

Investment Statement
Milford Funds Limited
16 September 2013



Milford Unit Trust PIE Funds



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 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 is 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 www.fspr.govt.nz

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

Capitalised terms are defined throughout this document, or in the glossary on page 47.

This document is an Investment Statement for the purposes of the Securities Act 1978. It is dated and prepared on 16 September 2013.

Letter from the Manager of the Milford Unit Trust PIE Funds



Dear Investor

We are delighted to offer you an opportunity to access the investment skills of Milford Asset Management Limited through a range of Unit Trust PIE Funds designed to meet a variety of investment needs. These Funds include the Dynamic Fund which we plan to launch on 1 October 2013 as well as the established Income, Balanced, Global and Trans-Tasman Funds.

Our Active Growth Unit Trust Fund is now closed to new investors. We believe by doing this we will be best placed to continue to deliver strong returns to existing investors in the Fund.

At Milford, our primary aim is to make money for you – our clients. We do this by taking a highly active approach to investing in order to take advantage of changing market conditions and opportunities.

Milford will bring its unique and successful investment approach to each Fund including:

- > Searching for the best opportunities in all market conditions through extensive company visits and research;

- > Having fair and reasonable fees that only provide us with higher rewards when our performance means we have earned them; and
- > A commitment to transparency so that our investors can see clearly the investments that make up these Funds.

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

The Milford Unit Trust PIE Funds are offered by Milford Funds Limited, a 100% owned subsidiary of Milford Asset Management Limited. Milford continues to go from strength to strength and we now manage over \$2 billion on behalf of investors.

We believe the Funds described in this Investment Statement are suitable for medium to long-term investors. All of the Milford Unit Trust PIE Funds are Portfolio Investment Entities ('PIEs') which means all the income is taxed within the Fund, at the tax rate selected by you. The minimum initial investment for each Fund is \$10,000.

No person, including our parent company, Milford Asset Management Limited, provides any guarantee of the performance of the Funds offered under this Investment Statement.

Please read this document in full to ensure that the approach and objectives for the Funds are consistent with your investment requirements. If you have any questions, please visit our website at www.milfordasset.com or call us on 09 921 4700 or 0800 662 345.

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,

A handwritten signature in blue ink, appearing to read 'Brian Gaynor'.

Brian Gaynor
Director, Milford Funds Limited
16 September 2013

Key information

These tables provide a snapshot of key information about the Funds. You should read them in conjunction with the detailed information set out elsewhere in this Investment Statement and in the Funds' Prospectuses.

The Funds are unit trusts managed by Milford Funds Limited as the manager. The trustee of the Funds is Trustees Executors Limited.

A unit trust is an investment structure where a trustee (or a custodian appointed by a trustee) holds the assets of the unit trust for the benefit of all investors who hold units in that trust.

Milford makes the investment management decisions but the assets of the Funds are held separately from, and independent of, Milford. As an investor, you will receive units in a trust (in this case, one or more of the Funds).

The Funds are Portfolio Investment Entities ('PIEs') for tax purposes. This means any income attributed to you is taxed within the Fund at the tax rate selected by you.

Fund objective and investment policy

Income Fund

The Income Fund is an actively managed, diversified investment portfolio, that consists of mainly New Zealand and global fixed interest securities, hybrid securities (such as convertible debt), high yielding equities, property equities, cash and other high yielding New Zealand and global securities as well as potentially unlisted entities and unit trusts. The Fund may short-sell securities, use derivative products and utilise active currency management. For more details about this Fund, please see pages 14 to 20.

Principal risks

The principal risks of investing in the Income Fund include:

- > Market risk
- > Entity risk
- > Interest rate risk

For more details, please see page 29.

Fees and expenses*

- > No entry, exit or switching fees are currently charged.
- > We will be paid a capped management fee of 0.65% (including applicable GST) per annum of the gross asset value of the Fund.
- > We may be paid a performance fee from the Fund.
- > The Fund may invest into other Milford Funds but is not charged any management or performance fees by those Funds.

For more details, please see pages 20, 24 and 25.

* We may increase or impose new fees on giving written notice to you and in accordance with the Trust Deed. At the date of this Investment Statement, we have no intention to do so.

Balanced Fund

The Balanced Fund is an actively managed portfolio that typically contains a mix of asset classes such as New Zealand equities, fixed interest securities, global equities, fixed income securities and potentially unlisted entities and unit trusts. The Fund may short-sell securities, use derivative products and utilise active currency management. For more details about this Fund, please see pages 14 to 20.

Principal risks

The principal risks of investing in the Balanced Fund include:

- > Market risk
- > Entity risk
- > Currency risk

For more details, please see page 29.

Fees and expenses*

- > No entry, exit or switching fees are currently charged.
- > We will be paid a capped management fee of 1.05% (including applicable GST) per annum of the gross asset value of the Fund.
- > No performance fee is paid directly from the Balanced Fund, although we will potentially receive performance fees on any Balanced Fund investments in the Milford Income, Active Growth, Global, Trans-Tasman and Dynamic Funds in our capacity as manager of these other Funds.

For more details, please see pages 20, 24 and 25.

Active Growth Fund

The Active Growth Unit Trust Fund has ceased accepting new investors. Current investors in the Active Growth Fund may continue to make new investments in the Fund at our discretion (although this may change). For more details about this Fund, please see pages 14 to 20.

Principal risks

The principal risks of investing in the Active Growth Fund include:

- > Market risk
- > Entity risk
- > Currency risk

For more details, please see page 29.

Fees and expenses*

- > No entry, exit or switching fees are currently charged.
- > We will be paid a capped management fee of 1.05% (including applicable GST) per annum of the gross asset value of the Fund.
- > We may be paid a performance fee from the Fund.
- > The Fund may invest into other Milford Funds but is not charged any management or performance fees by those Funds.

For more details, please see pages 20, 24 and 25.

* We may increase or impose new fees on giving written notice to you and in accordance with the Trust Deed. At the date of this Investment Statement, we have no intention to do so.

Global Fund

The Global Fund is an actively managed portfolio that consists of global managed funds, global listed equities, derivatives and cash. The Fund may also invest in New Zealand and Australia. The Fund may borrow up to 25% of the value of the Fund, may short-sell securities, use derivative products and utilise active currency management. For more details about this Fund, please see pages 14 to 20.

Principal risks

The principal risks of investing in the Global Fund include:

- > Market risk
- > Currency risk
- > Entity or Underlying Managed Fund risk

For more details, please see page 29.

Fees and expenses*

- > No entry, exit or switching fees are currently charged.
- > We will be paid a capped management fee of 1.15% (including applicable GST) per annum of the gross asset value of the Fund.
- > We may be paid a performance fee from the Fund.
- > The Fund may invest into other Milford Funds but is not charged any management or performance fees by those Funds.

For more details, please see pages 20, 24 and 25.

Trans-Tasman Fund

The Trans-Tasman Fund is an actively managed portfolio that consists of New Zealand and Australian listed entities, cash and potentially unlisted New Zealand entities and unit trusts. The Fund may also hold selected foreign currencies. The Fund may short-sell securities, use derivative products and utilise active currency management. For more details about this Fund, please see pages 14 to 20.

Principal risks

The principal risks of investing in the Trans-Tasman Fund include:

- > Market risk
- > Entity risk
- > Currency risk

For more details, please see page 29.

Fees and expenses*

- > No entry, exit or switching fees are currently charged.
- > We will be paid a capped management fee of 1.05% (including applicable GST) per annum of the gross asset value of the Fund.
- > We may be paid a performance fee from the Fund.
- > The Fund may invest into other Milford Funds but is not charged any management or performance fees by those Funds.

For more details, please see pages 20, 24 and 25.

* We may increase or impose new fees on giving written notice to you and in accordance with the Trust Deed. At the date of this Investment Statement, we have no intention to do so.

Dynamic Fund

The Dynamic Fund is an actively managed portfolio that consists of Australian and New Zealand small and medium sized listed companies and will potentially also consist of large Australasian companies, global equities, fixed interest investments, pooled investments, derivatives, commodities and cash. The Fund can borrow up to 25% of the value of the Fund, may short-sell securities, use derivative products and utilise active currency management. For more details about this Fund, please see pages 14 to 20.

Principal risks

The principal risks of investing in the Dynamic Fund include:

- > Market risk
- > Entity risk
- > Currency risk

For more details, please see page 29.

Fees and expenses*

- > No entry, exit or switching fees are currently charged.
- > We will be paid a capped management fee of 1.35% (including applicable GST) per annum of the gross asset value of the Fund.
- > We may be paid a performance fee from the Fund.
- > The Fund may invest into other Milford Funds but is not charged any management or performance fees by those Funds.

For more details, please see pages 20, 24 and 25.

All Milford Unit Trust PIE Funds

Benefits

The key benefits that an investment in a Fund offers include:

- > The Funds are actively managed portfolios that provide a broad range of investment options.
- > The Funds are investment vehicles that provide for a range of investment time frames to suit investors' needs.
- > The Funds utilise the benefits of a unit trust structure under the PIE tax regime.
- > The Funds are managed by us, a wholly owned subsidiary of Milford Asset Management Limited.

Application for units

You determine the amount you wish to invest, subject to the minimum investment amount of \$10,000.

If you wish to apply for units in a Fund, you must correctly complete, and lodge with us, an application and pay the application monies. We may in our absolute discretion accept or refuse to accept, in whole or in part, any application. We may also postpone the processing of the application until we are in receipt of cleared funds and a compliant application is received.

The price payable for a unit at any time will always be the net asset value of the relevant Fund at that time, divided by the number of units currently issued.

For more information (including the Application Form), please see page 38.

Withdrawals

You may withdraw all or part of your investment in a Fund at any time by correctly completing a Withdrawal Request Form and complying with our withdrawal process.

The withdrawal amount payable to you is the total of the net asset value per unit multiplied by the number of units being redeemed, less any costs to complete this transaction.

At the date of this Investment Statement, there are no exit fees payable.

At the date of this Investment Statement, a lump sum or regular withdrawal request must be for a minimum value of \$1,000 per withdrawal (unless a withdrawal request relates to all units held by you in the relevant Fund or a withdrawal relates to the Income Fund where the minimum value is \$200 per withdrawal). For more information, please see page 33.

Related Party transactions

We may:

- > Cause any monies of a Fund to be invested or lodged with us or any related party of us; or
- > Sell, purchase or otherwise dispose of or acquire any assets or investments to or from us or any related party; or
- > Enter into any contract, agreement or other arrangement with any related party of us to provide management or consultancy services or any other services that we consider desirable.

Our directors, our staff and the directors of the Trustee, the Custodian and their related parties may invest in a Fund from time to time.

Introduction to Milford Asset Management Limited

We strongly believe
in the benefits of
being an employee
controlled company.

Milford Asset Management Limited 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.

In 2007, Milford Funds Limited was created to enable investors to gain access to Milford's investment expertise and vast experience through our family of 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 clients' capital
- > Remain majority New Zealand and employee owned

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' capital

What's behind the name Milford Asset Management?

We wanted a name with a New Zealand flavour and chose 'Milford Asset Management' 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 employee 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

We created '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 as follows.

- 1. The right to have someone you can trust looking after your money.**
We have 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 entities 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.

We provide 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 Fund updates also include details of a Fund's performance and market performance.

4. The right to know the value of your investments at any time.

You are able to view the value of your investments and a history of all transactions at any time online. In addition, you are mailed six monthly transaction statements.

5. The right to sell your investments without penalty.

Unlike some other institutions, we do not penalise you if your financial situation changes and you need to liquidate assets. You are able to sell all or a part of your holdings at any time without penalty.

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. Our policy of seeking to protect your capital means when we believe markets will fall significantly, we don't expect you 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.

We charge a capped management fee which varies 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 target.



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

Alastair Thomson, Graeme Thomas, Erin Lyon, Murray Harris, Simon Walton, Sean Donovan, Alistair Ross, Kashish Mehra, Anthony Quirk, Liz Searle, Bryce Marsden, Alex Chin, Andrew Twidle, Sarah Mitchell (seated), Rebecca Tappin, San Pama, Jonathan Windust, Victoria Harris (seated), Charlie Dent, William Curtaene, Mark Warminger, Stephen Johnston, Brian Gaynor, Brooke Bone (seated), Felix Fok, David Lewis, Marc Whittaker.

Milford's Investment Team

We believe we have one of the most experienced investment teams in New Zealand. For more biographies of our wider Milford team, please see our website www.milfordasset.com



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. Brian's 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 KiwiSaver Plan Active Growth Fund.



