHONE

EMPLOYERS IRD NUMBER (if known)

If you are not employed and not a member of an existing KiwiSaver Scheme

If you are not employed (self-employed, under 18, retired, etc) then please complete the amount of your initial investment. The minimum initial investor contribution is: \$1,000 (excluding any Government contribution).

Initial Investment \$

Please make the cheque payable to 'Milford KiwiSaver Plan'. Or direct credit to 02 0500 0966274 000 in the name of Milford KiwiSaver Plan

INVESTMENT DETAILS

The Milford KiwiSaver Fund offers the option of investing your contributions in either the Active Growth Fund and/or the Balanced Fund. If you wish to invest in only one of the Funds please tick one of the boxes below.

Active Growth Fund ☐ Balanced Fund ☐

If you wish to split your contributions please indicate the percentage you wish to have allocated to each ensuring the percentages add to 100%. In the event of an error in completing this part of the application form, Milford has discretion to allocate you to the Milford Balanced Fund.

Active Growth Fund % Balanced Fund %

Transfer from current KiwiSaver scheme. This is a transfer from:

Name of Scheme

I apply to transfer my benefit from the above scheme to the Milford KiwiSaver Plan. I authorise the manager or the trustee of the transferring scheme to provide to Milford or the Trustee of the Milford KiwiSaver Plan any of my personal information as necessary to complete the transfer of my benefits to the Milford KiwiSaver Plan. Please note if you wish to transfer a non-KiwiSaver Superannuation Fund to your KiwiSaver, please contact Milford directly.

Identity Verification

Please provide a photocopy of one of the following:

- New Zealand Passport
- Birth Certificate
- International Drivers Licence
- Marriage Certificate
- New Zealand Drivers Licence
- Credit card with photo
- Evidence of bank account in your name
- Firearms Licence

Do you already have an investment with Milford? ☐ Yes ☐ No

The Privacy Act 1993

This statement relates to the personal information that you are providing to Milford Funds Limited by way of this application and any subsequent personal information which you may provide in the future. The personal information you have supplied may be used by Milford and the Trustee (and related entities thereof) for the purposes of enabling Milford to arrange and manage your investment, and to contact you in relation to your investment. Milford will provide you (on request) with the name and address of any entity to which information has been disclosed. You have the right to access all personal information held about you by Milford. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide personal information on behalf of the applicant and evidence of this authority is provided (in the case of a parent/guardian/other providing information about the applicant). You agree that your/each of your names and addresses may be used by Milford Funds Limited to provide you with newsletters and other information about the fund and other products and services.

☐ Tick here if you do not wish to receive such additional information (either by mail or email).

Email Use

I consent to receiving financial statements, and other documents which the Trustee or Milford are required or elect to send to me, electronically at the email address on this form, or other email address advised to Milford. If no email address is supplied, financial statements and other documents which the Trustee or Milford are required to send to me will be mailed to my postal address.

DECLARATION

I have read and retained a copy of the attached Investment Statement dated 1 October 2011 for the Milford KiwiSaver Plan and agree to be bound by the terms and conditions of the Trust Deed. I agree to the terms outlined above in relation to the Privacy Act and the supply of personal information. I understand that the Milford KiwiSaver Plan is a vehicle for long-term investment and as the Plan invests in shares, the value of my investment is liable to fluctuations and may rise and fall from time to time. I understand the manner in which the fees will be deducted from my investment.

I understand that investments in the Milford KiwiSaver Plan are subject to investment risk, including possible delays in repayment and loss of income and capital invested. I understand that neither Milford nor any other person guarantees the repayment of capital from the Milford KiwiSaver Plan.

Signature of applicant (if 16 years or older)

Date

 / /

If signing as a parent/guardian, I confirm that I am a legal guardian of the applicant. I confirm that I have read and accepted the 'Declaration' above, on behalf of the applicant.

Minors

If the application is being made for someone under the age of 16, all of the applicant's parents or legal guardians must also sign below. If the application is being made for someone who is 16 or 17, the applicant must sign together with one of the applicant's parents or legal guardians.

Full name of parent/guardian (if applicant under 18)

Signature of parent /guardian

Date

 / /

Full name of second parent/guardian (if applicant under 16)

Signature of second parent/guardian

Date

 / /

*Please note that as indicated above, if signing as a parent or guardian you must verify your own as well as the applicant's identity.

If you are employed, you do not need to complete this form as your salary contributions to KiwiSaver will be added to your account automatically.

If you are transferring your KiwiSaver to Milford and have a Direct Debit authority set up with your current provider you will need to complete a Milford KiwiSaver Plan Direct Debit Authority to continue regular payments into your KiwiSaver account.

ADVISORS STAMP

Milford KiwiSaver Plan Direct Debit Authority

INVESTOR INSTRUCTIONS

INVESTOR NAME

DIRECT DEBIT START DATE (required)

DIRECT DEBIT AMOUNT (MIN \$10)

DIRECT DEBIT FREQUENCY

/ /

\$

☐ WEEKLY ☐ FORTNIGHTLY
☐ MONTHLY (please tick one)

I have read and retained a copy of the attached Milford KiwiSaver Plan Investment Statement dated 1 October 2011 and agree to be bound by the terms and conditions of the Trust Deed.

BANK INSTRUCTIONS

NAME OF BANK ACCOUNT FROM WHICH PAYMENTS ARE TO BE MADE:

AUTHORITY TO ACCEPT DIRECT DEBITS

(Not to operate as an
assignment or agreement)

BANK ACCOUNT NUMBER FROM WHICH PAYMENTS ARE TO BE MADE:

AUTHORISATION CODE

0 2 2 0 2 2 4

BANK BRANCH ACCOUNT NUMBER SUFFIX

(Please attach an encoded deposit slip to ensure your number is loaded correctly)

BANK

BRANCH

TOWN/CITY

I authorise you, until further notice in writing, to debit my account with all amounts which T.E.A. Custodians o/a Milford KiwiSaver Plan (hereinafter referred to as the Initiator) the registered Initiator of the above Authorisation Code, may initiate by Direct Debit.

I acknowledge and accept that the bank accepts this authority only upon the conditions listed on the reverse of this form.

INFORMATION TO APPEAR ON INVESTORS BANK ACCOUNT STATEMENT

PAYER PARTICULARS

PAYER CODE (IRD or KiwiSaver member number)

PAYER REFERENCE

M I L F O R D K I W I

YOUR SIGNATURE(S)

DATE

APPROVED:
2022

03 | 10

For Bank Use Only

ORIGINAL - RETAIN AT BRANCH

DATE RECEIVED:

RECORDED BY:

CHECKED BY:

BANK STAMP

CONDITIONS OF THIS AUTHORITY

1. The Initiator:

(a) Regular Fixed Amounts

The Initiator undertakes to give written notice to the Acceptor of the commencement date, frequency and amount at least 10 calendar days before the first Direct Debit is drawn, (but not more than 2 calendar months). In the event of any subsequent change to the frequency or amount of the regular Direct Debits, the Initiator has agreed to give written notice at least 30 days before the change comes into effect.

Where the Direct Debit system is used for the collection of payments which are regular as to frequency, but variable as to amounts, the Initiator undertakes to provide the Acceptor with a schedule detailing each payment amount and each payment date.

(b) May, upon the relationship which gave rise to this Authority being terminated, give notice to the Bank that no further Direct Debits are to be initiated under the Authority. Upon receipt of such notice the Bank may terminate this Authority as to future payments by notice in writing to me.

