



## Milford KiwiSaver Plan Product Disclosure Statement

# Product Disclosure Statement

Milford Funds Limited  
26 July 2018

This document replaces the Product Disclosure Statement dated 16 March 2018

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). Milford Funds Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.

# 1. Key Information Summary

## What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Milford Funds Limited ('Milford', 'we', 'our', 'us') will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of Milford and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

## What will your money be invested in?

The Milford KiwiSaver Plan ('Plan') offers three funds ('Funds') for you to invest in. These investment options are summarised below. More information about the investment target and strategy for each investment option is provided at Section 3 "Description of your investment option(s)".

**See Section 4 of this document "What are the risks of investing?" for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).**

## Who manages the Milford KiwiSaver Plan?

Milford Funds Limited is the Manager of the Plan. See Section 7 'Who is involved' for more information.

## How can you get your money out?

You can access your KiwiSaver balance when you reach the age of 65, and you have been in KiwiSaver for at least 5 years.

There are a limited number of other circumstances in which withdrawals may be made (conditions apply) before reaching the age of eligibility for a retirement withdrawal (currently 65).

These include:

- 1 you suffer significant financial hardship or serious illness; or
- 2 when you are purchasing your first home; or
- 3 after you permanently emigrate from New Zealand; or
- 4 if you transfer from this scheme to another KiwiSaver scheme; or
- 5 if a court orders or law requires the release of funds from your investment; or
- 6 if you die; in which case your investment will be paid to your personal representatives; or
- 7 to meet your tax or student loan liability on any transferred foreign superannuation scheme interest.

See Section 2 "How does this investment work?" for more information.

## How will your investment be taxed?

The Plan is a Portfolio Investment Entity ('PIE'). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). To determine your PIR go to [www.ird.govt.nz/toii/pir/workout](http://www.ird.govt.nz/toii/pir/workout). See Section 6 of the PDS ("What taxes will you pay?") for more information.

## Where can you find more key information?

Milford is required to publish quarterly updates for each Fund. The updates show the returns, and the total fees actually charged to investors, during the previous year.

The latest Fund Updates are available at [www.milfordasset.com/forms-documents/fund-updates](http://www.milfordasset.com/forms-documents/fund-updates). The manager will also give you copies of those documents on request.

Fund	Investment Objective	Risk Indicator	Estimated Annual Fund Charges***
Milford KiwiSaver Conservative <b>(Conservative)</b>	<p><b>Objective</b> - Moderate returns** and protect capital over the minimum recommended investment timeframe.</p> <p><b>Description</b> - Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities.</p>	<p>Lower risk <span style="float:right">Higher risk</span></p>  <p>Potentially lower returns <span style="float:right">Potentially higher returns</span></p>	0.95%
Milford KiwiSaver Balanced <b>(Balanced)</b>	<p><b>Objective</b> - Capital growth** over the minimum recommended investment timeframe.</p> <p><b>Description</b> - Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities.</p>	<p>Lower risk <span style="float:right">Higher risk</span></p>  <p>Potentially lower returns <span style="float:right">Potentially higher returns</span></p>	1.25% <sup>^</sup> (includes estimated performance fee)
Milford KiwiSaver Active Growth <b>(Active Growth)</b>	<p><b>Objective</b> - Annual returns of 10%** over the minimum recommended investment timeframe.</p> <p><b>Description</b> - Diversified fund that primarily invests in Australasian equities, with a moderate allocation to international equities and fixed interest securities.</p>	<p>Lower risk <span style="float:right">Higher risk</span></p>  <p>Potentially lower returns <span style="float:right">Potentially higher returns</span></p>	1.30% <sup>^</sup> (includes estimated performance fee)

\* See Section 3 “Description of your investment option(s)” for further information on the calculation of the risk indicator.

\*\* After the base fund fee but before tax and before the performance fee (if applicable).

\*\*\* Annual fund charges include an estimate of applicable underlying fund charges.

<sup>^</sup> See Section 5 “What are the fees” for more information on fees.

The Plan also charges an administration and registry fee of \$36 per annum.

# Table of contents

1. Key information summary	<b>2</b>	6. What taxes will you pay?	<b>17</b>
2. How does this investment work?	<b>5</b>	7. Who is involved?	<b>17</b>
3. Description of your investment option(s)	<b>8</b>	8. How to complain	<b>19</b>
4. What are the risks of investing?	<b>10</b>	9. Where you can find more information	<b>20</b>
5. What are the fees?	<b>12</b>	10. How to apply	<b>20</b>

## 2. How does this investment work?

The Milford KiwiSaver Plan is registered under the Financial Markets Conduct Act 2013 ('FMC Act') as a KiwiSaver scheme.

The Plan is a trust vehicle governed by a trust deed dated 1 August 2016. The Supervisor of the Plan (or its appointed custodian) holds the Plan's investments. Trustees Executors Limited is the current Supervisor ('Supervisor') and supervises performance of our functions and obligations.

The Plan helps you save for retirement and provides retirement benefits for Members. At the date of this document, the Plan provides three Funds: Conservative, Balanced and Active Growth, and you can select a Fund or Funds into which your contributions will be placed.