Jonathan Windust

Jonathan has a wide range of financial markets and investment experience 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. While at Gartmore, Jonathan was also responsible for investment strategy and investments into individual private equity funds and companies across Europe and Asia. Prior to Gartmore, Jonathan worked for BT Funds Management, Frank Russell and the New Zealand Dairy Board (now Fonterra). Jonathan is a Chartered Financial Analyst ('CFA') charterholder and is Portfolio Manager of the Milford Income Fund, the Milford Balanced Fund, the Milford KiwiSaver Plan Balanced Fund and the Milford KiwiSaver Plan Conservative 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. Overseas, Mark managed US Equity Funds for Foreign and Colonial Asset Management. Mark is the Portfolio Manager of the New Zealand Equity portion of the Milford Trans-Tasman Fund and the Milford NZ Equities Wholesale Fund.



Marc Whittaker

Australian born Marc has considerable experience in financial markets working in Sydney, with over 14 years in equity analysis. Prior to joining Milford in 2010, Marc was an Associate Director at Lazard Asia Pacific Asset Management in Sydney, specialising in technology, telecoms, media, financials, gaming 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. Marc is a CFA charterholder.



William Curtayne

William has specialist experience investing in small and medium sized companies. Since joining Milford in early 2010, William has focused on selecting small and medium sized companies for Milford's Funds and has also covered the resource, energy, utility and property sectors. As the Portfolio Manager for the Milford Dynamic Fund, William's primary responsibility is the performance of that Fund. In order to select superior investments, William visits and speaks to hundreds of companies every year. Working closely with the rest of Milford's Investment Team, William conducts detailed investment analysis to uncover top class investments. William has a Bachelor of Commerce from the University of Auckland majoring in Finance and Economics.



Felix Fok

Felix has a wide range of investment experience across global financial markets. Prior to joining Milford in October 2012, Felix was a partner at equity research firm Ji Asia in Hong Kong, an associate of French bank Societe Generale, covering China focused medium sized companies across multiple sectors. Felix began his career in London in 2004 with The Black Ant Group as an analyst, and later Junior Portfolio Manager, and helped manage a long/short global mandate that invested across the capital spectrum. He holds a Master of Arts from the University of Cambridge, where he studied chemical engineering. Felix is a CFA charterholder and is Portfolio Manager of the Milford Global Fund.



Stephen Johnston

Stephen has a wide range of investment experience across global financial markets and different asset classes. Prior to joining Milford in 2013, Stephen was a partner at London based Adelante Asset Management where he was a Senior Portfolio Manager, managing an Emerging Market Equity Fund. Prior to Adelante, Stephen was a Portfolio Manager in London at Threadneedle Investments and Convivo Capital Management, managing various Emerging Market Funds. Stephen holds a Bachelor of Laws and a Bachelor of Commerce from the University of Otago and was admitted to the Bar as a Barrister and Solicitor of the High Court of New Zealand in 1995.



David Lewis

David joined Milford in early 2013 from Merrill Lynch where he was a Senior Director, working for eight years in various roles in global credit markets based in Sydney and London. These roles in London included Financial Institutions Credit Analyst and Head of Emerging Market Credit Research. While in Sydney, David worked on proprietary risk positions in Merrill's Special Situations business, which focussed on high yield, loan, and distressed opportunities in Australia and New Zealand. Prior to Merrill, David spent four years as a fixed income analyst at BT Funds Management and its then-parent company Principal Global Investors, based in Sydney and London. At Milford, David works on the Income Fund. David has a Bachelor of Commerce in Economics from the University of Canterbury, a Master of Commerce in Finance from the University of Sydney, and is a CFA charterholder.



Brooke Bone

Brooke is a Senior Investment Analyst with a particular emphasis on special situations for Milford's Funds, including non-listed opportunities. Brooke previously worked for Macquarie Securities in New Zealand as a Senior Research Analyst covering a variety of sectors including manufacturing, agriculture, mining and oil and gas. Brooke was ranked as one of the top three analysts in a number of INFIZ awards in 2010, 2011 and 2012. Prior to joining Macquarie, Brooke was a Vice President at Morgan Stanley in London, covering Pan-European retail companies. Brooke also worked for the corporate finance and property team of Marks and Spencer in the UK and as a management consultant for Cap Gemini. He qualified as a Chartered Accountant with Ernst & Young. Brooke is a CFA charterholder.



Victoria Harris

Victoria graduated from the University of Canterbury in 2010 with a Bachelor of Commerce, double majoring in Economics and Finance. Victoria's previous experience includes an internship in the financial services industry in Auckland, New Zealand. Victoria joined Milford in 2011 in client services, and she has since moved into an Investment Analyst role. Victoria's role involves researching and analysing companies for potential investment, as well as undertaking performance calculations for the various Funds. Victoria covers retail and technology companies in Australia and New Zealand.

Investment Style

We adopt 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 entity visits
- > Understanding changes in the global and local economic environment and how this will impact clients' investments

- > Managing risk through appropriate portfolio diversification
- > Focusing on our key competencies. Where we do not currently have the skills or knowledge we identify partners that do.

We believe that our approach and philosophy will consistently generate superior 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.

We conduct 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 entity visit programme. We are also able to leverage off the extensive knowledge and experience of our investment team.

We focus 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.

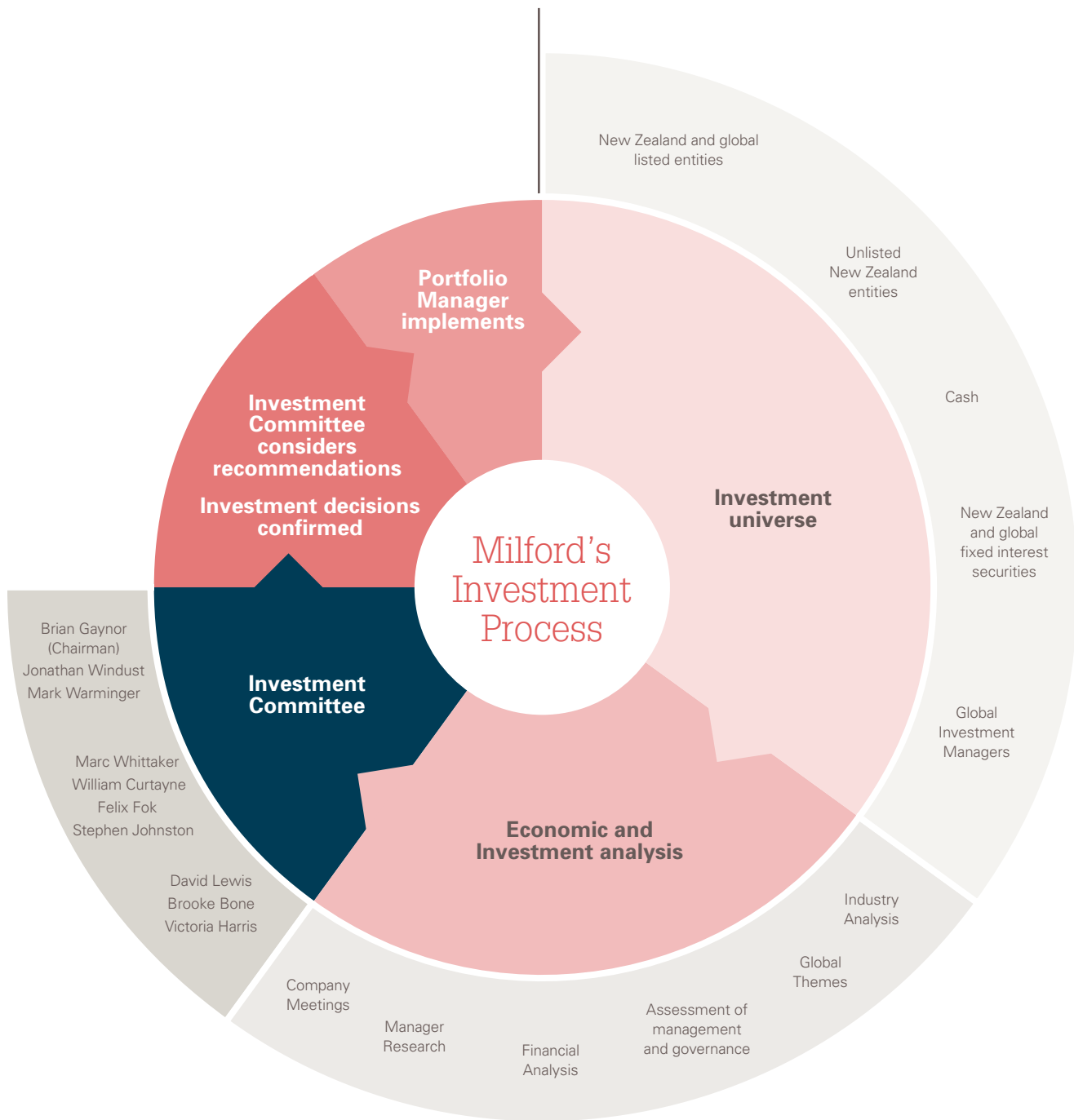
Our investment analysis is supplemented by detailed economic analysis which focuses on following key economic indicators from New Zealand and overseas.

The result of the investment analysis is typically discussed at our twice weekly 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.

At the date of this Investment Statement, we can use external fund managers for certain investments outside of Australasia. In selecting these managers, we have a preference for managers that have similar characteristics to us, 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.



Introducing the Milford Family of Funds

We have six investment funds to meet the requirements of Unit Trust investors with different risk tolerances. This Investment Statement outlines our Unit Trust PIE Funds.

- > **The Milford Income Fund** is for investors who are primarily investing for an income rather than capital growth; and
- > **The Milford Balanced Fund** is for investors who wish to have a diversified fund including investments outside of Australasia; and
- > **The Milford Active Growth Fund** (this Fund is closed to new investors) is for investors looking for an investment with the objective of producing steady compounding growth, primarily from New Zealand and global listed entities; and
- > **The Milford Global Fund** is for investors looking for an investment with a global emphasis and at least a five-year time horizon; and
- > **The Milford Trans-Tasman Fund** is for investors who require a fund that has an actively managed split of Australian and New Zealand equities; and

- > **The Milford Dynamic Fund** is for investors with at least a five-year time horizon, who are looking for growth from an actively managed portfolio of primarily Australasian small and medium sized listed companies.

All of our Unit Trust and KiwiSaver Funds are Portfolio Investment Entity ('PIE') registered. This has potential tax benefits to you, enabling your investment to be taxed at a rate equivalent to your own marginal tax rate (the rate of tax the IRD taxes you at individually for your last dollar of income) with a top rate of 28%. Generally, gains made by any Fund on the sale of equities in New Zealand resident entities or Australian resident listed entities (on an ASX approved index) will not be liable for capital gains tax. The Milford Global Fund is our only foreign investment zero-rate PIE Fund. Please see pages 27 and 28 for more information.

We also offer the Milford KiwiSaver Plan Conservative Fund, the Milford KiwiSaver Plan Balanced Fund and the Milford KiwiSaver Plan Active Growth Fund, through the Milford KiwiSaver Plan, which is offered through a

separate Investment Statement. KiwiSaver offers you incentives to save, while requiring that in most circumstances your funds remain invested until retirement. The Milford Unit Trust PIE Funds allow you more flexibility than the Milford KiwiSaver Plan Funds to withdraw your funds, if required.

Together our family of funds offers you a range of alternatives depending on your investment requirements, investment goals and tolerance for risk. Our family of funds is pictured on the following page.

Investors in our Unit Trust PIE Funds that are KiwiSaver members or who wish to start investing for their retirement may consider the option of our KiwiSaver range.

To find out more or for an Investment Statement for the Milford KiwiSaver Plan, please visit our website at www.milfordkiwisaver.co.nz or call us on 09 921 4700 or 0800 662 346.

Milford Unit Trust
PIE Funds

Income Fund

Balanced Fund

Active Growth Fund
(This Fund is closed to new investors.)