2 The Customer may:

(a) At any time, terminate this Authority as to future payments by giving written notice of termination to the Bank and to the Initiator.

(b) Stop payment of any Direct Debit to be initiated under this Authority by the Initiator by giving written notice to the Bank prior to the Direct Debit being paid by the Bank.

(c) Where a variation to the amount agreed between the Initiator and the Customer from time to time to be direct debited has been made without notice being given in terms of clause 1(a) above, request the Bank to reverse or alter any such Direct Debit initiated by the Initiator by debiting the amount of the reversal or alteration of a Direct Debit back to the Initiator through the Initiator's Bank provided such request is made not more than 120 days from the date when the Direct Debit was debited to my/our account.

3 The Customer acknowledges that:

(a) This Authority will remain in full force and effect in respect of all Direct Debits made from my account in good faith notwithstanding my debt, bankruptcy or other revocation of this Authority until actual notice of such event is received by the Bank.

(b) In any event this Authority is subject to any arrangement now or hereafter existing between me and the Bank in relation to my account.

(c) Any dispute as to the correctness or validity of an amount debited to my account shall not be the concern of the Bank except insofar as the Direct Debit has not been paid in accordance with this Authority. Any other disputes lie between me and the Initiator.

(d) The Bank accepts no responsibility or liability for the accuracy of information about payments on Bank Statements.

(e) The Bank is not responsible for, or under any liability in respect of:

- any variations between notices given by the Initiator and the amounts of Direct Debits;

- the Initiator's failure to give written advance notice correctly nor for the non-receipt or late receipt of notice by me for any reason whatsoever. In any such situation the dispute lies between me and the Initiator.

(f) Notice given by the Initiator in terms of clause 1(a) to the debtor responsible for the payment shall be effective. Any communication necessary because the debtor responsible for the payments is a person other than me is a matter between me and the debtor concerned.

4 The Bank may:

(a) In its absolute discretion conclusively determine the order of priority of payment by it of any monies pursuant to this or any other Authority, cheque or draft properly executed by me and given to or drawn on the Bank.

(b) At any time terminate this Authority as to future payments by notice in writing to me.

(c) Charge its current fees for this service in force from time to time.

Information required by the Securities Act 1978

What sort of investment is this?

This Investment Statement offers memberships in the Milford KiwiSaver Plan (also known as the Plan). The Plan is registered under the KiwiSaver Act 2006 (KiwiSaver Act).

The Plan is a pooled fund where members contribute to the Plan over time and benefits payable depend on the amount of contributions made either by members alone, or by a member in conjunction with their employer, plus any returns on contributions received and any additional amounts contributed either by or on behalf of a member (such as the member tax credits).

Your money is pooled with that of other members. The interests of members are represented by units, which confer an equal interest in a Fund and are of equal value. Pooling money can enable access to a wider variety of assets and provide greater diversity than members may achieve on their own. The value of units in each Fund in the Plan will fluctuate according to the changing value of the underlying assets in which the Fund has invested.

The principal purpose of the Milford KiwiSaver Plan is to provide retirement benefits for individuals. There are two Fund options, the Balanced Fund and the Active Growth Fund (previously known as the Aggressive Fund), details of which are set out on page 10.

The Funds are managed by Milford Funds Limited (Milford or the Manager) and held by the Trustee of the Plan - Trustees Executors Superannuation Limited through the custodian, T.E.A. Custodians Limited, both of whom are independent of the Manager. The assets of each Fund may be invested either directly, or into managed funds, including those offered by Milford.

KiwiSaver for employers

Employers can participate in the Plan by entering into an agreement with the Trustee and Milford (Participation Agreement). For employees of those employers, this Investment Statement will be accompanied by a supplement setting out the detailed terms applicable to the employer's scheme.

The particular terms and conditions of any Participation Agreement may include any provision for contributions by an employer (over and above the minimum compulsory employer contributions) to vest over time, the amount of contributions which the employer is required to make to the Plan, and any particular fee provisions in relation to an employer's participation in the Plan.

Employees of Participating Employers

If you are participating through an employer you are entitled to copies of your employer's Participation Agreement (and copies of any amendments to that agreement) on request. No offer of a membership in the Plan, based on a Participation Agreement through an employer, may be made unless the Participation Agreement is available free of charge to current and intending participants of an employer's plan, on request to that employer.

This Investment Statement should be read together with any relevant accompanying supplement.

When you leave your employer (if it is a Participating Employer), then the standard terms of membership contained in this Investment Statement (excluding any supplement) will apply to your membership of the Plan.

Who is involved in providing it for me?

The name of the Plan is the Milford KiwiSaver Plan. Members contribute to the Plan over time and the benefits payable to them depend on the amount of contributions made either by members alone, or by members in conjunction with their employer, plus any returns on contributions received and any additional amounts contributed by or on behalf of a member (such as member tax credits).

The Plan commenced on 1 April 2010, under a trust deed dated 19 March 2010 between Milford Funds Limited and Trustees Executors Superannuation Limited (**Trust Deed**).

Manager and Promoter

At the date of this Investment Statement Milford Funds Limited (Milford) is the investment manager and administration manager of the Plan. It has delegated the performance of unit pricing, fund accounting and registry functions in relation to the Plan to Trustees Executors Limited.

Milford was incorporated in New Zealand under the Companies Act 1993 on 3 August 2007.

Milford and its directors are promoters of the Plan in terms of the Securities Act 1978 and regulations under that Act.

At the date of this Investment Statement the directors of Milford Funds Limited are:

Richard John Somerville BCom, CA, ACIS
Chairman and Director
Wanaka

Brian Arthur Gaynor BCom
Director
Auckland

Graeme Richard Thomas BA, CFP, AFA
Director
Auckland

Anthony Francis Quirk BCA (Hons), FSCAP, AFA
Director
Auckland

Milford's directors may change from time to time.

At the date of this Investment Statement Milford and its directors may be contacted at:

Milford Funds Limited
Level 9, 70 Shortland Street
PO Box 960, Shortland Street
Auckland 1140
Telephone: 09 921 4700 or 0800 662 346
Facsimile: 09 921 4709
Email: info@milfordkiwisaver.co.nz

Milford's contact details may change. Current contact details can be obtained from the Milford's website at www.milfordkiwisaver.co.nz

Milford Funds Limited was formed to enable investors with smaller sums to invest with Milford and gain the advantage of the investment expertise and vast experience of the Milford team. Neither Milford Funds Limited performance, nor that of the Funds are guaranteed by its parent company or any other party.

Any employer (and its directors) who enters into a Participation Agreement with Milford and the Trustee will also be a promoter of the Plan in relation to membership offered to its employees. In accordance with the terms of the Securities Act (Multiple Participants Superannuation Schemes) Exemption Notice, information regarding the promoters of any such plan will be disclosed in a supplement to this Investment Statement, where relevant, for employees of that employer who apply for membership of the Plan.

All applications for investments in the Plan and any other correspondence should be forwarded to:

Milford KiwiSaver Plan
C/- Trustees Executors Limited
PO Box 409
Wellington 6140

Milford, as administration manager for the Plan, has delegated the performance of unit pricing, fund accounting and registry functions in relation to the Plan to Trustees Executors Limited. This is a distinct entity from the Trustee and provides services direct to Milford.