The benefits payable depend on the amount of contributions made either by you alone, or by you and your employer, any additional amounts contributed either by or on behalf of you (such as the member tax credits), plus any investment returns on contributions and other money invested.

Your money is pooled with that of other Members of the relevant Fund. The Funds are separately accounted for and assets of one Fund cannot be used to cover the liabilities of another Fund. The interests of Members are represented by units, which confer an equal interest in a Fund and are of equal value. The value of units in each Fund will change according to the changing value of the underlying assets in which the Fund has invested.

The Funds are actively managed portfolios that provide a broad range of investment options.

The Funds also utilise the benefits of the PIE tax regime. The Funds are managed by Milford, a wholly owned subsidiary of Milford Asset Management Limited.

There are no regular distributions from the Plan. Conditions apply to withdrawals as described in the 'Withdrawing your investments' section.

Responsible investment, including environmental, social, and governance considerations, is taken into account in the investment policies and procedures of the scheme as at the date of this product disclosure statement. You can obtain an explanation of the extent to which responsible investment is taken into account in those policies and procedures at [www.milfordasset.com/new-to-investing/our-investment-approach](http://www.milfordasset.com/new-to-investing/our-investment-approach).

There is no Crown guarantee in respect of any KiwiSaver scheme or investment product of a KiwiSaver scheme.

### Joining the scheme

You can join the Plan if you are an individual below the New Zealand superannuation qualification age (currently 65), you are living or normally living in New Zealand (subject to certain exceptions) and, you are a New Zealand citizen or entitled to be in New Zealand indefinitely.

#### You can join the Plan if you are:

- a member of another KiwiSaver scheme; or
- a non-KiwiSaver member, who is:
  - a new employee where your employer has chosen the Plan as their preferred KiwiSaver scheme; or
  - a person (whether a new employee or not) who is eligible to join.

Milford may reject any application to join the Plan. A current minimum initial lump sum investment of \$1,000 applies if you are new to KiwiSaver and are not joining as an employee.

## Making investments

If you are an employee, you can choose to contribute either 3%, 4% or 8% of your gross salary or wages (as defined in the KiwiSaver Act 2006). This currently includes salary or wages plus other remuneration such as bonuses and overtime.

If you do not select a rate, your contribution rate will automatically default to 3%.

Your employer will deduct your contributions from each payment of your after-tax salary or wages and pay them to Inland Revenue. Inland Revenue will then pay the contributions (with any interest) to the Plan.

You can change your contribution rate to either 3%, 4% or 8% of your gross salary or wages at any time by notifying your employer.

If you are self-employed, not working or taking a contributions holiday, or under the age of 18, you can make contributions at any time.

You can also make additional regular or lump sum contributions.

If you become a member of the Plan as a result of being enrolled via your Employer Chosen Scheme and have not selected a Fund, you will be deemed to have selected Conservative.

In the event of the 'Investment Details' section of the application form being incomplete and we have not been able to contact you to determine which Fund you wish to invest, Milford has the discretion to allocate you to Conservative.

## Member Tax Credits

The government will contribute (if you are eligible) 50 cents for every dollar you contribute up to a maximum of \$521.43 per year (1 July to 30 June) if you are 18 years or over, reside mainly in New Zealand (exceptions apply) and are below your superannuation qualification age (see below). This is paid directly into your KiwiSaver account around July each year.

## Withdrawing your investments

You can only withdraw your investment as specified in the KiwiSaver Act 2006 or otherwise as required by law. Your interest in the Plan may not be assigned or charged or passed to any other person.

You may only withdraw your contributions in the following circumstances:

### Superannuation qualification age

#### You can withdraw your investment:

- when you reach the New Zealand superannuation qualification age (currently 65); and
- you have been in KiwiSaver (and/or a complying superannuation fund) for at least five years.

#### At that time you can:

- withdraw the full amount of your investment, in which case your KiwiSaver account will be permanently closed; or
- withdraw part of your investment (conditions apply); and/or
- make regular withdrawals (conditions apply).

### First home

Once you have been in KiwiSaver (and/or a complying superannuation fund) for three years, you may be eligible to withdraw your investment (leaving a minimum of \$1,000 in your account) to put towards buying your first home.

### Significant financial hardship

If you are suffering significant financial hardship, as determined by the Supervisor, you may be able to withdraw some of your investment. The amount you are able to withdraw may be limited and will exclude member tax credits.

### Serious illness

If you are experiencing terminal illness or permanent disability affecting your ability to work, as determined by the Supervisor, you may be able to withdraw up to the full balance of your investment.

### Death

In the event of your death, Milford will pay your investment to your estate's personal representatives.

### Withdrawals required by law

If any law or a court requires the release of funds from your KiwiSaver account, such as in divorce proceedings, then that amount will be paid out, or transferred.

### Transfer to another KiwiSaver scheme

You may transfer to another KiwiSaver scheme at any time. You may only be a member of one KiwiSaver scheme at a time.

### Permanent emigration

A year after permanently emigrating from New Zealand (other than to Australia) you may apply to withdraw your full KiwiSaver balance (less any accumulated member tax credits and any amount transferred from an Australian complying superannuation scheme) or have it transferred to an authorised foreign superannuation scheme.