Global Fund

Trans-Tasman Fund

Dynamic Fund

Milford KiwiSaver Plan

Conservative Fund

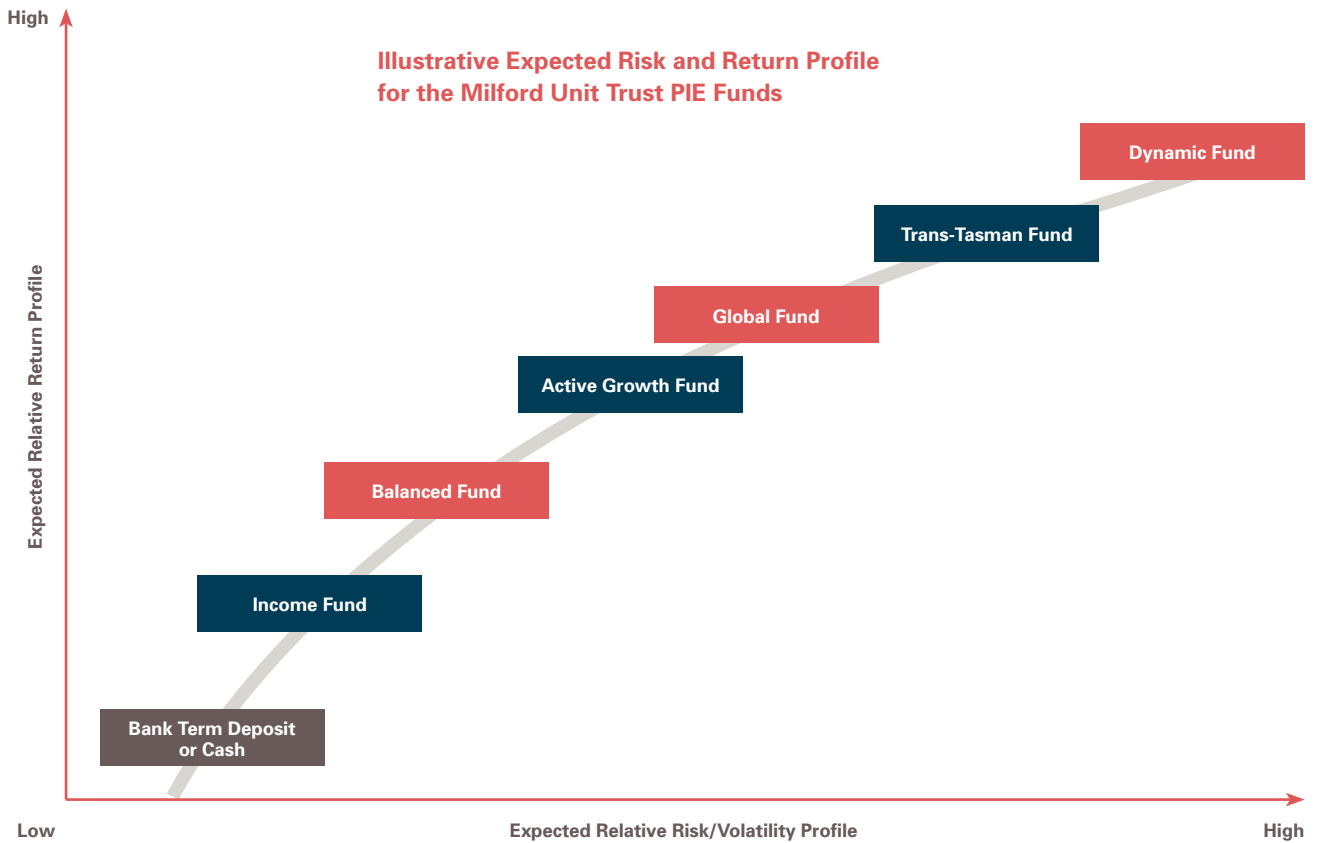
Balanced Fund

Active Growth Fund

Introduction to our Unit Trust PIE Funds

We have six PIE registered Unit Trust Funds available to investors. As its name suggests, the Income Fund is focused on generating income for its investors. The Balanced, Active Growth (closed to new investors), Global, Trans-Tasman and Dynamic Funds are focused

upon generating long-term growth for their investors and incur varying levels of risk to achieve this. These Funds all benefit from our rigorous research process and experienced Investment Committee selects investments.



What is the difference between the Funds?

The key difference between the Funds is their investment objectives and relative risk profiles.

The key difference between the Funds is their investment objectives and relative risk profiles. The chart on the left illustrates the difference between the Funds individually in terms of their expected risk and return characteristics over the longer term. The following outlines some key differences in the Funds ranking them from lowest to highest expected risk levels.

- > **The Milford Income Fund** looks to generate income for investors with an investment horizon of at least three years. The Fund's objective is to exceed (after the capped management fee and before tax) what investors could get from bank deposit investments and to provide sufficient income and capital growth to protect investors against inflation. However, the nature of its fixed interest securities and equity investments means that the capital value (unit price) of the Fund will move up and down. The Milford Income Fund will take an active approach to fixed interest securities and equity sector allocations and the securities chosen within each sector.
- > **The Milford Balanced Fund's** objective is to provide consistent positive long-term capital growth from a diversified mix of investments, including New Zealand fixed interest securities and equities and global fixed interest securities and equities, either directly or indirectly through pooled funds. It will be actively managed in terms of the sector weightings and currency exposure to reflect our investment outlook and aims to generate positive long-term returns through good and bad times. It can hold material levels of cash or low-risk investments when attractive investment opportunities are scarce.
- > **The Milford Active Growth Fund's** objective is to generate positive annual returns of at least 10% per annum (after the capped management fee and before tax) in good and bad markets. To achieve this, the Fund is actively managed and will usually be primarily invested directly in equities in New Zealand, Australian and global listed entities. However, it can hold material levels of cash and fixed interest securities when attractive opportunities are scarce and the prospect for share markets is poor.
- > **The Milford Global Fund's** objective is to provide capital growth for investors over an investment time frame of at least five years by investing in global managed funds, global listed equities, derivatives and cash. The Fund targets returns of at least the New Zealand Official Cash Rate ('OCR') plus 5% (after the capped management fee and before tax) on an annual basis. The Fund can hold material levels of cash should attractive investment opportunities be scarce. The Fund will dynamically hedge foreign currency exposures.
- > **The Milford Trans-Tasman Fund's** objective is to outperform a 50/50 mix of the New Zealand and Australian sharemarkets. The Fund normally has more than 80% invested in New Zealand and Australian equities and will more closely track the performance of markets compared to the Active Growth Fund. It focuses on companies that we believe are in attractive industries, have a strong competitive position and excellent management and Board.
- > **The Milford Dynamic Fund's** objective is to provide capital growth for investors, that is commensurate with the risk taken over an investment time frame of five or more years, by mainly investing in Australasian small and medium sized listed companies. The Fund targets a return of at least the ASX Small Industrials Accumulation Index (after the capped management fee and before tax).

Who are these Funds suitable for?

The Milford Income Fund is suited to investors who are more conservative and/or who have a shorter investment horizon and who are looking to receive regular income from their investments. The Income Fund makes quarterly distributions. Investors do have the ability to 'top up' Income Fund distributions by withdrawing units, but must recognise this can reduce their investment capital in the Income Fund.

The Active Growth, Balanced and Global Funds are more suited to investors who want us to actively manage their investments and make the decision about when to increase or decrease the exposure to equities. These Funds look to preserve capital in addition to generating growth. Because of this, these Funds may hold significant amounts of cash and may underperform in a strongly rising market. However, if we can successfully avoid losses in falling markets, the Funds are more likely to perform well over time with less volatile returns.

The Active Growth Fund focuses on New Zealand and Australian investments, while the Balanced and Global Funds are likely to have more of their investments outside of Australasia when compared to the Active Growth Fund.

The Milford Global Fund is suited to investors who want global exposure in their portfolio and have a long investment time horizon. The Fund invests globally via carefully selected global managed funds and direct global listed equity holdings (foreign currency exposures that come with global investing are actively managed) and may also have New Zealand and Australian holdings. The Global Fund is the only foreign investment zero-rate PIE Fund Milford offers and any zero-rated investor is subject to the requirements of a notified foreign investor (please see page 27 for more information).

The Milford Trans-Tasman Fund is more suited to investors who want to access New Zealand and Australian share market returns, but want the benefit of our ability to actively select entities which are expected to outperform others. The Milford Trans-Tasman Fund is expected to generally outperform the Active Growth Fund in rising markets and underperform the Active Growth Fund in falling markets. Therefore, the Milford Trans-Tasman Fund is expected to be more volatile than the Milford Active Growth Fund. The Milford Trans-Tasman Fund makes a half yearly distribution to investors. Investors do have the ability to 'top up' Trans-Tasman Fund distributions by

withdrawing units, but must recognise this can reduce their investment capital in the Trans-Tasman Fund.

The Dynamic Fund is suited to investors who want small and medium Australasian company exposure in their portfolio and have a long-term investment horizon. The Fund invests primarily in Australia and New Zealand but will invest in other markets if good opportunities are found. The Fund is for investors who have a higher tolerance for risk and is expected to be the most volatile Fund offered by Milford.

At the date of this Investment Statement, the minimum initial investment amount is \$10,000 for each of the Funds. We may at our discretion vary this amount for any of the Funds. A summary of the key features of the Funds is shown across the page.

	Milford Income Fund	Milford Balanced Fund
Recommended Investment Time Frame	At least three years	At least five years
Investment Objective	To exceed the 90-Day Bank Bill Index (after the capped management fee and before tax)	Capital growth over time
Investment Policy	To hold a diversified mix of yield oriented investments (including fixed interest securities and equities) and take an active approach to sector and security selection. The Fund can short-sell securities and use derivative products	To hold a diversified investment portfolio including New Zealand and global cash, fixed interest securities and equities. The Fund can short-sell securities and use derivative products
Distribution Policy	Quarterly distributions are made by this Fund	No distributions are made by this Fund
Regular withdrawal Minimum payment†	\$200 per regular withdrawal	\$1,000 per regular withdrawal

	Milford Active Growth Fund*	Milford Global Fund
Recommended Investment Time Frame	At least five years (This Fund is not currently open to new investors)	At least five years
Investment Objective	A return of 10% per annum (after the capped management fee and before tax)	To exceed the New Zealand Official Cash Rate ('OCR') plus 5% per annum (after the capped management fee and before tax)
Investment Policy	To actively manage equities in New Zealand, Australian and global listed entities and also potentially equities in unlisted entities, cash and fixed interest securities. The Fund can borrow, short-sell securities and use derivative products	To actively manage a portfolio of global managed funds, global listed equities, derivatives and cash. The Fund can borrow, short-sell securities and use derivative products
Distribution Policy	No distributions are made by this Fund	No distributions are made by this Fund
Regular withdrawal Minimum payment†	\$1,000 per regular withdrawal	\$1,000 per regular withdrawal

	Milford Trans-Tasman Fund	Milford Dynamic Fund
Recommended Investment Time Frame	At least five years	At least five years
Investment Objective	To exceed a mix of 50% ASX 200 Total Return Index (in NZ dollars) and 50% NZX 50 Gross Index (after the capped management fee and before tax)	To exceed the ASX Small Industrials Accumulation Index (after the capped management fee and before tax)
Investment Policy	To actively manage a portfolio of mainly New Zealand and Australian listed entities, cash and potentially unlisted New Zealand entities and unit trusts. The Fund can short-sell securities and use derivative products	To actively managed a portfolio of Australasian small and medium sized listed companies, global equities, fixed interest investments, pooled investments, derivatives, commodities, and cash. The Fund can borrow, short sell securities and use derivative products
Distribution Policy	Half yearly distributions are made by this Fund	No distributions are made by this Fund
Regular withdrawal Minimum payment†	\$1,000 per regular withdrawal	\$1,000 per regular withdrawal

* Note that we have ceased accepting new investors into the Active Growth Fund. Current investors in the Active Growth Fund may continue to make new investments in the Active Growth Fund at our discretion (although this may change). You should note that if you are an existing investor in the Active Growth Fund and you subsequently redeem all of your units from the Active Growth Fund, you will not be able to make any further investments in the Active Growth Fund after you have redeemed all of your units.

† The maximum number of regular withdrawals per year is 12.

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. This 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 our Funds – you should seek separate financial advice if you feel that you need to do so.

There are two types of fees when you invest in the Milford Unit Trust PIE Funds.

Capped Management Fee

We combine the investment management, Trustee, custodial, Fund accounting, unit pricing, registry, audit, legal and other normal fund operating expenses in one capped management fee.

To the extent that assets of any Milford Unit Trust PIE Funds invest in any other Milford Unit Trust PIE Funds, the investing Fund will be fully rebated for the capped management fees charged within those Funds.

There are no entry, exit or switching fees for the Milford Unit Trust PIE Funds.