Custodian

T.E.A. Custodians Limited (which is a related company of the Trustee) is the custodian of the Plan's assets.

Trustee

At the date of this Investment Statement the Trustee of the Plan is Trustees Executors Superannuation Limited.

At the date of this Investment Statement the Trustee can be contacted at:

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

The Trustee's contact details may change. Current details may be obtained at www.trustees.co.nz under "contact us" under Trustees Executors Superannuation Limited.

The Trustee oversees and is responsible for the management and administration of the Plan and the payment of benefits under the Plan. In the Trust Deed, the Trustee delegates the performance of certain administration and investment functions in relation to the Plan to Milford.

From 1 October 2011 the Trustee is required to be licenced under the Securities Trustees and Statutory Supervisors Act 2011.

Responsible Investment Statement

Responsible investment, including environmental, social, and governance considerations, is taken into account in the investment policies and procedures of the Plan as at the date of this Investment Statement. You can obtain an explanation of the extent to which responsible investment is taken into account in those policies and procedures from Milford and from the issuer (Trustees Executors Superannuation Limited), free of charge, upon request.

Milford's responsible investment policy is to improve New Zealand's long-term economic well-being by taking strong stands on corporate governance issues. Analysing whether a company adheres to appropriate corporate governance policies is a key part of any research Milford undertakes on the merits of investing into a company.

The corporate governance policies that Milford prefers are followed include:

- a clear separation between Chairman and Chief Executive
- a demonstrated commitment to increasing company value for all shareholders
- a majority of independent directors
- a board that consists of highly competent and involved directors, with a mix of skills to contribute. A strong emphasis is placed on the commercial skills of directors
- clearly articulated and consistently followed fair remuneration policies for senior management and the board

Milford's policy is to vote its proxies on all issues for all the companies it invests in on behalf of its investors.

How much do I pay?

Contributions for employees

You can choose to contribute to the Plan an amount equal to either 2%, 4% or 8% of your gross salary or wages as defined from time to time in the KiwiSaver Act (**Gross Salary or Wages**). This currently includes salary or wages from employment, including other remuneration such as bonuses and overtime, as well as certain other benefits.

If you do not select a rate, your contribution rate will be an amount equal to 2% of your Gross Salary or Wages.

Your employer will deduct the contributions at the applicable contribution rate from each payment of your after tax salary or wages and pay them to the Inland Revenue (IRD). The IRD will then pay the contributions (with any interest) to the Plan after an initial three month period (if this is your first KiwiSaver scheme).

You can change your current contribution rate to either 2%, 4% or 8% of your Gross Salary or Wages (as the case may be) at any time by notifying your employer accordingly. Generally, you cannot change your contribution rate at intervals of less than three months unless your employer agrees.

You can also make additional regular or lump sum contributions to the Plan if you wish. These can be paid by cheque, direct credit or direct debit. Details on how to make payments are provided on page 13.

The Government has introduced legislation which provides that from 1 April 2013 the minimum employer contribution rate will increase from 2% to 3% of your Gross Salary or Wages and if you do not select a rate, your contribution rate will be an amount equal to 3% of your Gross Salary or Wages.

Employer contributions

Employers must make contributions on behalf of their employees who are contributing to a KiwiSaver scheme or a complying superannuation fund. To be eligible for this compulsory employer contribution, you must be contributing to the Plan from your salary or wages, be over 18 years of age and must not have reached the Qualifying Date.

Your employer is required to contribute an amount equal to 2% of your Gross Salary or Wages. 'Gross Salary or Wages' for compulsory employer contributions purposes excludes parental leave payments out of public money and accident compensation payments. The Government has introduced legislation which provides that from 1 April 2013 the minimum employer contribution rate will increase from 2% to 3% of your Gross Salary or Wages.

An employer can cease making compulsory contributions on behalf of an employee if that employee takes a contribution holiday or the IRD advises the employer to cease contributions.

If your employer contributes to a registered superannuation scheme for your benefit, then those employer contributions may count towards the compulsory employer contributions required to be made for your benefit to a KiwiSaver scheme, provided specific criteria are met. At the date of this Investment Statement, because the Plan is a KiwiSaver scheme, employer contributions made to your KiwiSaver scheme of up to 2% of your Gross Salary or Wages are not subject to employer's superannuation contribution tax (i.e. are payable tax free). However from 1 April 2012 employer superannuation contribution tax will be levied on the employer contribution at your marginal tax rate. This tax will be payable by your employer.

Direct contributions by non-employees

If you are a New Zealand citizen or permanent resident and normally living in New Zealand and are either:

- self-employed;
- under 18; or
- between 18 and 65 and not working,

you can join the Plan by completing the application form attached to this Investment Statement and make direct contributions by cheque, direct credit or by completing the direct debit authority attached to this Investment Statement.

Details of how to make payments are provided on page 13.

At the date of this Investment Statement, the minimum initial lump sum investment by a non-employee member is \$1,000, the minimum regular contribution amount (if desired in addition to or as an alternative to salary deductions) is \$10 per week and the minimum additional investment amount by a non-employee member is \$100. These amounts may be varied by Milford.

Government contributions

Kickstart Contribution

If this is your first KiwiSaver Scheme, the Government will make a contribution (Kickstart Contribution Amount) which is currently \$1,000 to the Plan for your benefit. This will be made approximately three months after your initial contribution if this is the first time you have joined a KiwiSaver Scheme.

Member Tax Credit

If you reside mainly in New Zealand (or are otherwise an employee of the State services serving outside New Zealand or work overseas as a volunteer or for token payment for certain charitable organisations) and are aged between 18 and the Qualifying Date, you will be eligible for a Member Tax Credit while you are contributing to the Plan (Member Tax Credit Amount).

At the date of this Investment Statement the Member Tax Credit amount is a contribution from the government of \$0.50 for each \$1 contributed by you, up to a maximum of \$10 a week or \$521.43 a year, depending on your start date with KiwiSaver and how much you have contributed.

See 'What returns will I get?' on page 26, for the restrictions on withdrawing your Kickstart Contribution Amount and your Member Tax Credit Amount.

Transfers into the Plan

Members who transfer funds from a UK Pension plan to the Plan should note that in certain circumstances there may be adverse UK tax consequences of a transfer to another KiwiSaver scheme that is not a Qualifying Recognised Overseas Pension Scheme (QROPS), withdrawals of UK Pension funds from the Plan that are over a member's UK 'Lifetime Allowance' limit (currently £1.75m), or withdrawals of funds that are not consistent with retirement savings or provision for retirement. For further details on when these UK tax charges may apply, please contact Milford.

See Permanent Emigration on page 27 for information on Australian Superannuation transfers.

Transferring from another superannuation scheme

You may transfer any amount into this Plan from any other KiwiSaver scheme or superannuation scheme. The amount that you transfer will be credited to your account as determined by the Trustee. No fee is currently charged for transferring your interest in another scheme to this Plan.

Contribution Holiday

If contributions to the Plan are being deducted from your Gross Salary or Wages, then under the KiwiSaver Act you may apply to the IRD to suspend your contributions to the Plan (a Contribution Holiday) if:

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

If a Contribution Holiday is granted based on financial hardship, its duration will be three months (unless Inland Revenue agrees to a longer period). The duration of a Contribution Holiday will otherwise be between three months and five years. The IRD 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 Gross Salary or Wages. Further details about Contribution Holidays are available from Milford or the IRD website.