If you emigrate to Australia you can transfer the full balance of your investment to an Australian complying superannuation scheme (conditions apply).

### Transferring your interest in a foreign superannuation scheme

The transfer from some foreign superannuation schemes to the Plan can create a tax liability. Funds from your account (excluding any accumulated member tax credits) may be withdrawn to pay this. A withdrawal will also be available if a student loan repayment obligation arises on transfer of your foreign superannuation interest to the Plan.

### Australian sourced funds

Different rules may apply to withdrawals if you have transferred Australian superannuation savings to the Plan. Please refer to the Member Guide.

### Suspending withdrawals

We may, with prior notice to the Supervisor, defer payment of a withdrawal where, due to certain circumstances arising (for example, political or market conditions), we form the opinion that it is not practicable, or would be materially prejudicial to Members, for such withdrawals to be made.

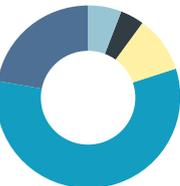
### How to switch between Funds

You can switch from one Fund to one or more Funds online via your client portal or by signing and returning a Switch Form found at [www.milfordasset.com/forms-documents](http://www.milfordasset.com/forms-documents).

### Need more information?

More information on joining, contributions and withdrawing is included in the Member Guide found at [www.milfordasset.com/forms-documents](http://www.milfordasset.com/forms-documents) or [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

### 3. Description of your investment option(s)

Fund	Investment objective and strategy	Target investment mix <sup>^</sup> (see note following table)	Risk Indicator	Minimum recommended investment timeframe
Conservative	<p>To provide moderate returns** and protect capital over the minimum recommended investment timeframe.</p> <p>A diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities.</p>	 <ul style="list-style-type: none"> <li>■ Cash and Cash Equivalents 6%</li> <li>■ New Zealand Fixed Interest 35%</li> <li>■ International Fixed Interest 41%</li> <li>■ Australasian Equities*** 6%</li> <li>■ International Equities 8%</li> <li>■ Listed Property 4%</li> </ul> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="background-color: #333; color: white; padding: 5px;">Income 32%</div> <div style="background-color: #666; color: white; padding: 5px;">Growth 18%</div> </div>	<p>Lower risk <span style="float: right;">Higher risk</span></p>  <p>Potentially lower returns <span style="float: right;">Potentially higher returns</span></p>	3 years
Balanced	<p>To provide capital growth** over the minimum recommended investment timeframe.</p> <p>A diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities.</p>	 <ul style="list-style-type: none"> <li>■ Cash and Cash Equivalents 9%</li> <li>■ New Zealand Fixed Interest 8%</li> <li>■ International Fixed Interest 23%</li> <li>■ Australasian Equities*** 30%</li> <li>■ International Equities 24%</li> <li>■ Listed Property 6%</li> </ul> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="background-color: #333; color: white; padding: 5px;">Income 40%</div> <div style="background-color: #666; color: white; padding: 5px;">Growth 60%</div> </div>	<p>Lower risk <span style="float: right;">Higher risk</span></p>  <p>Potentially lower returns <span style="float: right;">Potentially higher returns</span></p>	5 years
Active Growth	<p>To provide annual returns of 10%** over the minimum recommended investment timeframe.</p> <p>A diversified fund that primarily invests in Australasian equities, with a moderate allocation to international equities and fixed interest securities.</p>	 <ul style="list-style-type: none"> <li>■ Cash and Cash Equivalents 6%</li> <li>■ New Zealand Fixed Interest 4%</li> <li>■ International Fixed Interest 10%</li> <li>■ Australasian Equities*** 58%</li> <li>■ International Equities 22%</li> </ul> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="background-color: #333; color: white; padding: 5px;">Income 20%</div> <div style="background-color: #666; color: white; padding: 5px;">Growth 80%</div> </div>	<p>Lower risk <span style="float: right;">Higher risk</span></p>  <p>Potentially lower returns <span style="float: right;">Potentially higher returns</span></p>	5 years

<sup>^</sup> Note: Targets indicate what are expected to apply over the course of an economic cycle, and should be considered as general only. Milford is an active manager and may at times deploy investment strategies that differ (within the allowable minimum and maximum bounds) materially from the above targets.

\* Market index returns have been used for the period in the table below to calculate the risk indicator for Conservative as its investment policy has changed significantly and its returns before the change would not reflect its current investment policy. This means that the risk indicator for Conservative does not reflect the actual returns for the period specified in the table below. Therefore, the risk indicator may provide a less reliable indicator of the potential future volatility of the Fund.

Fund	Period of market returns used
Conservative	01/07/2013 to 31/08/2015

\*\* After the base fund fee but before tax and before the performance fee (if applicable).

\*\*\* May include holdings in unlisted companies.