Performance Fee

To incentivise ourselves to do well for our investors, we also charge a performance fee in some of our Funds if we achieve certain investment objectives (or benchmarks).

To the extent that assets of the Milford Balanced Fund are invested in any other Milford Fund, any performance fee charged by us in respect of that Fund will remain payable.

To the extent the Income, Active Growth, Global, Trans-Tasman or Dynamic Funds are invested into other Milford Funds, the investing Fund will not be charged a management or performance fee.

The fees for the Milford Unit Trust PIE Funds are summarised below.

	Milford Income Fund	Milford Balanced Fund
Capped management fee*	0.65% p.a.	1.05% p.a.
Performance fee	10% of the performance of the Income Fund (after deducting the capped management fee) above the investment objective is potentially payable to us (see pages 24 and 25 for more details)	None directly paid from the Balanced Fund, although we will potentially receive performance fees on any Balanced Fund investments into the Milford Income, Active Growth, Global, Trans-Tasman and Dynamic Unit Trust PIE Funds in our capacity as manager of those other Funds
	Milford Active Growth Fund	Milford Global Fund
Capped management fee*	1.05% p.a.	1.15% p.a.†
Performance fee	15% of the performance of the Active Growth Fund (after deducting the capped management fee) above the investment objective of 10% p.a. is potentially payable to us (see pages 24 and 25 for more details)	15% of the performance of the Global Fund (after deducting the capped management fee) above the investment objective of the New Zealand Official Cash Rate ('OCR') plus 5% p.a. is potentially payable to us (see pages 24 and 25 for more details)
	Milford Trans-Tasman Fund	Milford Dynamic Fund
Capped management fee*	1.05% p.a.	1.35% p.a.
Performance fee	15% of the performance of the Trans-Tasman Fund (after deducting the capped management fee) above the investment objective is potentially payable to us (see pages 24 and 25 for more details)	15% of the performance of the Dynamic Fund (after deducting the capped management fee) above the investment objective is potentially payable to us (see pages 24 and 25 for more details)

* Includes management fee paid to us as well as fees for Trustee, custody, registry, Fund accounting, unit price, audit services and any other normal operating costs of running the Funds (including applicable GST). It excludes abnormal costs, brokerage and any performance fees.

† The Milford Global Fund usually has an allocation to external global managers. Any global management fees charged by international underlying fund managers are in addition to any of our fees and are deducted within each fund that the Milford Global Fund invests into.

INFORMATION REQUIRED BY THE SECURITIES ACT 1978

What sort of investment is this?

The investments offered in this Investment Statement are units in the Milford Income Fund, the Milford Balanced Fund, the Milford Active Growth Fund (for existing investors only), the Milford Global Fund, the Milford Trans-Tasman Fund and the Milford Dynamic Fund (each a Fund and together the Funds), unit trusts under the Unit Trusts Act 1960.

A unit trust is an investment that enables you to pool your funds with those of others. Your interests are represented by units, which confer an equal interest in a Fund and are of equal value. Pooling resources can enable access to a wider variety of assets and provide greater diversity than you may achieve on your own.

The value of units in the Funds fluctuates according to the changing value of the assets in which the Funds have invested in. It is intended that the Funds will be priced daily.

The Funds are managed under the Trust Deed for our Unit Trusts dated 20 August 2007 - as amended.

Our duties are supervised by Trustees Executors Limited, the independent trustee of the Funds.

This Investment Statement is dated 16 September 2013 and is an Investment Statement for the purposes of the Securities Act 1978.

Who is involved in providing it for me?

The manager of the Funds is Milford Funds Limited. We were incorporated in New Zealand under the Companies Act 1993 on 3 August 2007 to become the manager for the Funds and other funds which we may create in the future. There are no promoters of the Funds.

There are six Funds offered in this Investment Statement.

The Milford Active Growth Fund (Active Growth Fund) - offered to existing unitholders only, and the Milford Trans-Tasman Fund (Trans-Tasman Fund), were established in Auckland on 20 August 2007 under Conditions of Establishment forming part of the Trust Deed.

The Milford Income Fund (Income Fund) and the Milford Balanced Fund (Balanced Fund) were established in Auckland on 19 March 2010 under Deeds of Establishment supplemental to the Trust Deed.

The Milford Global Fund (Global Fund) was established in Auckland on 11 March 2013, under a Deed of Establishment supplemental to the Trust Deed.

The Milford Dynamic Fund (Dynamic Fund) was established in Auckland on 3 September 2013, under a Deed of Establishment supplemental to the Trust Deed.

The investment policies, and more details about the six Funds are set out earlier in this Investment Statement. The investment policies may be amended by us from time to time with the Trustee's approval.

At the date of this Investment Statement, our Directors are:

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

Richard is a Chartered Accountant with a 25 year career in Investment Banking, specialising in mergers and acquisitions. Richard was previously a Director of Southpac Corporation Limited, Chief Executive of Lloyds Corporate Finance Limited in Sydney and most recently was the Chief Executive of Societe Generale's Investment Banking business in Australia, trading under the name of SGHambros. Richard is a Director of a number of private companies in the areas of wine distribution, vehicle testing and infrastructure development. Richard is a foundation shareholder in Milford Asset Management Limited and has been Chairman of the board since Milford Asset Management Limited's formation in 2003.

- > **Brian Arthur Gaynor** BCom
Director, Auckland

Brian is Chairman of our 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. Brian's 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 KiwiSaver Plan Active Growth Fund.

- > **Graeme Richard Thomas** BA, CFP, AFA
Director, Auckland

Graeme joined Milford Asset Management Limited in 2003 from a position as Head of Advisory Services at ANZ Private Bank in New Zealand. Graeme has 29 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.

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

Anthony has more than 28 years experience in the investment industry. He joined Milford Asset Management Limited in 2007. As Milford Asset Management's Managing Director, Anthony 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. Anthony 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.

At the date of this Investment Statement, we and our Directors can be contacted at:

Milford Funds Limited

Level 17, 41 Shortland Street
PO Box 960, Shortland Street
Auckland 1140
Telephone: 09 921 4700 or 0800 662 345
Facsimile: 09 921 4709
Email: info@milfordasset.com

Our Directors and their contact address may change from time to time. A list of current Directors and our current address can be obtained from the Companies Office website www.business.govt.nz/companies under Milford Funds' file reference.

Milford Funds Limited is a wholly owned subsidiary of Milford Asset Management Limited, which is a well established investment management company that currently has over \$2 billion under management, as of the date of this Investment Statement. Milford Asset Management Limited invests individual Private Portfolio accounts for high-net worth individuals and also manages large wholesale investment portfolios. Milford Funds Limited was created in 2007 to enable investors to invest with us to gain the advantage of the investment expertise and vast experience of our team. Neither the performance of Milford Funds Limited, nor that of the Funds, is guaranteed by Milford Asset Management Limited or any other party.

Trustee

The independent trustee of the Funds is Trustees Executors Limited.

At the date of this Investment Statement, the Trustee's principal place of business is Level 5, 10 Customhouse Quay, Wellington and the Trustee can be contacted at:

Trustees Executors Limited

Level 12
45 Queen Street
PO Box 4197, Shortland Street
AUCKLAND 1140

Telephone: 09 308 7100
Facsimile: 09 308 7101

The Trustee's address may change from time to time. The current address may be obtained at www.trustees.co.nz under 'Corporate Trust' and 'Contact our Corporate Trust Team'.

The Trustee has been granted a full licence under the Securities Trustees and Supervisors Statutory Act 2011 to act as a Trustee in respect of unit trusts. The licence expires on 16 January 2018 and is subject to reporting conditions. Further information on the Trustee's licence is publicly available on the Financial Markets Authority website (www.fma.govt.nz) and also on the Financial Service Providers Register website (www.business.govt.nz/fsp).

Custodian

Trustees Executors Limited is the custodian of the Funds' assets.

Registrar

Trustees Executors Limited is the registrar of the Funds. Trustees Executors Limited, whose address is set out above, is therefore also an administration manager for the Funds.

No person including Milford Funds Limited, Milford Asset Management Limited or the Trustee guarantees the repayment of units in the Funds or any returns on units.

How much do I pay?

You determine the amount you invest subject to the minimum initial investment of \$10,000.

You can choose to make additional investments into a Fund on a regular or lump sum basis. Additional investments must be for a minimum of \$1,000 per annum. We may, at our discretion, vary these minimum amounts.

You may invest in New Zealand on any business day by completing the Application Form accompanying this Investment Statement and sending your original application, certified proof of identification and cheque or direct credit payment (as applicable) to us.

Refer to page 38 for instructions on how to invest into a Fund.

You may choose to forward your Application Form, certified proof of identification, cheque or direct credit details (as applicable) to your financial adviser, who will then forward it to us.

Units will generally be issued after receipt by or on behalf of us, of a correctly completed Application Form and accompanying cleared cheque or direct credit payment (as applicable).

Each unit is issued at the issue price. The price payable for a unit at any time will always be the net asset value of a Fund at that time, divided by the number of units currently issued. We could at any time, but do not currently intend to, deduct from your total subscription monies an amount determined by us in our absolute discretion on account of investment costs. At the date of this Investment Statement, each Fund is valued each business day. The Trust Deed specifies how the net asset value, and gross asset value of the Funds are calculated. In defining the net asset value, no account is taken of the withdrawal value of units on issue.

Your application for investment in a Fund will only be accepted by us once the registrar confirms that your application monies have been received and you have complied with our application process.

Subject to the requirements of the Trust Deed, we may vary investment minimums either generally or for selected investors, or may decline an application in whole or in part without giving any reason. Unless stated otherwise, all amounts referred to in this Investment Statement are in New Zealand dollars.

What are the charges?

Entry fees

No entry fee is currently charged for investments in the Funds.

Fund fees and expenses

Fees and expenses vary for each Fund.

Income Fund

To cover management fees, Trustee fees and other normal expenses payable by the Fund, we will be paid 0.65% (including applicable GST) per annum of the gross asset value of the Fund (calculated in accordance with the Trust Deed).

Active Growth, Trans-Tasman and Balanced Funds

To cover management fees, Trustee fees and other normal expenses payable by the Fund, we will be paid 1.05% (including applicable GST) per annum of the gross asset value of the Fund (calculated in accordance with the Trust Deed and including the value of any debt held by the Fund).

Global Fund

To cover management fees, Trustee fees and other normal expenses payable by the Fund, we will be paid 1.15% (including applicable GST) per annum of the gross asset value of the Fund (calculated in accordance with the Trust Deed and including the value of any debt held by the Fund). The managers of the Underlying Managed Funds, that the Fund may invest into, will also charge fund fees and expenses separately within their fund.

Dynamic Fund

To cover management fees, Trustee fees and other normal expenses payable by the Fund, we will be paid 1.35% (including applicable GST) per annum of the gross asset value of the Fund (calculated in accordance with the Trust Deed and including the value of any debt held by the Fund).

For all Funds, the per annum capped management fees will be used to meet the following fees and expenses:

- > Management fees payable to us for our services as manager of each Fund;
- > Trustee fees of up to 0.10% per annum of the gross asset value of each Fund (calculated in accordance with the Trust Deed) to cover fees payable to the Trustee for its services as Trustee of the Funds; and
- > Other fund expenses, including, for example, amounts payable to Trustees Executors Limited for unit pricing, registry, custody and Fund accounting services and to cover legal fees, valuation fees, audit fees, sub-custodian fees, costs incurred by us in preparing and distributing cheques and statements, printing and stationery and any other normal costs incurred by us in operating each Fund.

The above expenses are all paid by us out of the respective per annum capped management fee.

The amount paid to us to cover management fees, Trustee fees and other normal expenses payable from each Fund does not include any entry fees, exit fees, switching fees, brokerage, performance fee or abnormal fees and costs. Abnormal fees and costs are those not incurred in the daily ongoing business of the Fund, such as costs for any unforeseen matters or any special fee charged by the Trustee for extraordinary matters. Abnormal, one-off or extraordinary costs may be charged to the relevant Fund following consultation with the Trustee. To date, no Fund has incurred any abnormal, one-off or extraordinary costs.

To the extent that assets of any Milford Unit Trust PIE Fund invests in any other Milford Unit Trust PIE Fund, the investing Fund will be fully rebated for the capped management fees charged within those Funds.