What are the charges?

The following are the charges for the Milford KiwiSaver Plan.

Entry/exit fee

There are no entry or exit fees charged to members.

Member Administration and Registry fee

Trustee Executors Limited is entitled to be reimbursed from the Plan's assets for the day-to-day administration of member accounts and maintaining the member registry for the Plan. This fee is currently \$3.00 per month per member and is paid monthly. This fee may be waived or rebated in certain circumstances at the discretion of the Manager.

GST is payable on the administration fee if it arises, but no GST is currently payable.

Management fee

Milford is entitled to be paid fees, based on the gross asset value of each respective Fund within the Plan, for the investment services that it provides to the Plan as well as for trustee, custodial, audit and other fund expenses. Each management fee is calculated daily and paid to Milford each month, and deducted from unit prices.

The current annual management fee paid from the assets of the Balanced and Active Growth Fund are:

- 1.05% per annum of the gross asset value of the applicable Fund (excluding the Member administration and registry fee and any abnormal costs, brokerage or any performance fee). This amount is inclusive of GST at the current basis for charging GST.

The management fee payable to Milford is calculated daily and paid to Milford each month. The method of paying such fees will be determined by Milford from time to time and notified to the Trustee in writing. Milford is also entitled under the Trust Deed to be reimbursed for costs incurred in discharging its obligations as Manager, but as noted above has limited payment of expenses (excluding abnormal costs, brokerage, member administration and registry fee or any performance fee) to a current capped annual management fee of 1.05% of the gross asset value of the Balanced and Active Growth Funds.

The Balanced Fund currently invests into the Milford Balanced Unit Trust Fund which in turn invests into the Milford Income, Active Growth and Trans-Tasman Unit Trust Funds as well as investments outside of Australasia with managers selected by Milford. The Active Growth Fund currently invests into the Milford Active Growth Unit Trust Fund. Refer to page 10 for more details.

To the extent that assets of either Fund are invested in the Milford range of Unit Trust Funds, the Funds will be fully rebated for any management fees charged by Milford within those unit trusts, although any performance fee charged by Milford in respect of those unit trusts will remain payable.

Trustee's annual fee

The Trustee is entitled to receive fees for trusteeship services. This fee will be calculated daily and paid to the Trustee each month by Milford out of its capped fee of 1.05% per annum for each Fund.

Custodial fund accounting and unit pricing fees

Trustees Executors Limited, which is a related company of the Trustee, has been appointed by Milford to perform administration and custodial services for the Plan and is entitled to receive a fee for performing those services. That fee will be calculated daily and paid each month by Milford out of its capped fee of 1.05% per annum for each Fund. T.E.A. Custodians Limited, which is also a related company of the Trustee, is nominated as custodian of the Plan's assets.

Performance fee payable to Milford from underlying Unit Trusts

In addition to the fees and expenses described above, Milford may be paid a performance fee from the Milford Active Growth, Trans-Tasman or Income Unit Trust Funds in respect of any six-month period, (intended at the date of this Investment Statement to be 31 March and 30 September) in each year and within 10 business days of the end of such period, (provided that this may be changed by agreement between Milford and the Trustee), in which both:

- the return of the Active Growth, Trans-Tasman or Income Unit Trust Fund (after fees but before the performance fee and tax) exceeds the Fund's respective investment target (or benchmark) for the same period; and
- the net asset value per unit (before the performance fee and before tax) exceeds each Unit Trust Fund's respective net asset value per unit used in the calculation of the last performance fee paid (a high water mark).

The performance fee is equal to 15% of the amount by which the performance of the Active Growth and the Trans-Tasman Unit Trust Funds and 10% for the Income Unit Trust Fund (after the deduction of the management fee but before tax) exceeds the targeted return. The performance fee is calculated and accrued daily.

The high water marks for the Active Growth, Trans-Tasman and Income Unit Trust Funds can be reset every three years at Milford's discretion, after consultation with the Trustee.

Members can ascertain the level of performance fee paid to Milford by the Plan by referring to the financial statements for the Milford Unit Trusts. Trustees Executors Limited will be paid a fee by Milford as Trustee of those Unit Trusts.

The performance fee is inclusive of GST at the current basis of charging GST.

Expenses

Under the Trust Deed Milford and the Trustee are entitled to be reimbursed from the assets of the Plan for all expenses incurred in connection with operating the Plan, and the acquisition or dealing with investments.

Subject to the KiwiSaver Act, the Trustee is also entitled to be reimbursed from the assets of the Plan for costs incurred by it in discharging its obligations as Trustee under the terms of the Trust Deed.

As noted previously, Milford has limited the payment of expenses (excluding the Member administration and registry fee and any abnormal costs, brokerage or any performance fee) to a current annual management fee of 1.05% of the gross asset value of each Fund.

The financial statements for the Plan will incorporate the fee payable to Milford which is intended to cover the normal operating costs of the Funds. This fee will affect returns to members.

The Plan may be charged fees and expenses for investing in funds issued or managed by investment managers, other than Milford itself, selected by Milford. These fees and expenses may affect members' returns and will be reflected in unit prices from those funds.

No fees will be charged for switching your Plan entitlements between the Balanced Fund and the Active Growth Fund.

Changes to fees

The Trustee and Manager may change existing fees or impose new fees on giving written notice to members and in accordance with the Trust Deed. There is currently no intention to do so. Although there is no limit to the amount to which a fee can be amended, under the KiwiSaver Act all fees and expenses charged to you must be reasonable. You can apply to the Court for an order that an unreasonable fee be annulled or reduced. Any such application must be made within one year of the day that the fee is imposed or debited.

What returns will I get?

Returns to members are in the form of benefit payments on withdrawal from the Plan. Subject to the KiwiSaver Act, a member's Plan entitlement will be the value of the member's units in the Plan less any unvested employer contributions (if any) and any further amount that the Trustee considers appropriate to deduct with respect to costs, expenses, fees or tax payable under the Trust Deed.

Benefit payments to you will be in the form of a lump sum or, where you elect, regular instalments (subject to withdrawal requirements set out below), obtained by withdrawing units either when, or after, you have reached the Qualifying Date.

You may also receive a benefit payment before the Qualifying Date if your withdrawal is permitted under the KiwiSaver Scheme Rules (a **Permitted Withdrawal**).

The Trustee has the legal obligation to pay benefits in accordance with the Plan's Trust Deed. The Trustee has delegated to Trustees Executors Limited (which is a related company of the Trustee) the obligations of determining whether benefits are payable and arranging for the payment of benefits to or in respect of members, and for transfers to other KiwiSaver schemes or foreign superannuation schemes.

In some cases, your Member Tax Credit Amount cannot be withdrawn from the Plan. Additionally, you cannot withdraw your Member Tax Credit Amount:

- before you (or your personal representative where necessary) give the Trustee a statutory declaration stating the periods for which you have had your principal place of residence in New Zealand; or
- to the extent to which Milford or the Trustee has notice that your claim for the Member Tax Credit Amount is wrong, because the periods during which you met that residency requirement were wrongly advised.

Qualifying Date withdrawal

Once you have reached the Qualifying Date you may withdraw some or all of your entitlement from the Plan at any time. This will typically be payable as a lump sum.

However, you may also choose to defer such payment or receive regular instalments, subject to a minimum withdrawal amount of \$100 and a limit of 12 withdrawals per year.