We regularly review our Statement of Investment Policy and Objectives ('SIPO') and may amend it, in consultation with the Supervisor. We will notify you of any material changes before making them. Changes will also be communicated no later than the next quarterly Fund Update. The current SIPO can be found at [www.milfordasset.com/forms-documents](http://www.milfordasset.com/forms-documents) or at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

Further information about the assets in the Funds can be found in the Fund Updates at [www.milfordasset.com/forms-documents/fund-updates](http://www.milfordasset.com/forms-documents/fund-updates) or at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 4. What are the risks of investing?

### Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.



See Section 3 “Description of your investment option(s)” for the risk indicators which have been calculated for the Funds.

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund’s assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).

Note that even the lowest category does not mean a risk-free investment, and there are other risks (described under the heading “Other specific risks”) that are not captured by this rating.

This risk indicator is not a guarantee of a Fund’s future performance. The risk indicator is based on the returns data for the five years to 30 June 2018. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest Fund Update for the relevant Fund.

The risk indicator has been calculated on the basis of five years of historic fund returns where available, and market index returns where required. Hence, the returns data used may not represent a full investment cycle for the Fund and the risk category may be different if calculated using a longer timeframe. If the period of returns used reflected an environment of unusually low or unusually high volatility, the risk indicator may not reflect the Fund’s future volatility.

### General investment risks

Some of the things that may cause the Fund’s value to move up and down, which affect the risk indicator, are: investment return risk, market risk, interest rate risk, credit risk, equity risk, liquidity risk and currency risk. These risks are summarised below:

#### Investment return risk

Past performance is no guarantee of future performance. As Milford is an active manager, there is a risk that a Fund may underperform compared with its investment objective or with the market.

#### Market risk

Returns of a Fund will be affected by the performance of the investments chosen for that Fund which may in turn, be affected by the performance of the investment markets generally. This risk, related to market performance, includes demand and supply in the market and economic and regulatory conditions, including market sentiment, inflation, interest rates, employment, political events, environmental and technological issues, and consumer demands.

**Interest rate risk**

This refers to the risk that the market value of the investments of a Fund can change due to changes in interest rates.

The market value of fixed interest securities can fluctuate significantly with relatively small changes in interest rates.

**Credit risk**

The value of debt securities may be impacted by the issuer's ability to pay interest and principal owed as they become due. If there is a negative perception of the issuer's ability to meet its payment obligations, the value of the debt security may decrease.

**Equity risk**

A Fund's investment in an entity may be affected by unexpected changes in that entity's operations or business environment, including the risk that the entity may become insolvent. If this occurs, the Fund may receive a smaller or no return from, or it may lose, its investment in the entity.

**Liquidity risk**

Some investments may not be easily converted into cash with little or no loss of capital and minimum delay, because of insufficient availability of buyers, suspension of trading on request from the market regulator or the entity involved, fund outflows, or disruptions in the market place. Securities of small entities in particular may, and especially in falling markets, become less liquid. Milford may hold a small number of unlisted securities that are far less liquid than listed securities.

**Currency risk**

Where underlying investments are invested in jurisdictions outside of New Zealand, the returns may be affected by movements between the other currencies and the New Zealand dollar.

**Other specific risks**

Circumstances may arise that significantly increase the risk to returns (and which are not reflected in the risk indicators).

These are broader risks that you should be aware of

**Fund of funds risk**

The Funds invest primarily into Milford Wholesale Funds. The Funds may also invest into externally managed funds. An investment of a Fund in an underlying managed fund may be affected by unexpected changes in that underlying managed fund's operations or business environment. There may also be a risk that the underlying managed fund may have its assets frozen for a period of time or that the manager of that fund suspends withdrawals. This may have an impact on your ability to withdraw, transfer to another KiwiSaver scheme or switch between Funds.

To reduce this risk Milford monitors and reviews the investment performance of underlying fund managers.

More detail on these risks and other general risks is included in the Plan's Other Material Information document available at [www.milfordasset.com/forms-documents](http://www.milfordasset.com/forms-documents) or [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 5. What are the fees?

You will be charged fees for investing in the Funds. Fees are deducted from your investment and will reduce your returns. If Milford invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long term;
- one-off fees (currently none).

### Total estimated annual fund charges, performance-based fees and other charges

Fund	Estimated annual fund charges			Other Charges
	Base fund fee*	Performance-based fees**	Total	
Conservative	0.95%	N/A	0.95%	\$36
Balanced	1.13%	0.12%	1.25%	
Active Growth	1.07%	0.23%	1.30%	

\* The base fund fee includes an estimate of applicable underlying fund charges ranging from 0.00% to 0.08%. Actual charges will depend on the performance of the underlying funds and will vary from the estimates.

\*\* To estimate the annual performance fees, we have assumed the Fund will achieve the returns of the market index over the last 10 years and assessed them against the returns of the relevant Fund's performance benchmark over each performance review period.

### Actual average performance fees for completed performance years since each Fund's inception

Fund	Historical average performance-based fees
Conservative	N/A
Balanced	0.27%
Active Growth	0.47%

Performance fees do not apply to Conservative.

Please refer to the Member Guide for more information on performance fees.

Actual fund charges over the past disclosure year are available in the latest Fund Updates.

Total annual fund charges are set out as a percentage of the Fund's net asset value.

Annual fund charges are made up of:

- a base fund fee
- any applicable estimated performance fees.