Performance fee

In addition to the Fund fees and expenses described on this page, we may be paid a performance fee from the Income, Active Growth, Global, Trans-Tasman or Dynamic Funds in respect of any six month period ending 31 March and 30 September in any year. We expect to be paid within 10 business days of the end of such period, in which both:

- > The return of the relevant Fund (after the capped management fee but before the performance fee and tax) exceeds each Fund's respective investment objective (or benchmark) for the same period; and
- > The net asset value per unit (before the performance fee and before tax) exceeds each 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 calculated and accrued on a daily basis. The high water mark is described in more detail in the table on page 25, and can be reset every three years at our discretion, after consultation with the Trustee.

The table opposite summarises the performance fees for the Income, Active Growth, Global, Trans-Tasman and Dynamic Funds.

Element	Description	Income Fund	Active Growth Fund	Global Fund	Trans-Tasman Fund	Dynamic Fund
Return objective	This describes what the Fund is trying to achieve	To generate both an income and capital growth return (after fees and before tax)	To generate positive annual returns of at least 10% (after fees and before tax and before the performance fee), in good and bad markets	To provide capital growth returns for investors that is commensurate with the risk taken over an investment time-frame of five or more years		
Hurdle rate of return	The return that must be achieved before a performance fee applies	Positive annual return of at least the 90-Day Bank Bill Index (after the capped management fee and before tax)	Positive annual return of at least 10% (after the capped management fee and before tax)	Positive annual return of at least the Official Cash Rate plus 5% (after the capped management fee and before tax)	To exceed a mix of 50% ASX 200 Total Return Index (in NZ dollars) and 50% NZX 50 Gross Index (after the capped management fee and before tax)	To exceed the ASX Small Industrials Accumulation Index (after the capped management fee and before tax)
Fee on excess return	The amount of the return above the hurdle rate of return that is payable	The performance fee is equal to 10% of the amount by which the performance of the Fund (after the deduction of the capped management fee but before tax and the performance fee) exceeds the hurdle rate of return	The performance fee is equal to 15% of the amount by which the performance of the Fund (after the deduction of the capped management fee but before tax and the performance fee) exceeds the hurdle rate of return			
Performance fee cap	A cap (if any) on the amount of the performance fee	There is no cap on the level of performance fees				
High water mark	Where the value of the Fund goes up and then down over multiple periods, this ensures that no performance fee is payable if we have previously been rewarded for that performance	For a performance fee to be payable in any particular period, the net asset value per unit of the Fund (before the performance fee and before tax) must exceed that Fund's net asset value per unit used in the calculation of the last performance fee paid If this condition is not met, payment will be deferred until it is first met in the next five performance periods, with the test always being made against the applicable high water mark. The performance fee is forfeited if this condition fails to be satisfied. No performance losses are carried forward into the next performance period				
Fee frequency	How often the performance fee is paid	Semi-annually (intended at the date of this Investment Statement to be 31 March and 30 September)				
Fee payable to	Who the performance fee is paid to	Milford Funds Limited				

Switching fees

At the date of this Investment Statement, there is no switching fee payable by you in respect of switching from one Fund to another Fund managed by us. We may set a switching fee in the future on giving three months notice to you. We currently have no intention to introduce such a fee.

Exit fees

At the date of this Investment Statement, there is no separate exit fee payable by you for withdrawing from the Funds. However, the cost of acquiring or selling investments or the buying or selling of units may be taken into account in setting the unit price payable on investment and withdrawal. We currently have no intention to introduce such a fee.

Goods and Services Tax

All fees, including the capped management fees and any performance fees paid to us, are on a GST inclusive basis unless otherwise stated.

General

Details of any management or performance fees deducted from the Funds will be included in the annual financial statements for each Fund.

We and the Trustee may increase or impose new fees on giving written notice to you and in accordance with the Trust Deed. There is no limit to the amount to which a fee can be amended. We currently have no intention to increase fees, or impose new fees.

What returns will I get?

Returns to you are determined by changes in the value of the underlying assets of each Fund and reflected in movements in each Fund's unit price and any distributions to unit holders.

The total value of your investment at any time is the number of units you hold multiplied by the current unit price. When a unit is withdrawn, the withdrawal price is the unit price less an amount calculated to reflect the cost of selling investments and other administrative costs relating to the issue of units, if any.

You should be aware that no return amounts have been promised or guaranteed for any of the Funds.

Distributions

It is intended that the Income Fund will make regular distributions. Distributions are expected to be made quarterly in February, May, August and November.

It is intended that the Trans-Tasman Fund will also make regular distributions. Distributions are expected to be made half yearly in March and September.

If we decide to make distributions to you by direct bank credit, we are entitled to deduct from your entitlement postage, bank transaction charges and any other costs or expense in respect of the payment of distribution.

At the date of this Investment Statement, it is not intended that the Balanced Fund, Active Growth Fund, Global Fund or the Dynamic Fund will make any distributions to investors. Instead income will be retained in these Funds.

We may make distributions in the future at our discretion. Any distribution that is paid in the future will be reinvested or paid out as requested by you within two months of the relevant distribution date. If distributions are introduced for the Balanced Fund, Active Growth Fund, Global Fund or the Dynamic Fund, they will be automatically reinvested in the relevant Fund unless you indicate otherwise on your initial Application Form.

If no client distribution request and New Zealand domiciled bank account details are provided, the default distribution option is for the distribution to be reinvested into the client Fund holding.

You may change your distribution option by making a written request to us prior to the expiration of the relevant distribution period.

A copy of the most recent annual report and financial statements for the Income and Trans-Tasman Funds are available at the Companies Office website www.business.govt.nz/companies or on request and free of charge from us. See 'What other information can I obtain about this investment?' on page 36.

Fixed additional withdrawals

If you do elect to receive regular withdrawals, you will receive a regular payment from your investment, while sufficient capital remains to pay it. Payments can be requested in instalments, and at periods agreed with us. Currently there is a minimum regular withdrawal amount of \$1,000 per withdrawal (or \$200 per withdrawal for the Income Fund only), and the maximum number of regular withdrawals is 12 per year.

Withdrawal of units

You may withdraw all or part of your investment at any time by correctly completing a Withdrawal Request Form on page 45 and complying with our withdrawal process. Withdrawal requests will generally be processed, and units withdrawn, at the next unit price calculated. It is currently intended that units will be priced each business day.

Withdrawal payments will only be made to a New Zealand domiciled bank account that we consider to be the account of the relevant investor.

A withdrawal request must be for a minimum value of \$1,000 per withdrawal (unless the withdrawal request relates to all units held by you or it is a regular withdrawal from the Income Fund where the minimum regular withdrawal is \$200 per withdrawal) and you will generally not be permitted to decrease your unit balance to less than \$10,000 (unless the withdrawal relates to all units held). For further details, please see page 33.

A withdrawal of units is not itself liable to tax. However, a withdrawal may give rise to a liability for tax on the underlying taxable income of a Fund (see the 'Taxation' section on page 27).

Suspending withdrawals

If a withdrawal request, or a series of withdrawal requests, in respect of a Fund are received within a period of three months that relate to more in total than 5% of the number of units on issue at the time of the request or the last request, and we consider it's in the general interests of all unitholders in a Fund to defer immediate withdrawal of the total units requested in accordance with the Trust Deed, we may defer immediate withdrawal of the total units requested and withdraw those units by instalments over a period determined by us or in total at the expiration of a period determined by us. There is no limit to the period we may determine.

Where such requests, within a three month period, relate to more than 10% of the number of units on issue at the time of request or last request, we may, on notifying the Trustee, suspend the right of unitholders in a Fund to make withdrawal requests.

We may also suspend withdrawal requests where we determine the withdrawal would be prejudicial to the general interest of unitholders in a Fund, or where the suspension is desirable for the protection of a Fund. A suspension period may last for up to 90 days or such longer period as agreed to by the Trustee. There is no limit to the period the Trustee may agree to.

Taxation

Returns to you 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 investors have different personal situations your tax obligations will differ - you are encouraged to seek your own tax advice before investing.

The Milford Unit Trust PIE Funds are Portfolio Investment Entities ('PIEs') and multi-rate PIEs as defined in the Income Tax Act 2007. The Global Fund has also elected to be a foreign investment zero-rate PIE (see additional details following which modify the general application of the PIE tax regime). The tax regime applicable to a PIE provides that all taxable income, losses and tax credits related to the Funds' investments must be allocated to you in proportion to your daily unit holdings in the Funds, with tax payable at your Prescribed Investor Rate.

Under the PIE tax legislation, each Fund will calculate and pay tax on the net income it allocates to you at the following rates (referred to as the Prescribed Investor Rate or 'PIR').

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

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

Individual unitholders who do not qualify for a 10.5% or 17.5% PIR will have a PIR of 28%.

Other unitholders will have the following PIRs:

- > 28% for all non-residents, except certain non-resident and transitional resident unitholders in the Global Fund to whom the foreign investment zero-rate PIE rules apply (as discussed on page 28);
- > 0% for all New Zealand residents that are not individuals, such as companies, unit trusts, and charities;
- > New Zealand resident trustees (excluding trustees of unit trusts and charitable trusts) may elect a rate of 0%, 17.5% or 28%; and
- > New Zealand resident trustees of testamentary trusts may elect a rate of 0%, 10.5%, 17.5% or 28%.

You must provide your IRD number, your applicable PIR and other details to us on your application. If you do not provide these details, your investment in the Funds will be subject to tax at the 28% PIR. Each year we will request you to confirm your PIR.

The tax payable by the Milford Unit Trust PIE Funds 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 PIR (0%, 10.5%, 17.5% or 28%). The Funds will cancel units to address the difference in PIRs between unitholders. If there are excess tax credits for a period, or the relevant Fund has a loss rather than net income for a period, the Fund should receive a tax credit and will be able to issue additional units to unitholders with a PIR greater than 0% on account of that credit. Investors with a 0% PIR can claim their share of the loss or excess credits in their own tax return.

Taxable income is attributed annually to 31 March or at any time you make a withdrawal from a Fund. If you make a full withdrawal or transfer from the Fund, any tax liability on the Fund's net income attributable to your investment will be deducted from the balance withdrawn or transferred.

If you withdraw a portion of your investment during the year, this results in tax being attributed to you in proportion to the amount you have withdrawn. Switching investments between Funds will be treated as a withdrawal for tax purposes.

For individuals, if you have provided us with the correct PIR, the tax paid on income allocated to you by the Fund will be a final tax. You will not need to include the income allocated to you in a tax return.

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

There will also be no impact on student loan repayment obligations or child support payment obligations. However, income from 'unlocked' PIE investments such as the Funds is included in the definition of family scheme income for social assistance programmes. Note that from 1 April 2014, this income will be included in determining student loan repayment obligations. From 1 April 2015, it will also be included in determining child support payment obligations.

You must notify us 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 may be required to file a tax return.

If you have provided us with a PIR that is higher than your correct prescribed investor rate, the IRD will not refund you the difference.

A trust investor with a 0%, 10.5% or 17.5% PIR must include the allocated income in its own tax return and may claim a tax credit for any tax already paid by a Fund. If a trust has a 28% PIR, we will pay tax at the 28% rate and that is a final tax. The income does not need to be included in the trust's tax return.

Other non-individual investors (i.e. a company, charity or unit trust) with a PIR of 0% must account for tax on their allocated income in their own tax return.

The IRD can instruct us to apply a different PIR to the one notified by you.

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

Distributions to you are not separately taxable, nor is there a tax liability on the withdrawal of units in a Fund, even where you receive an amount in excess of the original cost of the units (however a withdrawal potentially triggers an attribution of taxable income for the current year).

The Global Fund has elected to be a foreign investment zero-rate PIE. As a result, certain non-resident and transitional resident unitholders in the Global Fund will each be able to elect to have a 0% PIR.

If this election is validly made and you provide certain required information to us, no New Zealand tax will be payable by the Global Fund or you on attributed PIE income and you will not be subject to further New Zealand taxation on a distribution from the Global Fund.

A transitional resident is a new migrant or returning New Zealander who has not been resident for tax purposes in New Zealand for at least 10 years prior to their arrival in New Zealand. A one-off four year temporary tax exemption on foreign investment income is available to transitional residents. If this may apply to you, you should consult your tax adviser.

Transitional residents should advise us once their four-year temporary tax exemption is about to expire, and elect a new PIR to apply to their changed circumstances.

In order to qualify for the 0% PIR as a notified foreign investor (as defined in the Income Tax Act 2007), if you are a non-New Zealand resident, you must provide us with certified details of your:

- > Date of birth;
- > Home address in your country or territory of residence;
- > Country code as prescribed by the Commissioner of Inland Revenue for your country or territory of residence;
- > Your tax file number in your country or territory of residence, or a declaration that you are unable to provide this number; and
- > Your New Zealand IRD number, if applicable.