Home purchase

Subject to conditions under the KiwiSaver Rules from time to time, you can make a withdrawal to purchase your first home (or a subsequent home for previous home owners who no longer have a share in a property and who Housing New Zealand determines are in the same financial position as a first time home buyer) and may be eligible for a first home deposit subsidy, once three years or more have passed since:

- the IRD received your first KiwiSaver contributions; or
- you first joined a KiwiSaver scheme (if you have only made direct contributions to the Plan).

If you have been a member of more than one KiwiSaver scheme, then the combined membership will count towards the three-year period. Please note, you can only be a member of one KiwiSaver scheme at a time.

You may not make a withdrawal for the purpose of purchasing a first home if you have already previously made a withdrawal from the Plan or another KiwiSaver scheme for this purpose.

The amount withdrawn:

- must be used to purchase a home that will be your principal place of residence; and
- excludes the Kickstart Contribution Amount and any Member Tax Credit Amount.

You will remain a member of the Plan and, if you are an employee, you must continue contributing to the Plan unless you have taken a Contribution Holiday.

You may also be able to make a withdrawal to purchase a home as a 'second chance home buyer' if Housing New Zealand confirms that your financial position (in terms of income, assets and liabilities) is what would be expected of a person who has never owned a home and if you meet certain criteria.

If you are part of an employer plan within the Plan, then your employer's supplement to this Investment Statement will detail whether your employer's vested contributions (that are not compulsory employer contributions) can be withdrawn for a first home purchase, and (if so) whether there are any restrictions in that regard.

A first home deposit subsidy is available to members who satisfy certain conditions. To be eligible:

- you must have contributed at least 2% to a KiwiSaver or complying superannuation scheme for at least three years; and
- be buying a first home; and
- be planning to live in the house for at least six months.

If you have owned a home before you may still be eligible for the first home deposit subsidy. Housing New Zealand will need to determine if you are in the same financial position as a first home buyer. For the purpose of determining whether you are a first home buyer, current or previous ownership of a leasehold estate in land is disregarded.

Currently, the subsidy is a Crown contribution of \$1,000 for each year of contributions (subject to a minimum of three years' contributions) up to a maximum of \$5,000 per member.

You may only receive the first home deposit subsidy once.

The first home deposit subsidy will be administered by Housing New Zealand Corporation. Income and house price caps apply. For more information please visit www.hnzc.govt.nz.

Death

On death, your full Plan entitlement will be paid to your personal representatives (the administrators or executors of your estate). Small balances held (currently less than \$15,000) can be paid directly to a surviving partner or caregiver.

Significant Financial Hardship and Serious Illness

Under the terms of the KiwiSaver Act, you may be permitted to withdraw some or all of your Plan entitlement if either:

- the Trustee is reasonably satisfied on the basis of a recommendation from Milford, that you are suffering or are likely to suffer from Significant Financial Hardship; or
- the Trustee is reasonably satisfied on the basis of a recommendation from Milford, that you are suffering from Serious Illness.

The terms 'Significant Financial Hardship' and 'Serious Illness' are defined in the KiwiSaver Scheme Rules.

Such withdrawal may exclude some or all of the Kickstart Contribution Amount and the Member Tax Credit Amount, depending on the type of withdrawal.

You will need to complete a withdrawal request form (and, in the case of a withdrawal for Significant Financial Hardship, a statutory declaration of your assets and liabilities). By law, we may request evidence to support your withdrawal request (this may include medical evidence).

Permanent emigration

You may apply to the Trustee to withdraw from the Plan after one year has passed since you permanently emigrated from New Zealand. Your Member Tax Credit Amount cannot be withdrawn, and will be repaid to the IRD.

You may also request the Trustee to transfer your full Plan entitlement (less your Member Tax Credit Amount) to a foreign superannuation scheme authorised for that purpose by regulations under the KiwiSaver Act (at the date of Investment Statement no such regulations have been made).

To apply to withdraw your KiwiSaver funds on the grounds of permanent emigration you will need to provide a completed statutory declaration and other documentary evidence. At the date of this Investment Statement legislation has been enacted which, once in effect, will not permit you to withdraw from the Scheme when you permanently emigrate to Australia. Instead, you will only be able to transfer your Scheme entitlement to certain qualifying Australian superannuation schemes.

Note that you will remain entitled to leave your balance in the Plan until on or after reaching the End Payment Date and then to withdraw it as a lump sum, as is currently the case whenever emigrating. At the date of this Investment Statement no specified date can be provided as the legislation relies on equivalent legislation in Australia being passed, however the legislation is expected to take effect by early 2012.

Until the legislation takes effect, the permanent emigration provisions, allowing you to withdraw your full Plan entitlement after one year has passed from the date you emigrate from New Zealand, will continue to apply in cases of permanent emigration to Australia.

Transfer to another KiwiSaver scheme

You can only be a member of one KiwiSaver scheme at a time. If you choose to transfer to another KiwiSaver scheme then you must transfer your full Plan entitlement (including the Kickstart Contribution Amount and the Member Tax Credit Amount). The amount transferred will exclude (if applicable) any unvested contributions from your employer. Although unlikely, you may be asked to transfer to another KiwiSaver scheme - if so, the IRD will provide you with information on options.

Withdrawals required by law

The Trustee must comply with the provisions of any enactment or order of any Court (such as under a property sharing order under the Property Relationships Act 1976) that requires a member to pay some or all of their Plan entitlement (in accordance with that enactment).

Key factors that determine the amount of your benefit

Apart from the amount of contributions made by the member, the key factors determining the returns members will get from their investment into the Plan are:

- (a) the investment performance of the Fund which you have selected for your contributions to be invested (which may be positive or negative);
- (b) the amount of other contributions, including by employers (if any) and any Member Tax Credit Amounts paid;
- (c) the amount of the fees referred to in the section 'What are the charges?'; and
- (d) taxation applicable to the Plan – refer to the Taxation section that follows.

No amount of return on your investment can be promised or guaranteed. The value of your investment (measured through the unit price) will fluctuate upwards and downwards as the value of the underlying investments change.

Taxation

Returns to members will be affected by tax laws. This section briefly summarises relevant taxation laws current at the date of this Investment Statement. It is intended as a general guide only and as members have different personal situations their tax obligations will differ - they are encouraged to seek their own tax advice before investing.

The Plan is a Portfolio Investment Entity (a **PIE**) and a multi-rate PIE as defined in the Income Tax Act 2007. The tax regime applicable to a PIE provides that all taxable income, losses and tax credits related to the Plan's investments must be allocated to members in proportion to their daily unit holdings in the Plan, with tax payable at each member's prescribed investor tax rate.

Under the PIE tax legislation, the Plan will calculate and pay tax on the net income it allocates to members at the following rates (referred to as the prescribed investor rate or **PIR**).

At the date of this Investment Statement an individual member who is a New Zealand resident will either have a PIR of 10.5%, 17.5% or 28%. To qualify for a 10.5% or 17.5% PIR, an investor must be a New Zealand resident for tax purposes, must supply a valid IRD number and meet the following criteria in relation to either of the previous two tax years*:

If the taxable income is	And taxable income plus PIE income of	Then the PIR that applies is
\$0 - \$14,000	\$0 - \$48,000	10.5%
\$0 - \$14,000	\$48,001 - \$70,000	17.5%
\$14,001 - \$48,000	\$0 - \$70,000	17.5%
\$48,001 and over	\$70,001 and over	28%

**tax years generally commence on 1 April in any year and end on 31 March in the following year.*

Individual members who do not qualify for a 10.5% or 17.5% PIR (including non-residents) will have a PIR of 28%.

