



Milford Unit Trust PIE Funds
Who is Involved & Other Important Information

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Information

General Information

In this Document

This document contains information about who is involved in delivering, overseeing and managing the Milford Unit Trust PIE Funds ('Funds').

It should be read in conjunction with the Product Disclosure Statement ('PDS').

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Who is involved?

Who is the Manager?

Milford Funds Limited ('Milford') is the manager of the Funds.

Milford has been granted a Managed Investment Scheme ('MIS') licence under the Financial Markets Conduct Act 2013 by the Financial Markets Authority ('FMA').

Parent Company of the Manager

Milford is a wholly-owned subsidiary of Milford Asset Management Limited ('Milford Asset Management') which is a well-established, award-winning investment management company that, at the date of this document, has over \$4 billion in funds under management.

Milford Funds Limited

Milford was created in 2007 to enable investors to invest with us and gain the advantage of the investment expertise and experience of the Milford Asset Management team. Milford is managed by an experienced team of investment professionals with significant investment industry experience and expertise and offers the Milford KiwiSaver Plan alongside the Funds.

Our Directors

Milford's directors may change from time to time. The current names of our directors can be obtained from the Companies Office website at www.companiesoffice.govt.nz/companies.

Responsibilities of the Manager

We are responsible for:

- a. offering the managed investment products;
- b. issuing the managed investment products;
- c. managing the Funds' investments; and
- d. administering the Funds.

We may authorise any person or persons to act as our delegate (in the case of a joint appointment, jointly and severally) to perform any act, or exercise any discretion within our power, including appointing investment managers, administration managers and experts.

When we exercise our powers and duties as manager, we must:

- act honestly in acting as manager;
- in exercising any powers or performing any duties as manager:
 - act in the best interests of investors; and
 - treat the investors equitably;
- exercise the care, diligence and skill that a prudent person engaged in the profession or business of acting as manager would exercise in the same circumstances;
- carry out our functions in accordance with the trust deed for the Funds ('Trust Deed'), the Statement of Investment Policies and Objectives ('SIPO') and all our other obligations; and
- not make use of information acquired through being the manager in order to:
 - gain an improper advantage for ourselves or any other person; or
 - cause detriment to the investors.

Supervisor

The Supervisor of the Funds is Trustees Executors Limited ('Supervisor').

The address of the Supervisor is:

Level 7, 51 Shortland Street
Auckland 1010

The directors of the Supervisor may change from time to time. The current names of the Supervisor's directors and its address may be obtained from the Companies Office website www.companiesoffice.govt.nz/companies or by phoning the Supervisor on 0800 878 783.

The Supervisor has been granted a full licence under the Financial Markets Supervisors Act 2011 to act as a Supervisor of a managed investment scheme. The licence expires on 16 January 2018 and is subject to reporting conditions. The Supervisor has applied for the renewal of their licence.

Further information on the Supervisor's licence is publicly available on the Financial Markets Authority ('FMA') website (www.fma.govt.nz) and also on the Registrar of Financial Service Providers Register website (www.companiesoffice.govt.nz/fsp).

Responsibilities of the Supervisor

The Supervisor is responsible for the following functions:

- supervising the performance of the manager of its functions and its issuer obligations;
- supervising the financial position of the manager and the Funds to ascertain they are adequate;
- acting on behalf of investors in relation to the scheme and the manager;
- reporting to FMA any contravention, or likely contravention, of a manager or issuer obligation;

- holding the Funds' property, or ensuring that it is held, in accordance with the Financial Markets Conduct Act 2013 ('FMCA'); and
- performing or exercising any other functions, powers, and duties conferred or imposed on the Supervisor by or under the FMCA, the Financial Markets Supervisor Act 2011, and the Trust Deed.

The Supervisor must:

- act honestly in acting as a supervisor;
- in exercising any powers or performing any duties as supervisor, act in the best interests of investors;
- exercise reasonable diligence in carrying out its functions as a supervisor;
- do all the things it has the power to do to cause any contravention referred to in section 152(1)(a) of the FMCA to be remedied (unless it is satisfied that the contravention will not have a material adverse effect on investors);
- act in accordance with any direction given by a special resolution of investors that is not inconsistent with any enactment, rule of law, or the Trust Deed in relation to:
 - seeking a remedy to a contravention referred to in section 152(1)(a) of the FMCA; and
 - any other matter connected with the supervisor's functions; and
- exercise the care, diligence, and skill that a prudent person engaged in the business of acting as a licensed supervisor would exercise in the same circumstances.

The Supervisor is not liable for anything done, or omitted to be done, in good faith in giving effect to a direction of investors.

As the Funds are established under a trust deed, the Supervisor is the trustee of the Funds and has the same duties and liability in the performance of its functions as supervisor as it would if it performed those functions as a trustee

(except to the extent that those duties are altered by or are inconsistent with the FMCA).

The Supervisor may also appoint agents and may appoint a nominated person to act as custodian for the Funds.

The Supervisor has appointed National Australia Bank Limited (NAB) to hold the Funds' assets as custodian.

For more information on the roles and responsibilities, powers and termination of the supervisor, please see the Trust Deed which can be found at www.companiesoffice.govt.nz/disclose or by telephoning us on 0800 662 345.

Custodian

National Australia Bank Limited ABN 12 004 044 937 ('NAB') is the custodian of the assets of the Funds. NAB's role is limited to holding the assets of the Funds as custodian nominated by the Supervisor. NAB has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. NAB has no liability or responsibility to you for any act done or omission made in accordance with the terms of the custody agreement between NAB and the Supervisor.