An election to be treated as a notified foreign investor cannot be made by a controlled foreign company, a foreign investment fund with a 10% or more interest in the Global Fund, or a non-resident trustee of a trust that is not a foreign trust. You should seek your own tax advice if you consider you may be one of these entities.

The IRD can require us to disregard a notified foreign investor election if it considers the election to be incorrect. In these circumstances, your investment in the Global Fund will be subject to tax at the 28% PIR.

Tax losses or tax credits allocated to the Global Fund are not available to notified foreign investor unitholders and transitional resident unitholders with a 0% PIR.

Generally, gains or losses made by any Milford Unit Trust PIE Fund on the sale of equities in New Zealand resident entities or Australian resident listed entities (on an ASX approved index) will not be taxable or deductible. The Fund will not pay tax on any dividends received from those equities.

Foreign equities (other than equities in Australian resident entities as noted previously) will generally be taxed under the 'fair dividend rate' method – any Milford Unit Trust PIE Fund will be taxed on 5% of the market value of such global equities calculated on a daily basis.

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.

You should note that we and the Trustee have broad powers to act at our/their discretion to ensure that the Funds remain eligible to be a PIE. This includes, for example, the ability to refuse investment or to compulsorily withdraw all or part of your unitholding where continued investment may prejudice a Fund's PIE eligibility.

Who pays the returns?

If units are withdrawn, Trustees Executors Limited, as Trustee of the Funds, is the person legally liable to pay any returns to the extent available in respect of the Funds.

No person including the Trustee or ourselves guarantees the repayment of units in the Funds or any returns on units.

What are my risks?

All investments carry some level of risk.

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

Before investing, you should carefully consider the following risk factors which may affect returns and your ability to recover money invested in a Fund.

We think your principal risks can be classified under three main headings:

- > **Personnel and management risk:**
Personnel and management risk relates to us and addresses risks around the way we manage the Funds. These risks will consequently be different for other fund managers.
- > **Fund risk:**
These risks relate to the Fund or Funds you choose to invest in because of the nature of the underlying assets of each Fund (and the proportion of such assets within the Fund). As a result, each Fund has a different risk profile.
- > **General risks:**
General risks relate to investment funds, and the investment industry as a whole, and will usually affect you in a similar way whether you choose to invest in one or more of our Funds, or one or more funds of another fund manager.

Personnel and management risks

The main personnel and management risks that apply are:

- > **Staffing risk:** Our ability to provide investment management services to a Fund is linked to key professionals whose departure could impact on the performance of the Fund. The performance of investments will depend on the quality of management of a Fund, the investment process and the Funds.
- > **Service provider risk:** You could be adversely affected if any of the various parties involved in the operation of a Fund, including the Trustee, us, or other underlying administration managers and other underlying investment managers fail to perform their obligations.
- > **Borrowing risk:** The Trustee, on our direction, may, subject to the provisions of the Trust Deed, borrow up to 25% of the net asset value of the Active Growth Fund, the Global Fund or the Dynamic Fund. Such borrowing may increase the volatility of the return that can be expected from that Fund.

Fund risks

The main risks that apply to the Funds are:

Main risks affecting the Funds			
Income Fund	Market risk	Entity risk	Interest rate risk
Balanced Fund	Market risk	Entity risk	Currency risk
Active Growth Fund	Market risk	Entity risk	Currency risk
Trans-Tasman Fund	Market risk	Entity risk	Currency risk
Global Fund	Market risk	Currency risk	Entity or Underlying Managed Fund risk
Dynamic Fund	Market risk	Entity risk	Currency risk

These risks and other risks that apply are described in more detail as follows:

- > Market risk: Returns on a Fund will be affected by the performance of the investments chosen for that 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 economic and regulatory conditions, including market sentiment, inflation, interest rates, employment, political events, environmental and technological issues, and consumer demand in New Zealand, Australia and globally.
- > Entity risk: An investment of a Fund in an entity may be affected by unexpected changes in that entity's operations or business environment, or the entity may become insolvent.
- > Currency risk: Where underlying investments are invested in jurisdictions outside of New Zealand, returns will be affected by movements between the other currencies and the New Zealand dollar. Global transactions may be unhedged.
- > Underlying Managed Fund risk: An investment of a Fund in an Underlying Managed Fund may be affected by unexpected changes in that Underlying Managed Fund's operations, business environment, or the Underlying Managed Fund may have its assets frozen for a period.
- > Liquidity risk: Some investments may not be easily converted into cash with little or no loss of capital and minimum delay, because of inadequate market depth, suspension of trading on request from the market regulator or the entity involved, or disruptions in the market place. Securities of small entities in particular may, from time to time and especially in falling markets, become less liquid.
- > Interest rate risk: This refers to the risk that the market value of the securities in a Fund can change due to changes in interest rates. The market value of fixed income securities can fluctuate significantly with relatively small changes in interest rates. The sensitivity depends on the starting level of interest rates, the maturity date of the security and level of coupon or dividend paid.
- > Counterparty risk: A counterparty 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.
- > Derivative risk: Because we 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.
- > Emerging markets risk: If a Fund invests in emerging market securities, there may be a greater risk of price fluctuation or of the suspension of redemptions in such funds, compared to funds investing in more mature markets. This volatility may stem from political and economic factors and be exacerbated by legal, trading liquidity, settlement, transfer of securities and currency factors.
- > PIE status risk: If a Fund loses its status as a PIE, then that Fund will be taxed as a company rather than under the PIE regime (and the tax treatment of unitholders in the Fund will differ accordingly). If a Fund elects to become a foreign investment zero-rate PIE and subsequently loses that status, then that Fund will be taxed as a foreign investment variable-rate PIE whereby the tax treatment of notified foreign investor unitholders and transitional resident unitholders will differ accordingly.
- > Valuation risk: A Fund may invest in unquoted and/or illiquid investments which have a risk of mispricing. In such situations an objective, verifiable source of market value may not be available.

- > Small and medium sized entities risk: There are risks associated with investing in small and medium sized entities as the prices of securities associated with such entities is usually more volatile (compared to those of larger entities), and the securities are generally less liquid.

General risks

The main general risks that apply are:

- > Performance risk: Past performance is no guarantee of future performance. There is a risk that in the future a Fund will not achieve its investment objectives.
- > Equity risk: The risk that an investment will depreciate because of stock market dynamics causing the investment to lose value.
- > Regulatory risk: Returns may be affected by any adverse regulatory changes in New Zealand or other global jurisdictions, which could have an impact on investments.
- > Country concentration risk: Funds which invest in essentially only one country will have greater exposure to market, political, legal, economic and social risks of that country than a fund which diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate.
- > Taxation risk: Changes in taxation rates or tax rules may impact investment returns. The taxation assumptions used in this Prospectus 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 you seek advice from a tax advisor before making an investment into a Fund.

The risks that apply to the Funds are not exhaustive.

Because of the risks set out, it is foreseeable that you may receive back less than you invest into a Fund. In any event, you will not be required to pay more money than the amount you invested into a Fund.

How we manage (mitigate) risks

The risks you face are common to the investment industry and will impact on the Funds to varying degrees.

As a general comment, to earn a higher return in the long term, an investor must be required to accept higher risk (i.e. there is a risk and return relationship).

We will monitor and evaluate risk to endeavour to deliver the required return for the risk taken on by investors in the Funds. Note that it is not possible to fully eliminate risk from our investment Funds.

Despite that, we actively take steps to address risk and to minimise it where possible. Techniques we use include:

- > Engaging and utilising the knowledge and experience of our investment team to manage our Funds effectively and efficiently.
- > Thoroughly researching and appraising potential companies and entities before committing a Fund to invest in that company or entity.
- > Actively managing the selection of investments.
- > Monitoring changes in the global and local economic environment and how this will impact on our clients' investments.
- > Where appropriate, diversifying the investments to ensure that we are not exposed in any one class of investments.
- > Ongoing monitoring of each investment to ensure it is performing to our expectations.

Consequences of insolvency

You have no liability to any person should we or a Fund become insolvent. In no event will you have to pay any money in addition to the amount invested.

If a Fund is wound up, unitholders will receive a proportionate share of assets of the Fund after all creditors' expenses including, without limitation, the expenses of any agents, solicitors, auditors or persons employed in connection with the winding up of the Fund and any outstanding fees (including remuneration payable to us and the Trustee) have been paid. The claims of unitholders will rank equally.

Can the investment be altered?

The Trust Deed can be altered by us and the Trustee in certain circumstances, if:

- > In the opinion of the Trustee, it is made to correct a manifest error or is a formal or technical nature;
- > In the opinion of the Trustee, it is necessary or desirable for the more convenient, economical or advantageous working, management or administration of a Fund or for safeguarding or enhancing the interests of a Fund or unitholders and is not, or not likely to become, materially prejudicial to the interests of the unitholders generally;
- > It is authorised by an extraordinary resolution of unitholders;
- > It is authorised under the Trust Deed in relation to varying the definition of 'authorised investments';
- > It is required by or in consequence of any amendment or repeal and/or replacement of any Act or any other relevant legislation, or where, in our reasonable opinion, such amendment is necessary or desirable to maintain the status of a Fund as a portfolio investment entity or to operate more efficiently under legislation governing portfolio investment entities; or
- > It is required to enable the units of a Fund to be listed on an exchange.

We and the Trustee may vary the conditions of establishment for each Fund if we give notice to you in a form approved by the Trustee, setting out the details of the proposed variation and either:

- > Unitholders in a Fund holding not less than 10% of the number of units on issue at the date of giving the notification, do not within 30 days of sending the notice, give notice of the intention to call a meeting of unitholders regarding the proposed variation, or having given such notice and having held a meeting, the unitholders at such meeting do not reject, by extraordinary resolution the proposed variation; or

- > Unitholders in a Fund who oppose the proposed variation are offered the opportunity to sell or withdraw all their units at the then current withdrawal price (without deduction of any exit fee) before the variation takes place.

We may alter investment minimums at any time, accept amounts less than the required minimums and determine that no further units will be issued at our discretion. With the approval of the Trustee, may increase or impose new fees to those stated under the heading 'What are the charges?' (page 24). At the date of this Investment Statement, we have no intention to do so. Three month's written notice must be given to you before any fees are increased.

The investment policy, strategies and objectives of each Fund are current as at the date of this Investment Statement and can be varied by us, in accordance with the Trust Deed by agreement with the Trustee.

Payment of withdrawal requests may be suspended or deferred. Details of when this may occur are provided under the heading 'What returns will I get?' (page 26).

We may resolve to wind up a Fund. In this instance, all assets of the Fund will be realised, and after the deduction of liabilities permitted in the Trust Deed, each unitholder will be paid out their share of the Fund proportionate to their unit holding.

INFORMATION REQUIRED BY THE SECURITIES ACT 1978

How do I cash in my investment?

You may withdraw all or part of your investment in a Fund at any time by correctly completing a withdrawal request and complying with our withdrawal process.

A withdrawal request must be made using the Withdrawal Request Form on page 45.

A withdrawal request must be for a minimum value of \$1,000 per withdrawal (unless a withdrawal request relates to all units held by you in a Fund or it is a regular withdrawal from the Income Fund where the minimum regular withdrawal is \$200 per withdrawal). Unless all units held by you are being sold, the minimum balance (\$10,000) must be maintained.

If your balance falls below the minimum investment amount, we may on 30 days written notice, withdraw your units and pay the proceeds to your nominated bank account.

While it is intended that withdrawals will be processed at the next available unit price after a withdrawal request is received and our withdrawal process has been completed, the Trustee may require up to 10 days notice of withdrawal. The unit selling price is calculated by dividing the net asset value of the Fund by the number of units on issue, and deducting any amount determined by us (in our absolute discretion) on account of the estimated costs which would be incurred if investments of the Fund sufficient to repay the withdrawal price were realised.

Withdrawal payments will only be made to a New Zealand domiciled bank account that we consider (acting reasonably) to be the account of the relevant investor in the relevant Fund.

A redemption of units is not itself liable to tax. However, a redemption may give rise to a liability for tax on the underlying taxable income of a Fund (see pages 27 and 28 for more information).

We may in certain circumstances suspend payment of withdrawal requests – see ‘Suspending Withdrawals’ in the ‘What returns will I get?’ section on pages 26 and 27.