The base fund fee covers:

- normal fund operating costs such as investment management, supervisor, custodial, fund accounting, audit and legal costs and is paid monthly. These fees are deducted from, and are reflected in, the Fund unit prices of the relevant Funds; and
- estimated underlying external fund charges, where applicable.

If Milford is unable to determine the external fund charges, then these have been estimated from recent financial statements based on the actual costs as a percentage of the average net asset value that were charged for the fund's previous financial year. These are reflected in the prices of the external funds that are used in the calculation of the unit price of the relevant Fund.

Performance fees are deducted from, and are reflected in, the unit prices of the relevant Funds, or deducted from and reflected in the unit prices of other Milford Funds the relevant Funds may invest in.

The other charges cover fees that relate to the administration of your account. They are charged by us and are paid monthly.

Fees are inclusive of GST where applicable.

We can charge other fees on an individual basis for investor specific decisions or actions, such as entry or exit fees. At the date of this document, there is no separate entry or exit fee for acquiring units or 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 application or withdrawal.

## Performance fees

Conservative does not charge a performance fee. Balanced does not directly charge a performance fee, but it may invest in related Milford funds that have performance fees (see table below). As manager of Active Growth, we are entitled to be paid a performance fee from that Fund.

Our performance fees are based on a hurdle rate of return. The 'hurdle rate' is the minimum return the Fund must achieve before being able to charge a performance fee. In our Fund Updates we are required to report the Fund's performance against a market index and have therefore provided a blend of market indices that represent the Fund's target asset class positions.

Active Growth (and the Milford Global Equity Fund ('Global Equity') and the Milford Australian Absolute Growth Fund ('Australian Absolute Growth') into which Balanced invests) are absolute return style funds; the hurdle rate of return (which represents the Fund's aims) is the measure for the Fund's performance-based fees. This means you may be paying a performance fee if the Fund's performance beats the hurdle rate of return but does not match or beat the performance of the blend of market indices.

It is currently intended that from on or around 1 October 2018, Global Equity will be managed as a relative return fund – see the Balanced table below for further details on this change.

### Active Growth performance fee

Element	Description	Application to Active Growth
Hurdle rate of return (benchmark)	The return that must be achieved before a performance fee applies (after the base fund fee but before tax and before the performance fee).	10% per annum measured across 12 month performance payment review periods.
Fee on excess return	The fee payable on the amount of the return above 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 base fund fee but before tax and before 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	The high water mark is the Fund's previous highest ever net asset value per unit achieved on the performance payment review dates.	Where the value of the Fund goes up and then down over multiple periods, this ensures that no performance fee is payable until the last applicable high water mark has been reached.  For a performance fee to be payable at the end of a particular 12 month period, the net asset value per unit of the Fund (before tax and before the performance fee) must exceed the high water mark.  Absolute performance losses are carried forward into the next performance period.
Performance payment review date	How often the performance fee may be payable.	Intended at the date of this document to be annually on 31 March.  The payment will be made within 10 business days and a new performance period will start.
Performance fees are payable to Milford as Manager of the Funds.		

## Balanced - performance fees for related Milford Funds that Balanced may invest into

Element	Description	Absolute Return		Relative Return	
		Australian Absolute Growth	Global Equity*	Trans-Tasman Equity	Dynamic
Hurdle rate of return (benchmark)	The return that must be achieved before a performance fee applies (after the base fund fee but before tax and before the performance fee).	Based on the OCR plus 5% per annum measured across six-month performance payment review periods.		A mix of 50% S&P/ASX 200 Accumulation Index (100% NZD-hedged) and 50% S&P/NZX 50 Gross Index.	The S&P/ASX Small Industrials Accumulation Index (100% NZD-hedged).
Fee on excess return	The fee payable on the amount of the return above 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 base fund fee but before tax and before 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	<p><b>Absolute Return Funds</b> The high water mark is the Fund's previous highest ever net asset value per unit achieved on the performance payment review dates.</p> <p><b>Relative Return Funds</b> The high water mark is the Fund's net asset value per unit used in the calculation of the last performance fee paid on the performance payment review dates.</p>	Where the value of the Fund goes up and then down over multiple periods, this ensures that no performance fee is payable until the last applicable high water mark has been reached. For a performance fee to be payable at the end of a particular six month period, the net asset value per unit of the Fund (before tax and before the performance fee) must exceed the high water mark.			
		Absolute performance losses are carried forward into the next performance period.		Performance gains (if the high water mark is not achieved) or performance losses (relative to benchmark) are carried forward into the next performance period.	
Performance payment review date	How often the performance fee may be payable.	Intended at the date of this document to be six months to 31 March and six months to 30 September, except for Australian Absolute Growth which is six months to 30 June and six months to 31 December. The payment will be made within 10 business days and a new performance period will start.			
Performance fees are payable to Milford as Manager of the Funds.					

\* It is currently intended that from on or around 1 October 2018, the Global Equity 'Hurdle rate of return' will change from OCR plus 5% per annum to MSCI World Index with net dividends reinvested (50% NZD-hedged). The Global Equity 'High water mark' would change to a Relative Return Fund 'High water mark', as described in the table above.