You must provide your IRD number, your applicable PIR and other details to Milford on your application. Each year Milford will request you to confirm your PIR.

The tax payable by the Plan on the net income allocated to you for any given period will depend on the net income allocated to you for that period and your prescribed investor rate (10.5%, 17.5% or 28%). The Plan will cancel Units to address the difference in prescribed investor rates between members. If there are excess tax credits for a period, or the Plan has a loss rather than net income for a period, the Plan should receive a tax rebate and will be able to issue additional Units to members on account of that rebate.

If you make a full withdrawal or transfer from the Plan, any tax liability on the Plan's net income attributable to your investment will be deducted from the balance withdrawn or transferred. A partial withdrawal will be deemed to be a full withdrawal if the units left are insufficient in value to cover the accrued tax liability and an amount will be deducted (by cancelling some of your units) on account of the accrued tax liability. Milford will deduct the tax on the net income attributed to the remaining members during April each year, also by cancelling units.

A switch between Funds is regarded as a withdrawal from one Fund and an acquisition of a new investment in another Fund. Where you provide an investment direction to the Manager or Trustee to switch all of your investment in a Fund the Manager will calculate any tax at the time of the switch and will deduct any tax payable from, or add any refund to, the amount that is switched between Funds.

Where you provide an investment direction to switch only some (and not all) of your investment in a Fund no tax will be deducted or refunded at that time unless the units left are insufficient in value to cover the accrued tax liability and an amount will be deducted (by cancelling some of your units on account of accrued tax liability).

If you have provided Milford with the correct PIR, the tax paid on income allocated to members by the Plan will be a final tax. You will not need to include the income allocated to you in a tax return. There will also be no impact on family assistance eligibility, student loan repayment obligations or child support payment obligations. You must notify Milford if your PIR changes or if you cease to be a New Zealand resident. If you don't, you will be personally liable to pay any resulting tax shortfall and must file a tax return.

If you have provided Milford with a PIR that is higher than your correct PIR the IRD will not refund you the difference.

The IRD can instruct Milford to apply a different PIR to the one notified by the investor.

Generally, gains or losses made by the Plan on the sale of shares in New Zealand resident companies or Australian resident listed companies (on an ASX approved index) will not be taxable or deductible. The Plan will pay tax on any dividends received from those shares.

Foreign equities (other than equities in Australian resident companies as noted above) will generally be taxed under the 'fair dividend rate' method - the Plan will be taxed on 5% of the average daily market value of such offshore shares.

Foreign equities offering guaranteed or fixed rate returns will be taxed under the comparative value method (i.e. annual change in market value plus distributions).

Taxation legislation and rates of tax change. You should always seek independent professional tax advice on your own personal circumstances.

For more information of PIRs please refer to the IRD website: www.ird.govt.nz.

What are my risks?

All investments carry some level of risk

The main types of risks that members face are that they may not receive the returns they expect, that the capital value of their investments may end up less than they originally invested, or that they may be unable to get back their money when they need it.

Because of the risks set out below, it is foreseeable that a member may receive back less than they invest into the Plan. In any event, no member will be required to pay more money than the amount they invest into the Plan.

Risks that can affect the value of your investment or returns from it include:

- returns on each Fund will be affected by the performance of the investments chosen for the Fund which may be affected by the performance of the investment markets generally. This risk related to market performance includes movements in the general price level, demand and supply in the market in which the relevant investments are made, the sectors in which the investments are made, and political, economic and regulatory conditions, including market sentiment, inflation, interest rates, employment, political events, environmental and technological issues, and consumer demand internationally and in New Zealand and Australia;
- as a portion of the underlying investments may be invested in Australia or other overseas jurisdictions, returns may be affected by movements between the Australian (or other currency) and New Zealand dollar, and overseas transactions may be unhedged;
- because Milford may use derivative instruments such as futures and options, the investment movements may be more volatile than if a Fund is invested solely in equities;
- returns may be affected by any adverse regulatory changes in both New Zealand and Australia, which could have an impact on investments;
- an investment of a Fund in a company may be affected by unexpected changes in that company's operations, business environment, or the company may become insolvent;
- some investments may not be easily converted into cash with little or no loss of capital and minimum delay, because of either inadequate market depth or disruptions in the market place. Securities of small companies in particular may, from time to time and especially in falling markets, become hard to trade;
- a counter-party to a contract may fail to meet their obligations under it, causing loss to a Fund. This potentially arises with various securities including derivatives and fixed interest;
- borrowing may indirectly increase the volatility of the return that can be expected;
- the ability of Milford to provide investment management services to each Fund is linked to key professionals whose departure could impact on the performance of each Fund. The performance of investments will depend on the quality of management of each Fund and its assets;
- as the funds were established on 19 March 2010, limited financial information is available (past performance is no guarantee of future performance); and
- changes in taxation rates or tax rules may impact your investment returns. The taxation assumptions used in this Investment Statement are based on existing New Zealand tax legislation. Any changes to such legislation may materially impact the returns of a Fund. It is recommended that unit holders seek advice from a tax advisor before making an investment into a Fund.

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 prescribed investor rate (PIR) or failing to advise Milford when your PIR changes or if you cease to be tax resident in New Zealand.

Consequences of insolvency

Investment into the Plan is not an investment into Milford. Your money goes into a pool of funds that is controlled by the Trustee on your behalf. In the unlikely event that Milford ceased to be Manager, the Trustee would transfer management of the Funds to another manager.

You have no liability in the event that the Plan is wound up or should Milford or the Trustee become insolvent.

If the Plan is wound up, the secured and other creditors of the Plan will rank ahead of members for repayment. Members will receive a proportionate share of assets of the Plan after all creditors' expenses (including outstanding fees and any remuneration payable to Milford and the Trustee) have been paid. The claims of members will rank equally between themselves.

No guarantee by Crown

There is no guarantee provided by the Crown in respect of the Plan or any Fund (nor does the Crown guarantee any other KiwiSaver product).

No other guarantee

Neither Milford nor the Trustee, nor any of their respective directors or related companies, guarantees the Funds offered in this Investment Statement (including the repayment of any capital invested or the payment of any earnings or returns on any capital invested in the Plan).

Can the investment be altered?

Membership details

Changes to your membership details may be made by writing to:

Milford KiwiSaver Plan
C/- Trustees Executors Limited
PO Box 409
Wellington 6140

Contributions

You can change your current contribution rate to either 2%, 4% or 8% of your Gross Salary or Wages (as the case may be) at any time by notifying your employer accordingly. However, unless your employer agrees otherwise, you cannot change your contribution rate at intervals that are less than three months apart. As noted on page 22 of this investment statement, the Government has introduced legislation which provides that from 1 April 2013, the minimum contribution rate will be increased from 2% to 3% of your Gross Salary or Wages.

The new contribution rate will apply to the next salary or wage payment after your employer receives that instruction.

You are entitled to take a Contribution Holiday if your contributions are made by deduction from salary or wages, by applying to the IRD after you have been contributing for at least 12 months, or if you are suffering serious financial hardship. Should this be relevant to you, either your employer or Milford can provide you with more information.

Subject to any minimum additional investment amount you can make additional contributions at any time and from time to time. For more information see the section headed "How much do I pay?"