NAB has given and not withdrawn its consent to be named in this document. NAB makes no statement in this document and has not authorised or caused the issue of it.

NAB will hold investments of the Fund as bare trustee and such investments are not investments of NAB or any other member of the NAB group of companies (NAB Group).

Neither NAB, nor any other member of NAB Group, guarantees the performance of the investments or the underlying assets of the Funds, or provides a guarantee or assurance in respect of the obligations of us, the Supervisor or our related entities.

Administration Manager

Trustees Executors Limited and MMC Limited are each an administration manager ('Administration Manager') for the Funds.

The securities division of Trustees Executors Limited performs registry functions and MMC Limited performs unit pricing and fund accounting functions.

Related Party Interests

The Supervisor, Custodian and Administration Managers are independent of us, but they are not required to be independent of each other (and the Supervisor and Registrar are the same person).

We have not appointed an investment manager. As manager, we have responsibility for the investment of the Funds.

Our directors, the directors and employees of Milford Asset Management, the Administration Managers, our Professional Advisers and the Supervisor may from time to time hold units in the Funds.

Auditors and Solicitors

The auditor of the Funds is PriceWaterhouseCoopers ('PWC'). PWC has obtained registration and its audit partners have obtained full licences under the Auditor Regulation Act 2011.

PWC also carries out tax compliance services for the Funds. The provision of these services does not impair its independence from the Funds.

MinterEllisonRuddWatts are Milford's solicitors. DLA Piper are the solicitors for the Supervisor.

Indemnities and Related Matters

Subject to the limits on permitted indemnities under the FMCA, we and the Supervisor, and each of our directors, officers and employees, are entitled to a general right of indemnity from the Funds. This does not indemnify us or the Supervisor against any liability to the extent that doing so would be void under any relevant regulatory and legislative obligations.

Subject to the FMCA, we may indemnify out of the assets of the Funds any investment manager, administration manager, or custodian that we or the Supervisor (as appropriate) appoint in accordance with the Trust Deed.

Fund Description

The Funds are registered on the register of managed investment schemes under the FMCA as a managed investment scheme. This means the operation of the Funds is governed by the FMCA.

The FMCA may be amended from time to time and any such amendment may impact the Funds. Each person who becomes an investor in a Fund will be bound by the terms of the Fund.

MATERIAL CONTRACTS

Trust Deed

The Trust Deed is dated 1 August 2016. Certain key terms of the Trust Deed are summarised below. The information provided is intended to be a general summary only. If more detailed information is required, investors and potential investors can find a copy of the Trust Deed on the scheme register by visiting www.companiesoffice.govt.nz/disclose or by phoning us on 0800 662 345.

Appointment and Removal of Us

The Funds must have a manager who is licensed under the FMCA to act as a manager of managed investment schemes and who is not a related party of the Supervisor.

We can retire as manager of the Funds by giving at least 90 days' written notice to the Supervisor.

We can be removed as the manager of the Funds by:

- the Supervisor if they deem it in the best interests of investors; or
- special resolution of investors; or
- the High Court in accordance with provisions in the FMCA.

In the case of any of these instances, we must procure a new manager to be appointed who must meet the eligibility requirements in the FMCA and be approved by the Supervisor. Once a new manager has been appointed, we must hand over records and give reasonable assistance to the new manager in accordance with the requirements of the FMCA.

Appointment and Removal of the Supervisor

The Funds are required to have an independent licensed Supervisor.

The Supervisor can retire as supervisor of the Funds, with the FMA's prior consent, by giving us at least 90 days' written notice.

The Supervisor can be removed from its position:

- by the FMA if the FMA is satisfied the Supervisor no longer meets the requirements of the FMCA;
- by the FMA, or us, under Part 2 of the Financial Markets Supervisors Act 2011;

- if the Funds' investors approve a special resolution.

Generally, no removal or retirement of the Supervisor will take effect until a new supervisor has been appointed by us.

Amendments to the Trust Deed

The Trust Deed can be altered by us and the Supervisor. Amendments to the Trust Deed must comply with the FMCA.

Alteration of Fees

The Trust Deed allows us to increase the fees we charge by giving the Supervisor and investors 30 days' notice of the change.

Outsourcing Agreements

We have outsourcing agreements with Trustees Executors Limited and MMC Limited. We have appointed MMC Limited to undertake unit pricing and fund accounting functions for the Funds and Trustees Executors Limited to perform registry services for the Funds.

NAB has been appointed as custodian for the Funds.

The contracts in place with the three key providers stipulate the services to be provided, the fees and the contract duration.

Services Agreement

We have a Services Agreement with Milford Asset Management. Under this agreement, Milford Asset Management provides agreed administration, human resources, investment, operational, compliance, financial and management functions for the Funds to Milford.

This ensures that we are able to perform those functions to the standards required by law.

Other Important Information

The FMA investigated concerns relating to an employee of Milford Asset Management regarding trades carried out between December 2013 and August 2014 by the employee on behalf of Milford.

Milford Asset Management entered into a settlement agreement with the FMA on 15 June 2015 in relation to the investigation. The terms of the settlement agreement are set out on the FMA website www.fma.govt.nz. As a result the FMA investigation in relation to Milford Asset Management came to an end, and the settlement was a full and final agreement. This settlement did not include the employee. The FMA filed civil proceedings against the employee. The High Court delivered a ruling on 3 March 2017 finding against the individual on certain counts. This judgement is currently under appeal by both the FMA and the individual.

The FMA accepted, and had previously stated, that its investigation did not relate to the security of Milford Asset Management client funds or assets.

Milford Asset Management has since completed a thorough review of its systems and processes and has implemented appropriate improvements.



MILFORD

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