## Example of how fees apply to an investor

Alex invests \$10,000 in Balanced. He is not charged an establishment fee or a contribution fee, because there are currently none.

This means the starting value of his investment is \$10,000.

He is also charged management and administration fees (base fund fee), which work out to about \$113 (1.13% of \$10,000). These fees might be more or less if his account balance has increased or decreased over the year.

Alex may also be indirectly charged a performance-based fee if the underlying Milford Funds in which Balanced is invested earned more than their target.

Over the year, Alex pays other charges of \$36.

### Estimated total fees for the first year

Fund	Fund charges	Other Charges
Balanced	\$113	\$36

See the latest Fund Update for an example of the actual returns and fees investors were charged over the past year.

This example applies only to Balanced. If you are considering investing in other Funds in the scheme, this example may not be representative of the actual fees you may be charged.

## The fees can be changed

The existing fees may be changed or new fees imposed, provided we give you notice. We must publish a Fund Update for each Fund showing the fees actually charged during the most recent year. Fund Updates, including past Updates, are available at [www.milfordasset.com/forms-documents/fund-updates](http://www.milfordasset.com/forms-documents/fund-updates) or at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 6. What taxes will you pay?

The Plan is a Portfolio Investment Entity ('PIE'). The amount of tax you pay is based on your prescribed investor rate ('PIR'). To determine your PIR go to [www.ird.govt.nz/toii/pir](http://www.ird.govt.nz/toii/pir). If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue.

It is your responsibility to tell Milford your PIR when you invest or if your PIR changes. If you do not tell Milford, a default rate may be applied. If the advised PIR is lower than the correct PIR, you will need to complete a personal tax return and pay any tax shortfall, interest, and penalties. If the default rate or the advised PIR is higher than the correct PIR, you will not get a refund of any overpaid tax.

You must provide us with your IRD number, and also your PIR or tax is required to be deducted at the highest PIR. Current PIRs can be found in the application form at the back of this PDS.

Please see the Member Guide at [www.milfordasset.com/forms-documents](http://www.milfordasset.com/forms-documents) or [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for further information on tax.

## 7. Who is involved?

### About Milford

Milford is a wholly owned subsidiary of Milford Asset Management Limited, a well-established, award-winning investment management company that has over \$6 billion under management. Milford was created in 2007 to enable investors to take advantage of the investment expertise and experience of the Milford Asset Management Limited team.

### Milford can be contacted at:

Milford Funds Limited  
 Level 17, 41 Shortland Street (changing to Level 28,  
 48 Shortland Street from on or about October 2018)  
 PO Box 960, Shortland Street, Auckland 1140  
 Telephone: 09 921 4700 or 0800 662 346  
 Email: [info@milfordasset.com](mailto:info@milfordasset.com)

## Who else is involved?

	Name	Role
Supervisor	Trustees Executors Limited	Supervisor of the Plan, responsible for supervising us as Manager.
Custodian	National Australia Bank Limited	Holds the assets of the Funds separate to us, and on behalf of the Supervisor.
Administration manager	MMC Limited	Performs unit pricing, fund accounting and registry functions.

## 8. How to complain

In the first instance, please direct any complaints to:

Milford Funds Limited  
 Level 17, 41 Shortland Street (changing to Level 28,  
 48 Shortland Street from on or about October 2018)  
 PO Box 960  
 Shortland Street  
 Auckland 1140  
 Telephone: 09 921 4700 or 0800 662 346  
 Email: [info@milfordasset.com](mailto:info@milfordasset.com)

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

Trustees Executors Limited  
 Level 7, 51 Shortland Street  
 PO Box 4197  
 Shortland Street  
 Auckland 1010  
 Attn: The Manager  
 Telephone: 09 308 7100

We are a member of the Insurance and Financial Services  
 Ombudsman Scheme ('IFSO'), which is an independent  
 dispute resolution scheme approved by the Ministry of  
 Consumer Affairs.

If you have made a complaint and it cannot be resolved, you  
 may refer it to the IFSO subject to certain conditions. The IFSO  
 will not charge a fee to investigate or resolve a complaint.

Office of IFSO  
 PO Box 10-845  
 Wellington 6143  
 Telephone: 04 499 7612 or 0800 808 200

Further information about referring a complaint to the  
 IFSO can be found at [www.ifso.nz/complaints](http://www.ifso.nz/complaints).

The Supervisor is also a member of an independent dispute  
 resolution scheme operated by Financial Services Complaints  
 Limited ('FSCL'). If the Supervisor hasn't been able to resolve  
 your complaint in a way that you think is satisfactory within  
 40 business days, you can contact FSCL at:

Financial Services Complaints Limited  
 Level 4, 101 Lambton Quay  
 PO Box 5967  
 Lambton Quay  
 Wellington 6145  
 Telephone: 0800 347 257  
 Email: [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)

FSCL will not charge a fee to investigate or resolve a  
 complaint.

## 9. Where you can find more information

Further information relating to the Plan, including financial statements, is available on the Disclose Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

Copies of information on the Disclose Register are also available on request from the Registrar of Financial Service Providers.