Switching Funds

You can choose to switch your existing Plan entitlements between the Funds. Refer to the 'Taxation' section set out under the heading, 'What returns will I get?' for details of the tax consequences of switching.

Amendments to the Trust Deed

The Trust Deed can be altered by Milford and the Trustee. Amendments to the Trust Deed must comply with the KiwiSaver Act and section 9 of the Superannuation Schemes Act 1989.

These restrictions on amendments to the Trust Deed also extend to any amendments to an employer's Participation Agreement (as the provisions of that Agreement comprise part of the Trust Deed).

Milford may retire as Manager of the Plan by giving the Trustee at least 90 days prior written notice. From the effective date of retirement, Milford shall be discharged from its obligations and duties under the Trust Deed (other than duties and obligations incurred before the effective date of retirement). The Trustee must procure the appointment of a replacement manager for the Plan from the effective date of Milford's retirement as manager of the Plan.

Changes to fees

Milford and the Trustee may alter any fees as described under 'What are the charges?' without requiring any amendment to the Trust Deed. Written notice must be given to members before any fees are increased. Members or the Plan (as the case may be) will be required to pay any such altered fees and charges. However, under the KiwiSaver Act, all fees and expenses charged to members must be reasonable and members have rights to apply within one year to the Court for an order that an unreasonable fee be reduced.

Changes to investment strategy, policy and objectives of the Funds

The investment strategy, policy and objectives of each Fund can be varied from time to time by Milford in accordance with the Trust Deed. If Milford proposes to alter the investment policy in relation to a Fund in a manner which materially affects existing members, it will, before effecting any such alteration, give written notice to the members.

The Trustee may determine at any time to close the Plan to new investment.

Change of Governance

New legislation has been passed (but does not yet apply to the Plan) that changes the governance structure for KiwiSaver schemes. The changes, which include that Milford will become the issuer of the Plan and the Trustee will become the external supervisor of the Plan - responsible for the oversight of Milford and custody of the Plan's assets, must be introduced by the Trustee and Milford by the end of September 2012.

Change in legislation

The KiwiSaver and PIE regimes are offered under relatively new legislation, certain aspects of which, such as the required contribution rate and the circumstances in which benefits may be withdrawn and the types of transactions that are taxed, are prescribed by law and may change from time to time. This may impact on your membership of the Plan.

How do I cash in my investment?

Withdrawals

You can make a request for a withdrawal by writing to:

Milford KiwiSaver Plan
C/- Trustees Executors Limited
PO Box 409
Wellington 6140

Please confirm the basis for your withdrawal and provide any additional material needed to support your application.

Withdrawals from the Plan can be made in the circumstances set out under the heading 'What returns will I get?'. Refer to the 'Taxation' section set out under the heading 'What returns will I get?' for details of the tax consequences of withdrawals.

The Trustee may defer payment of a Permitted Withdrawal where, due to certain circumstances arising (for example, political or market conditions), the Trustee forms the opinion that it is not practicable, or would be materially prejudicial to members, for such withdrawals to be made.

Withdrawal requests are irrevocable. Payment will be made to your nominated bank account.

There are, at the date of this Investment Statement, no exit fees payable on withdrawal.

Assignment or transfer of your interest in the Plan

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

Winding up the Plan

The Plan can be wound up if:

- Milford resolves to do so in writing; or
- the Trustee is of the opinion that the Plan is or will be unable to fulfil its purpose, the Plan ceases to have any beneficiaries, or the winding-up of the Plan is otherwise required by law, and the Trustee resolves that the Plan should be wound up; or
- if the Financial Markets Authority or a Court directs.

On winding up, the Trustee will transfer your Plan entitlement (less any expenses and claims of creditors) to another KiwiSaver scheme of your choice. If you do not choose a scheme and your employer does not have a chosen KiwiSaver scheme, your Plan entitlement will be transferred to a default KiwiSaver scheme assigned by IRD.

Who do I contact with inquiries about my investment?

If you have any inquiries about the Plan, please write to Milford:

Milford Funds Limited
Level 9, 70 Shortland Street
PO Box 960, Shortland Street
Auckland 1140

Telephone: 09 921 4700 or 0800 662 346
Facsimile: 09 921 4709
Email: info@milfordkiwisaver.co.nz

For general inquiries or to find out the value of your Plan entitlement you can call Milford on (09) 921 4700 or 0800 662 346 during normal business hours, email Milford at info@milfordkiwisaver.co.nz or visit the Milford KiwiSaver website at www.milfordkiwisaver.co.nz. Should you contact Milford or the Trustee please provide your Plan membership number.

Is there anyone to whom I can complain if I have problems with the investment?

In the first instance, please direct any complaints about your investment to Milford at:

Milford Funds Limited
Level 9, 70 Shortland Street
PO Box 960, Shortland Street
Auckland 1140

Telephone: 09 921 4700 or 0800 662 346
Facsimile: 09 921 4709
Email: info@milfordkiwisaver.co.nz

If Milford is unable to resolve your complaint, you may choose to contact the Trustee at:

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

Telephone: 09 308 7100
Facsimile: 09 308 7101

Milford is a member of the Insurance and Savings Ombudsman Scheme (ISO) and the Trustee is a member of Financial Services Complaints Limited (FSCL) both of which are independent dispute resolution schemes approved by the Ministry of Consumer Affairs. If you have made a complaint to Milford and the complaint cannot be resolved then you may refer it to the ISO, subject to certain conditions being met.

Office of ISO
PO Box 10-845
Wellington 6143

Telephone: +64 (04) 499 7612
Facsimile: 0800 888 202

Further information about referring a complaint to the ISO can be found www.iombudsman.org.nz

If you have made a complaint to the Trustee, and it has not been resolved within 40 days or if you are dissatisfied with the proposed resolution, you can refer it to FSCL at:

13th Floor, 45 Johnston Street, Wellington
PO Box 5967, Lambton Quay
Wellington 6145

Telephone: +64 (04) 472FSCL (472 3725)
Facsimile: 0800 347 257

Further information about referring a complaint to FSCL can be found at www.fscl.org.nz

Note that different procedures apply when making a complaint to the ISO and FSCL. Full details can be obtained at their respective websites.

If you have a complaint that the Plan is not being operated in accordance with the KiwiSaver Act, or that the financial position of the Plan, or the security of the Plan's entitlements, or the management of the Plan, is inadequate, you can complain to:

Financial Markets Authority
Level 8, Unisys House
56 The Terrace
PO Box 1079
Wellington 6140

Telephone: 04 472 9830
Facsimile: 04 472 8076
Website: www.fma.govt.nz

What other information can I obtain about this investment?

Further information about the Plan, Milford, and the Trustee is contained in the Trust Deed, the registered prospectus, and the financial statements (when available) of the Plan. These documents will be available for inspection, without fee during normal business hours, at:

Milford Funds Limited
Level 9, 70 Shortland Street
PO Box 960, Shortland Street
Auckland 1140

Telephone: 09 921 4700 or 0800 662 346
Facsimile: 09 921 4709
Email: info@milfordkiwisaver.co.nz
Website: www.milfordkiwisaver.co.nz

You can also obtain copies of the prospectus and the most recent financial statements (when available) of the Plan free of charge on request in writing, or by telephone, to Milford.