Right to sell units

Subject to the minimum investment amounts, you may sell and transfer all or any of your units. The instrument of transfer must be in writing in any usual or common form which we approve and be signed by both the transferor and transferee.

In our opinion, there is no established market for such sales. We can decline to register a transfer if the conditions for withdrawal detailed above are not met.

We may suspend the registration of any transfers at such times and for such periods as we may from time to time determine (but not exceeding 30 days in aggregate in each year).

Termination of a Fund

A Fund will terminate upon whichever is the earlier of:

- > The date of termination (if any) notified by us to the Trustee and to you, being a date not earlier than three months after the date of such notice;
- > If an extraordinary resolution is passed by unitholders resolving to terminate a Fund; or
- > The expiration of a period of 80 years, less two days, from the date of establishment of a Fund.

Who do I contact with inquiries about my investment?

If you have any inquiries about the Funds, please contact us:

Milford Funds Limited

Level 17, 41 Shortland Street
PO Box 960, Shortland Street
Auckland 1140
Attn: Client Services

Telephone: 09 921 4700 or 0800 662 345

Facsimile: 09 921 4709

Email: info@milfordasset.com

Website: www.milfordasset.com

INFORMATION REQUIRED BY THE SECURITIES ACT 1978

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 us at:

Milford Funds Limited

Level 17, 41 Shortland Street
PO Box 960, Shortland Street
Auckland 1140
Attn: Client Services

Telephone: 09 921 4700 or 0800 662 345
Facsimile: 09 921 4709
Email: info@milfordasset.com

If we are unable to resolve your complaint, you may choose to contact the Trustee at:

Trustees Executors Limited

Level 12, 45 Queen Street
PO Box 4197, Shortland Street
Auckland 1140
Attn: Business Manager - Corporate Trust

Telephone: 09 308 7100
Facsimile: 09 308 7101

We are 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 us 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: 04 499 7612 or 0800 808 200
Facsimile: 04 499 7614

Further information about referring a complaint to the ISO can be found at 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:

4th Floor, 101 Lambton Quay, Wellington
PO Box 5967, Lambton Quay
Wellington 6145

Telephone: 04 472FSCL (472 3725) or 0800 347 257
Facsimile: 04 472 3728

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.

What other information can I obtain about this investment?

Further information about the Funds, ourselves and the Trustee is contained in the Trust Deed, the registered Prospectuses, and the Financial Statements of the Funds. These documents will be available for inspection, without fee during normal business hours, at:

Milford Funds Limited

Level 17, 41 Shortland Street
PO Box 960, Shortland Street
Auckland 1140

Telephone: 09 921 4700 or 0800 662 345

Facsimile: 09 921 4709

Email: info@milfordasset.com

Website: www.milfordasset.com

You can also obtain copies of the Prospectuses and the most recent Financial Statements of the Funds free of charge on request in writing, or by telephone, to us.

Our Trust Deed, Prospectuses, Financial Statements and other documents of, or relating to the Funds, are filed (in accordance with the statutory requirements as to time frames) 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

Additional information

We will also provide to you any other material you are entitled to receive by law and may also provide additional material, such as market performance and Fund updates.

Considering your risk profile – Milford Unit Trust PIE Funds

These short questions will help you understand your attitude towards investment risk and help you decide which option may suit your needs. This is important because your attitude to risk is one of the main factors when deciding how to invest your money. Remember these questions are intended as a guide only and we strongly recommend you seek professional investment advice from an authorised financial adviser to help you plan for your future.

Age

	Points	My Score
1. When do you plan to draw on your investment?		
Short term (1-3 years)	5	
Medium term (3-10 years)	10	
Long term (more than 10 years)	20	

Risk tolerance

	Points	My Score
2. If your investments were to decline in value by 20% over a 12 month period, what would you do?		
Transfer the entire investment to a more secure option	5	
Transfer some (say half) of the investment to a more secure option	10	
Do nothing	15	
Invest more to take advantage of the lower prices	20	

Investment experience

	Points	My Score
3. How would you best describe your investment experience?		
I am an experienced investor	15	
I take an interest but I'm not really comfortable making investment decisions myself	10	
I am not familiar with investment markets and have little interest in their workings	5	

Investment decisions

	Points	My Score
4. What would you do with a \$100,000 windfall that had to be invested?		
Put it all in the share market	25	
Put most in the share market and the rest in a more secure investment such as a term deposit	20	
Invest in a property (which includes paying off the mortgage)	15	
Put most in a more secure investment and the rest in the share market or a similar higher risk investment	10	
Put it all in the bank or on term deposit	5	

Total Score

Your total score indicates the investment fund you may wish to consider

Your score	Profile	Investment funds available
20 to 30	Cash	No Milford Funds
31 to 40	Conservative	Milford Income Fund
41 to 50	Moderate	Milford Balanced Fund
51+	Growth	Milford Active Growth Fund Milford Global Fund Milford Trans-Tasman Fund Milford Dynamic Fund

This is a tool to assist you to determine the investment option that may best suit your risk profile. This is not an investment or financial plan and should be treated as a guide only. We recommend that you discuss your investment options with your professional advisor prior to making any choices. Neither we nor the Trustee accepts any responsibility for the investment option you choose or for the performance of your investment.

This risk-profiling tool was sourced from Aon Saver Ltd.

How to Invest

If you are a new investor:

- > Read this Investment Statement.
- > Complete the Application Form on pages 39 and 40 of this Investment Statement.
- > You can pay by cheque for the minimum \$10,000 initial investment amount made out to: TEA Custodians Ltd o/a Milford Funds Ltd, crossed 'non transferable' or direct credit into the following bank account **02 0500 0907231 000** in the name of: TEA Custodians Ltd o/a Milford Funds Ltd.

> Mail documentation to:

Milford Funds Limited

PO Box 960
Shortland Street
Auckland 1140

or email documentation to info@milfordasset.com

If you are an existing investor wishing to invest into a new fund:

- > Please obtain an Application Form on pages 39 and 40 of the Investment Statement.
- > Place your unitholder number in the boxes at the top of the Application Form.
- > Tick the box at the top of the form which states 'This is a subsequent investment' and complete the Investor Details on the Application Form. You do not need to provide identity documentation with subsequent investments.
- > You can pay by cheque made out to: TEA Custodians Ltd o/a Milford Funds Ltd crossed 'non transferable' or direct credit into the following account **02 0500 0907231 000** in the name of: TEA Custodians Ltd o/a Milford Funds Ltd. If you do direct credit, please reference your unitholder number or IRD number and name in the electronic payment.

> Mail documentation to:

Milford Funds Limited

PO Box 960
Shortland Street
Auckland 1140

or email documentation to info@milfordasset.com

Application Form

Please complete all sections of the Application Form contained with this Investment Statement.

To ensure your details are recorded correctly, please:

- > Print using a 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.

Prescribed Investor Rate (PIR)

For details on which PIR rate to choose, please see the 'Taxation' section on pages 27 to 28.

Distribution Details for the Income Fund and Trans-Tasman Fund

We intend to make quarterly distributions from the Income Fund and half yearly distributions from the Trans-Tasman Fund.

Regular withdrawals

Investors have the ability to withdraw units on a regular basis. This can be requested on the Withdrawal Request Form (please see page 45) but investors must recognise this can reduce their investment capital. The maximum number of regular withdrawals per year is 12.

Direct Debit Form

Ongoing contributions can be made via the Direct Debit Form on page 42 or by internet banking or via a cheque.

Investing for children

If the child is under 16, a parent or guardian is required to sign the application. The child's IRD number and evidence of identification for the child and parent or guardian are also required to process the application. See the Application Form for acceptable forms of identification.

Please contact us on 09 921 4700 or 0800 662 345 or visit our website (www.milfordasset.com), if you have any problems or questions about filling in the Application Form, Direct Debit Form or Withdrawal Request Form.

ADVISER'S STAMP

OFFICE USE ONLY:

/ /
DATE

ML

UNITHOLDER NUMBER

BROKERS STAMP

ADVISORS CODE

Application Form for the Milford Unit Trust PIE Funds

(Please tick appropriate box)

- This is an application to make an initial investment into the **Milford Unit Trust PIE Funds**
- This is a subsequent investment (Please insert your unitholder number in the boxes provided above)

Please mail this application form, together with your cheque and any other relevant documentation to:
Milford Funds Limited PO Box 960, Shortland Street, Auckland 1140

If you pay by direct credit, please send this Application Form and your payment details to Milford at the address above or to info@milfordasset.com

INVESTOR DETAILS

Company/Trust Name/Joint Names (Please list names of Trustees, Directors etc below) IRD NUMBER (FOR COMPANY/TRUST)

Individuals (also Trustee #1/Director #1 etc)

TITLE	SURNAME	FIRST NAMES
<input type="text"/>	<input type="text"/>	<input type="text"/>
DATE OF BIRTH	IRD NUMBER	EVIDENCE OF IDENTITY PROVIDED
/ /	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="checkbox"/> Additional evidence is required - please refer to 'Unitholder identification' overleaf

Individuals (also Trustee #2/Director #2 etc)

TITLE	SURNAME	FIRST NAMES
<input type="text"/>	<input type="text"/>	<input type="text"/>
DATE OF BIRTH	IRD NUMBER	EVIDENCE OF IDENTITY PROVIDED
/ /	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="checkbox"/> Additional evidence is required - please refer to 'Unitholder identification' overleaf

Individuals (also Trustee #3/Director #3 etc)

TITLE	SURNAME	FIRST NAMES
<input type="text"/>	<input type="text"/>	<input type="text"/>
DATE OF BIRTH	IRD NUMBER	EVIDENCE OF IDENTITY PROVIDED
/ /	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="checkbox"/> Additional evidence is required - please refer to 'Unitholder identification' overleaf

Prescribed Investor Rate (PIR) *(Please tick appropriate box)*

- 0% (Zero-Rated Unit Holder) 0% (Notified Foreign Investor) 0% (Transitional resident) 10.5% 17.5% 28%

(Tick one – if none selected, 28% will apply. If your IRD number has not been provided in the 'Investor Details' section above, 28% will apply).

If a joint investor, indicate the highest PIR. Please see pages 27 to 28 of the Investment Statement for more details.

Investment on behalf of a minor/Investment on behalf of another

(Please give details of the person who is to control this investment (i.e. parent or guardian) if the above named investor/s are 16 years or under)

TITLE	SURNAME	FIRST NAMES
<input type="text"/>	<input type="text"/>	<input type="text"/>
DATE OF BIRTH	IRD NUMBER	EVIDENCE OF IDENTITY PROVIDED
/ /	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="checkbox"/> Additional evidence is required - please refer to 'Unitholder identification' overleaf

RELATIONSHIP TO INVESTOR (Please specify)	PLEASE INDICATE AGE AT WHICH ABOVE NAMED INVESTOR/S MAY HAVE CONTROL OF THIS INVESTMENT
<input type="text"/>	<input type="text"/>

CONTACT DETAILS

POSTAL ADDRESS		POSTCODE
<input type="text"/>		<input type="text"/>
HOME PHONE	BUSINESS PHONE	FAX
()	()	()
MOBILE	EMAIL ADDRESS (required to access self-registering online service)	
()	<input type="text"/>	

INVESTMENT DETAILSINITIAL INVESTMENT
(MINIMUM OF \$10,000)SUBSEQUENT INVESTMENT
(MINIMUM OF \$1,000)REGULAR INVESTMENT
(MINIMUM \$1,000 per annum)

Milford Income Fund			
Milford Balanced Fund			
Milford Global Fund			
Milford Trans-Tasman Fund			
Milford Dynamic Fund			

Payment: Cheque - Please make your cheque payable to 'TEA Custodians Ltd o/a Milford Funds Ltd' and cross it 'not transferable'.**Direct Credit** - Please deposit direct credit payments in the following TEA Custodians Limited o/a Milford Funds Ltd account: **02-0500-0907231-000**. Please reference this payment with your IRD number and your name, or the investing Trusts IRD number and name.**BANK ACCOUNT DETAILS**

You must provide us with bank account details. This must be a New Zealand domiciled bank account which is in the same name as your Milford Funds holding.

ACCOUNT NAME		BANK	
BRANCH		ACCOUNT NUMBER	
		BANK	BRANCH
		ACCOUNT NUMBER	SUFFIX

DISTRIBUTION OPTIONS

Please also indicate if you would like distributions from the Income and/or the Trans-Tasman Fund to be reinvested or paid into your bank account. If no option is selected, all distributions will be reinvested.