Fund Updates relating to each of the Funds and other information is available at [www.milfordasset.com](http://www.milfordasset.com).

Milford also publishes monthly information for each Fund, which can be found at [www.milfordasset.com/forms-documents](http://www.milfordasset.com/forms-documents) or by telephoning 0800 662 346.

You will not be charged any fee to access this information.

## 10. How to apply

The easiest way to apply is online at [www.milfordasset.com](http://www.milfordasset.com). Please follow the instructions and make sure you have all required information to hand.

Alternatively, you can complete the application form included with this PDS.

ADVISER CODE

□ □ □ □ □ □

For internal use only



# Milford KiwiSaver Plan Application / Transfer Form

Please send this application form, together with any other required documentation to:

**Milford KiwiSaver Plan PO Box 960, Shortland Street, Auckland 1140**

We are unable to accept scanned copies. If you are applying on behalf of a minor, please contact us as a different form will be required.

## Investor Details

FIRST NAME	MIDDLE NAME(S)	SURNAME
<input type="text"/>	<input type="text"/>	<input type="text"/>

TITLE	DATE OF BIRTH	EMAIL ADDRESS (required for access to online client portal)
<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>

MOBILE PHONE NUMBER	HOME PHONE NUMBER
<input type="text"/>	<input type="text"/>

PHYSICAL ADDRESS (cannot be a PO Box)	SUBURB
<input type="text"/>	<input type="text"/>

CITY	COUNTRY	POSTCODE
<input type="text"/>	<input type="text"/>	<input type="text"/>

POSTAL ADDRESS (if different from physical address)	SUBURB
<input type="text"/>	<input type="text"/>

CITY	COUNTRY	POSTCODE
<input type="text"/>	<input type="text"/>	<input type="text"/>

IRD NUMBER\*

□ □ □ □ □ □ □ □ □ □

\*If no IRD number has been received within six weeks of joining the Milford KiwiSaver Plan, we are required to exit you from the Milford KiwiSaver Plan.

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

To determine your PIR go to [www.ird.govt.nz/toii/pir](http://www.ird.govt.nz/toii/pir). If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue. If a PIR is not selected a 28% PIR will apply.

10.5%  17.5%  28%

**How did you hear about Milford?** (Please select as many that apply).

Tick boxes with the following:

Newspaper/magazine advertising  Online advertising  Online search  Radio  Brian Gaynor's article  Referral

Other \_\_\_\_\_

3000677

## Investment Details

The Milford KiwiSaver Plan offers the option of investing your contributions in either the Active Growth Fund, the Balanced Fund, the Conservative Fund or splitting your contributions across two or three Funds. Please note the percentage you wish to invest into each Fund, ensuring the amount totals 100%. If you wish to invest in one Fund only, please tick that box.

Conservative Fund  %      Balanced Fund  %      Active Growth Fund  %

**Note:** In the event of an error in completing this part of the form, Milford has the discretion to allocate you into the Milford Conservative Fund.

## Contribution Details

### Employees

If you are employed, your regular contributions will be made by your employer. If you would like to make changes to this rate please contact your employer directly. If you wish to invest an additional amount directly, please contact Milford or complete a direct debit form.

### Non employees & Self employed

If you are not employed (self-employed, under 18, retired, etc) and **NOT** transferring an existing KiwiSaver account, please complete the amount of your initial investment. The minimum initial investor contribution is \$1,000, please reference this payment with your name and IRD number.

**Note:** You are not obligated to make regular contributions to your Milford KiwiSaver account, if you would like to do so please complete a direct debit form or contact Milford.

### Initial Investment

\$

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

## Investor Identification

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 requires Milford to verify the identity of new clients and, periodically, reconfirm information about existing clients. At the date of the attached Product Disclosure Statement ('PDS') we have **two alternatives** for clients to confirm their identity. Please select one of the options below.

### Option 1: Electronic Identity Verification and Proof of Address

Milford can confirm the identity and/or address of many of our clients electronically, with their permission. Please note that we use a third party system not owned by Milford to conduct identity checks in this way.

- I confirm that I give Milford authority to check my identity and/or address electronically using the documentation provided.  
I have included a copy of my current NZ Passport or NZ Driver Licence (front & back)

**Please note, if this method fails to identify you, we will need to use physical documents to identify you, as per Option 2 below.**

### Option 2: Certified copies of Identity Documents

If you prefer to provide Milford with original certified copies of your identification and address documents or you have opted not to use Electronic Identity Verification, then you will need to provide the following documentation:

**Please note we are only able to accept original certified copies (i.e. the copy of the original that has been physically certified). These documents cannot be scanned to us. Please do not send in original versions of your identity documents.**

- Please verify my identity and address with the attached documents:
- Certified copy of identification document/s (see below for acceptable documents)
  - Certified copy of physical address (see page 4 for acceptable documents)

### 1. CERTIFIED COPY OF IDENTIFICATION

Originals can be verified by a Milford employee or certified by a Trusted Referee as described on page 4.