The Trust Deed, prospectus, financial statements of Milford and the Plan and other documents of, or relating to the Plan, are filed (in accordance with the statutory requirements as to timeframes) on the public register at the Companies Office.

Copies of certain documents may be viewed (if available) on the Companies Office website at www.companies.govt.nz by searching under 'Milford KiwiSaver Plan'/'Search Other Registers'/'Superannuation Schemes'.

Annual information

Each year, members will be sent a copy of the Plan's annual report, including the Plan's summary financial statements, an auditor's report in respect of those summary financial statements and a summary of amendments made to the Trust Deed since the date of the last annual report (if any).

Milford will also send members each six months, a statement of their Plan entitlements and an investment commentary. Members will also receive, annually, a personalised statement showing the amount of each type of contribution received by the Plan during the year and the member's accumulation at the end of the Plan year.

Additional information

Members will receive at least annually a confirmation of receipt of any contributions made directly to the Plan (i.e. not via the IRD), and may request from Milford, at the address shown earlier in this section, free of charge:

- a copy of the current unit prices; (also available on the Milford website)
- their member account history; and
- a statement showing an estimate of their Plan entitlements in accordance with the requirements of the Securities Act 1978.

Glossary

Active Growth Fund is the Milford Active Growth KiwiSaver Fund (previously known as the Milford Aggressive KiwiSaver Fund)

Balanced Fund is the Milford Balanced KiwiSaver Fund.

Bonds are fixed interest securities issued by a borrower for which the investor usually gets a regular interest payment and an expected return of capital.

Cash is funds on call at a registered bank or short term bank deposits (generally less than seven days).

Derivatives include currency exchange contracts, interest rate swaps, warrants, sharemarket index futures, commodity futures, share options and similar financial instruments.

Fund or Funds is the Milford Active Growth KiwiSaver Fund and/or the Milford Balanced KiwiSaver Fund

IRD means the Inland Revenue Department.

KiwiSaver Act means the KiwiSaver Act 2006.

KiwiSaver Scheme Rules means the rules applying to the Plan under Schedule 1 of the KiwiSaver Act.

Member Tax Credit Amount is the credit (if any) payable in respect of your contributions to the Plan.

PIE is Portfolio Investment Entity (see the Taxation Section page 28 for more details).

PIR is the Prescribed Investor Rate (see the Taxation Section page 28 for more details).

Plan is the Milford KiwiSaver Plan.

Qualifying Date means the later of when a member reaches the qualifying age for New Zealand Superannuation (currently 65) or has been a member of one or more KiwiSaver schemes and complying superannuation funds for a period of five years.

Short Selling means selling securities before they are purchased, intending that the price falls.

Trust Deed is the trust deed for the Plan dated 19 March 2010.

Trustee is Trustees Executors Superannuation Limited.

Directory**Manager/Promoter**

Milford Funds Limited
Level 9, 70 Shortland Street
PO Box 960, Shortland Street
Auckland 1140
Telephone: 09 921 4700 or 0800 662 346
Facsimile: 09 921 4709
Email: info@milfordkiwisaver.co.nz
Website: www.milfordkiwisaver.co.nz

Directors of Milford Funds Limited (Promoters of the Plan)

Richard John Somerville
Brian Arthur Gaynor
Graeme Richard Thomas
Anthony Francis Quirk

Trustee

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

Auditor

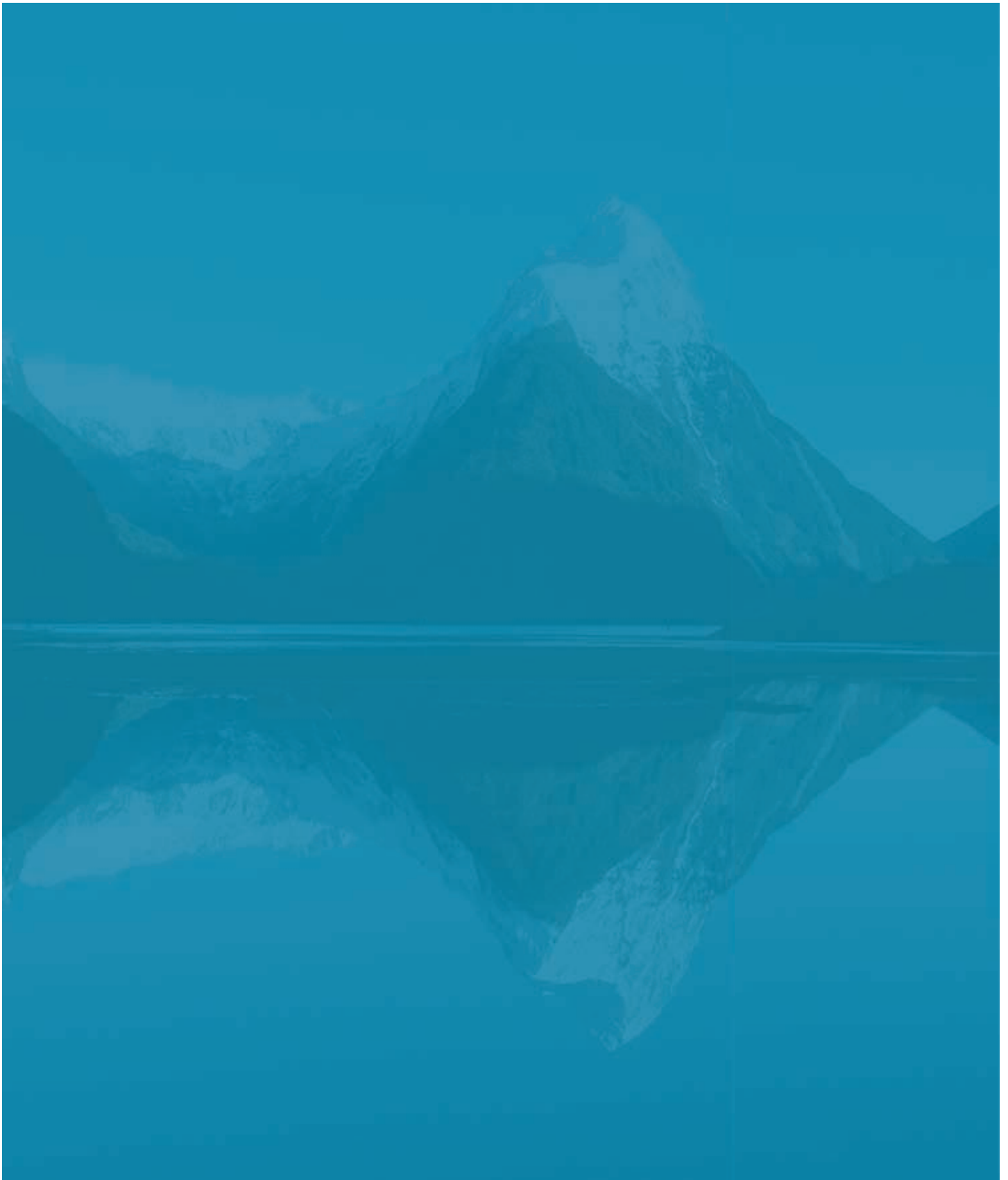
PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland 1142

Solicitor for the Trustee and Manager

DLA Phillips Fox
50-64 Customhouse Quay
PO Box 2791
Wellington 6140

Registrar

Trustees Executors Limited
Level 5
10 Customhouse Quay
PO Box 409
Wellington 6140



MilfordFundsLimited



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