Income Fund	<input type="checkbox"/>	REINVEST	<input type="checkbox"/>	DIRECT CREDIT TO BANK ACCOUNT
Trans-Tasman Fund	<input type="checkbox"/>	REINVEST	<input type="checkbox"/>	DIRECT CREDIT TO BANK ACCOUNT

UNITHOLDER IDENTIFICATION

The Anti-Money Laundering and Countering Finance of Terrorism Act 2009 require, Milford to verify the identity of new investors in new situations. The following sets out the suitable forms of identification at the date of this Investment Statement. These may change from time-to-time and accordingly additional or alternative requirements may be introduced during the period of the offer (including any requirements to comply with the Foreign Account Tax Compliance Act (FATCA)).

Personal investorsAcceptable forms of identification for personal investors include a **certified** copy by a trusted referee.

- Appropriate pages of passport
- New Zealand Firearms licence
- Please see page 41 for more options

For the following investor categories, identification must be verified by providing photocopies of each of the items listed.**Corporations**

- Certificate of Incorporation
- Proof of address or registered office
- List and identification of Directors

The director who has signed the application must also provide full details and evidence of identity as specified for personal investors.

Trusts and estates

- Identification is required for all trustees, executors, beneficial owners and beneficiaries as specified for personal investors above.
- Name and birthdate of each beneficiary to the Trust
- Trust Deed

Investing for another person under power of attorney

Identification of the person in whose name the investment is being made, is as specified for personal investors above. In addition, copies of each of the following documents are required:

- Power of Attorney
- Certificate of Non-Revocation

Investing on behalf of a minor (16 years and under)

Identification of the person in whose name the investment is being made (the minor) as well as the individual(s) making the investment on behalf of a minor, is as specified for personal investors above.

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 Funds Limited and Trustees Executors Limited (and related entities thereof) for the purposes of enabling Milford Funds Limited to arrange and manage your investment, and to contact you in relation to your investment. Milford Funds Limited 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 Funds Limited. 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 or any of its related companies, including Milford Asset Management Limited to provide you with newsletters and other information about the Milford Unit Trust PIE Funds and other products and services.

DECLARATION

I/We have read and retained a copy of the attached Investment Statement dated 16 September 2013 and agree to be bound by the terms and conditions of the Trust Deed. I/We agree to the terms outlined above in relation to the Privacy Act 1993 and the supply of personal information. I/We understand that the Milford Unit Trust PIE Funds are a vehicle for long-term investment and as the Funds invest in equities, the value of my/our investment is liable to fluctuations and may rise and fall from time to time. I/We understand the manner in which the fees will be deducted from my/our investment.

SIGNATURE OF APPLICANT, TRUSTEE OR DIRECTOR	DATE
	/ /
SIGNATURE OF APPLICANT, TRUSTEE OR DIRECTOR	DATE
	/ /
SIGNATURE OF APPLICANT, TRUSTEE OR DIRECTOR	DATE
	/ /

Application Form Checklist for the Milford Unit Trust PIE Funds

Use this checklist in accordance with the Milford Unit Trust PIE Fund Investment Statement to ensure you have correctly completed your application form.

Investing Entity information below

Individual	Joint Names	Trust	Company
<input type="checkbox"/> Name	<input type="checkbox"/> Name of investors	<input type="checkbox"/> Name of investing entity	<input type="checkbox"/> Name of investing entity
<input type="checkbox"/> IRD Number	<input type="checkbox"/> IRD Number for each investor	<input type="checkbox"/> IRD Number	<input type="checkbox"/> IRD Number
<input type="checkbox"/> Date of birth	<input type="checkbox"/> Date of birth for each investor	<input type="checkbox"/> Trust Deed	<input type="checkbox"/> Certificate of incorporation
<input type="checkbox"/> Bank Account details	<input type="checkbox"/> Bank Account details	<input type="checkbox"/> Bank Account details	<input type="checkbox"/> Bank Account details
<input type="checkbox"/> Personal identification	<input type="checkbox"/> Personal identification for each investor	<input type="checkbox"/> Personal identification for all trustees, executors, beneficial owners and named beneficiaries of the Trust	<input type="checkbox"/> Proof of address of registered office <input type="checkbox"/> List and personal identification of all Company Directors

Make sure all personal details match the certified identification provided.

Requirements for all investments

Prescribed Investor Rate for the investing entity (see page 27 of the Investment Statement for help identifying this)

Notified Foreign Investor If you have selected 'Notified Foreign Investor' as your PIR, you must provide the following additional information:

- Your home address in your country or territory of residence;
- The country code as prescribed by the Commissioner of Inland Revenue for your country or territory of residence; and
- Your tax file number in your country or territory of residence, or a declaration that you are unable to provide this number (giving appropriate reasons).

Please see page 27 to 28 of the Investment Statement for more details.

Contact details (ensure your address has postal delivery and provide an email address if you want future login access)

Initial investment amount

Investment Fund choice

Distribution instructions completed (if applicable)

Identification has been certified by a Trusted referee (outlined below)

Signature and date for all individuals noted on the Application Form (with the exception of the minor the investment is on behalf of, if applicable)

Identity Verification Requirements

The below outlines the personal identification documents we require in order to process your investment application. These documents must be **certified** and a list of trusted referees can be noted below.

Option 1	Option 2	Option 3
<p>One form of primary photographic ID:</p> <ul style="list-style-type: none"> • NZ passport; or • NZ Certificate of Identity; or • NZ Refugee Travel Document; or • Emergency Travel Document; or • Firearms Licence; or • Overseas passport which includes the person's name, DOB, photo and signature; or • A national ID card which includes the person's name, DOB, photo and signature 	<p>One form of primary non-photographic ID:</p> <ul style="list-style-type: none"> • NZ Full Birth Certificate; or • NZ Citizenship Certificate; or • An overseas birth certificate; or • An overseas citizenship certificate; <p>PLUS</p> <p>A secondary or supporting form of photographic ID:</p> <ul style="list-style-type: none"> • NZ drivers licence; or • 18+ card; or • International driving permit 	<ul style="list-style-type: none"> • NZ Drivers Licence <p>PLUS</p> <ul style="list-style-type: none"> • A bank statement from a registered bank, or a statement from the IRD, issued to the person in the last 12 months

Document Certification

A trusted referee **must** be at least 16 years of age and one of the following:

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> • Commonwealth representative • An employee of the Police who holds the office of constable • Justice of the peace | <ul style="list-style-type: none"> • Registered medical doctor • Registered teacher • Minister of religion • Lawyer | <ul style="list-style-type: none"> • Notary public • New Zealand Honorary consul • Member of Parliament • Chartered accountant |
|--|---|--|

In addition, the trusted referee **must not** be:

- Related to the customer; for example, a trusted referee cannot be their parent, child, brother, sister, aunt, uncle or cousin
- The spouse or partner of the customer
- A person who lives at the same address as the customer
- A fellow Trustee

The trusted referee must sight the original documentary identification, and make a statement to the effect that the documents provided are a true copy and represent the identity of the named individual (link to the presenter).

Certification **must** include:

- The name,
- Occupation and signature of the trusted referee, and
- The date of certification.

Certification must have been carried out within three months prior to presentation of the copied documents.

We may be in contact for additional information in the future if this is required to comply with legislation.

Conditions of the Direct Debit 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.

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This form should only be completed if you choose to make a withdrawal from your Milford Unit Trust PIE Funds investment

Withdrawal Request Form for the Milford Unit Trust PIE Funds

ACCOUNT DETAILS

MILFORD ACCOUNT NAME

UNITHOLDER NUMBER

ML

LUMP SUM WITHDRAWAL DETAILS

TOTAL WITHDRAWAL AMOUNT

OR NUMBER OF UNITS (for a full withdrawal, write 'ALL' in the box)

\$

PLEASE INDICATE THE WITHDRAWAL AMOUNT OR NUMBER OF UNITS THAT SHOULD BE TAKEN FROM EACH FUND:

Milford Income Fund

Milford Active Growth Fund

Milford Trans-Tasman Fund

Milford Balanced Fund

Milford Global Fund

Milford Dynamic Fund

REGULAR WITHDRAWAL DETAILS

Regular withdrawal for **all Funds** occurs on the 15th of each month or the next business day. The minimum amount per withdrawal is \$1,000 except for the Income Fund which has a minimum withdrawal amount of \$200 per withdrawal. The maximum number of regular withdrawals per year is 12.

TOTAL WITHDRAWAL AMOUNT

FREQUENCY

\$

Monthly

Quarterly

6 Monthly

Annually

PLEASE INDICATE THE WITHDRAWAL AMOUNT THAT SHOULD BE TAKEN FROM EACH FUND:

Milford Income Fund

\$

Milford Active Growth Fund

\$

Milford Trans-Tasman Fund

\$

Milford Balanced Fund

\$

Milford Global Fund

\$

Milford Dynamic Fund

\$

BANK ACCOUNT DETAILS

The withdrawal will be paid into the bank account you nominated when you first invested. If no bank account details were provided or your bank account has changed, please complete the section below. Please note withdrawals will only be paid into a New Zealand domiciled bank account which is in the same name as your Milford Funds holding.

ACCOUNT NAME

BANK

BRANCH

ACCOUNT NUMBER

BANK

BRANCH

ACCOUNT NUMBER

SUFFIX

AUTHORISATION

Please be aware Milford requires a certified copy of identification to process a withdrawal. If Milford does not have this documentation on file you will need to provide it. A list of acceptable identification documents can be found on page 41.

	INVESTOR NAME	INVESTOR SIGNATURE	DATE
1	<input type="text"/>	<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>
2	<input type="text"/>	<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>
3	<input type="text"/>	<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>
4	<input type="text"/>	<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>

Please mail this Withdrawal Request Form to: Milford Funds Limited, PO Box 960, Shortland Street, Auckland 1140.

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Glossary

Auditor means PricewaterhouseCoopers.

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

Convertible Debt is a bond that can be converted to equity at a predetermined time.

Custodian means Trustees Executors Limited.

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

Entity/Entities is another name for companies.

Equities is another name for shares in companies.

FDR means the fair dividend rate calculation method.

Fixed interest securities (also known as bonds) are securities issued by a borrower for which the investor usually gets a regular interest payment and an expected return of capital.

FMA means the Financial Markets Authority.

Funds means the Milford Income Fund, the Milford Balanced Fund, the Milford Active Growth Fund, the Milford Global Fund, the Milford Trans-Tasman Fund and the Milford Dynamic Fund, all unit trusts established under the Trust Deed.

Global means countries around the world.

GST means goods and services tax.

Hybrid Securities are a broad group of securities that combine the elements of two broader groups of securities, the most common being a combination of debt and equity.

Investment Costs means costs associated with the acquisition of investments or disposal of investments by the Funds.

Investment Team means the Milford Investment Team set out on page 10 and 11.

Milford, Manager, we, us or our means Milford Funds Limited.

Net Asset Value means in relation to a Fund, the total value of all assets of the Fund less any liabilities, as calculated in accordance with clauses 2.33 and 2.36 of the Trust Deed.

OCR means official cash rate.

PIE is a Portfolio Investment Entity, it has the meaning given to that term under the Income Tax Act 2007.

PIR is the Prescribed Investor Rate (see the 'Taxation' section on page 27 for more details).

Registrar means Trustees Executors Limited in its capacity as the registrar of the Funds.

Short-selling means selling securities you do not own with the intention of purchasing them back later at a lower price.

Trust Deed means the Trust Deed for the Funds created by the deed dated 20 August 2007 (as amended by an amendment deed dated 4 October 2011).

Trustee means Trustees Executors Limited.

Underlying Managed Funds means from time to time, investment funds selected by us into which the Global Fund in particular, invests.

Directory

Manager

Milford Funds Limited
Level 17, 41 Shortland Street
PO Box 960, Shortland Street
Auckland 1140
Telephone: 09 921 4700 or 0800 662 345
Facsimile: 09 921 4709
Email: info@milfordasset.com
Website: www.milfordasset.com

Directors of Milford Funds Limited

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

Solicitor for the Manager

Minter Ellison Rudd Watts
Level 20 Lumley Centre
88 Shortland Street
Auckland 1010

Auditor

PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland 1142

Trustee

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

Custodian

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

Registrar

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

Solicitor for the Trustee

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



Milford Funds Limited

Level 17, 41 Shortland Street
PO Box 960, Shortland Street,
Auckland 1140, New Zealand

Telephone: 09 921 4700
Facsimile: 09 921 4709
Toll Free: 0800 662 345
www.milfordasset.com