#### Option 1

One of the following:

- New Zealand Passport  
 New Zealand Firearms Licence  
 Overseas Passport with proof of NZ residency

**OR**

#### Option 2

- New Zealand Driver Licence (front and back)

In combination with one of the following:

- Bank statement, dated within the last 12 months  
 Valid credit or debit card with name embossed and signature  
 Birth certificate  
 Citizenship certificate  
 Government agency letter, dated within the last 12 months  
 SuperGold card with photo, name and signature

## Investor Identification (continued)

### 2. CERTIFIED ADDRESS PROOF

Originals can be verified by a Milford employee or certified by a Trusted Referee as described below.  
Must state name and physical address, cannot be a PO Box address.

One of the following:

- Bank statement, dated within the last 12 months
- Current house or contents insurance policy
- Current vehicle registration dated within the last 12 months
- Government agency letter (IRD, Work & Income, Electoral Commission) that you received in the post and dated within the last 12 months
- Utility bill (power, water, internet, fixed home phone, SKY) dated within the last 12 months
- Rates bill dated within the last 12 months
- Tenancy agreement dated within the last 3 months
- Letter issued by local Health Board or Doctor dated within the last 12 months
- Letter issued by Solicitor or Accountant dated within the last 12 months

### ACCEPTED TRUSTED REFEREES

Certified copies of identification must be presented to Milford within three months of certification.

Identification must be certified by one of the following:

- Lawyer with a current practising certificate
- Chartered Accountant
- Member of the Police
- Justice of the Peace
- Registered Medical Doctor
- Registered Teacher
- New Zealand Honorary Consul
- Notary Public
- A person who has the legal authority to take statutory declarations or the equivalent in New Zealand

The certifier must:

- Make the statement (or similar) **"I certify this to be a true copy of the original which I have sighted and represents a true and correct likeness of [name of the person presenting the documentation for certification]."**
- Include their **name, occupation and capacity to be a certifier** e.g. registration number (if applicable), **signature and date** of certification.
- Not be living at the same address, a relative or spouse of the individual presenting the documents.

### POSTAL DETAILS

Please send your application and all supplementary documentation in hard copy to the address details below:

Milford KiwiSaver Plan  
PO Box 960  
Shortland Street  
Auckland 1140

## Terms and Conditions

### 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 MMC 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 will at all times keep confidential information for as long as is required by law. Where necessary we may need to disclose your information under compulsion of law, or where requested by regulatory agencies (including the Financial Markets Authority), or to any tax authority, or to our professional advisers where reasonably necessary for the performance of our professional services.

Milford Funds Limited will also use the information to verify your identity in accordance with the requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, and may disclose the information to such carefully selected external and independent agencies and entities as it considers appropriate for this purpose. 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 agree that your name and address 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 KiwiSaver Plan and other products and services.

### Electronic provision of information

I consent to receiving any communications from the Supervisor or Milford (or any of its related entities), including those required by law, financial statements and transaction confirmations, electronically via Milford's online portal or at the email address specified in this application form, or any other email address advised to Milford. If no email address is supplied, I consent to any communications from the Supervisor or Milford (or any of its related entities) being sent to my postal address.

### Declaration

I have read and retained a copy of the attached PDS dated 26 July 2018 and agree to be bound by the terms and conditions of the PDS and the Trust Deed. I agree to the terms outlined above in relation to the Privacy Act 1993 and the supply of personal information. I understand that the Milford KiwiSaver Plan is a vehicle for long-term investment and as the Funds invest in equities, the value of my investment is liable to fluctuations and may rise and fall from time to time. I understand the manner in which the fees will be deducted from my investment. I accept that it is solely my decision to make this investment and that I have chosen the appropriate fund for my circumstances. I understand that Milford has not assessed the suitability of this investment for my personal financial situation, financial needs or goals. I declare that all statements made in this application are, to the best of my knowledge, correct and complete. Furthermore, I undertake to notify Milford of any change which causes the information to become incorrect or incomplete. For KiwiSaver transfers only: I apply to transfer my KiwiSaver account to the Milford KiwiSaver Plan. I authorise the manager or the Trustee of the transferring scheme to provide to Milford or the Supervisor of the Milford KiwiSaver Plan any of my personal information as necessary to complete the transfer of my benefits to the Milford KiwiSaver Plan. If you wish to transfer a non-KiwiSaver superannuation to your KiwiSaver account, please contact Milford directly.

SIGNATURE OF APPLICANT

DATE

## Application Form Checklist

Individual	
<input type="checkbox"/>	Name
<input type="checkbox"/>	IRD number
<input type="checkbox"/>	Date of birth
<input type="checkbox"/>	Fund choice selected
<input type="checkbox"/>	Certified personal identification or Electronic Identity Verification consent - refer to pages 3-4
<input type="checkbox"/>	Certified address verification or Electronic Identity Verification consent - refer to pages 3-4
<input type="checkbox"/>	Application form signed





Level 17, 41 Shortland Street, Auckland  
PO Box 960, Shortland Street, Auckland 1140  
Free phone **0800 662 346**  
[milfordasset.com](http://milfordasset.com)

Note: address change late October 2018  
Level 28, 48 Shortland Street, Auckland