

KING TIDE NZ/AUSTRALIAN LONG/SHORT EQUITY FUND

PRIVATE INFORMATION MEMORANDUM NO. 2

30 November 2019



DISCLAIMER - \$750,000 MINIMUM SUBSCRIPTION

The minimum investment amount for this Fund is \$10,000. However, if you invest \$750,000 or more, you may qualify as a wholesale investor under clause 3(3)(b) of Schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**). The following prescribed warning is required for investors under this clause.

WARNING

The law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is \$750,000 or more. As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for these investments.

Investments of this kind are not suitable for retail investors.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

IMPORTANT NOTICES FOR ALL INVESTORS

This information memorandum relates to an offer of units in the King Tide NZ/Australian Long/Short Equity Fund (**Fund**) - a unit trust and managed investment scheme. The offeror is King Tide Asset Management Limited.

Please note that this document is not a regulated document. In particular, this document is not a product disclosure statement and has not been lodged with the Registrar of Financial Service Providers. Potential investors therefore need to make their own enquiries as to the appropriateness of this investment for them.

Unlike a prospectus under the former Securities Act 1978, or the combined product disclosure statement and offer register entry under the FMCA, this information memorandum is not required to contain all material information in relation to the offer of units in the Fund.

WHO CAN INVEST?

The offer of units in the Fund in New Zealand is restricted to “wholesale investors” (including eligible investors) as defined in clause 3 of schedule 1 of the FMCA, or persons in New Zealand or overseas who are otherwise entitled to receive offers of financial products without first receiving a product disclosure statement or any equivalent document (together, **Qualifying Investors**).

Applications or requests for information from persons who are not Qualifying Investors cannot be accepted and we reserve the right to accept or reject any or all applications at any time. We may also require further information, documentation and/or certification from an applicant to confirm their investor eligibility.

Qualifying Investor types	Action required
<p>If you...</p> <p>...are an investment business; or</p> <p>(e.g. an entity whose principal business involves, among other things, investing in financial products, providing a financial adviser service, trading financial products or providing a broking service)</p>	<p>Please complete the wholesale investor (safe harbour) certificate included with the application form</p>
<p>...meet the investment activity criteria; or</p> <p>(e.g. a person who owns or has acquired financial products with a value of at least NZ\$1,000,000 during the last two years)</p>	
<p>...are large; or</p> <p>(e.g. you or your controlled interest have net assets or a total consolidated turnover exceeding NZ\$5,000,000 in each of the last two years)</p>	
<p>...are a government agency; or</p> <p>(e.g. a Crown entity, a local authority or a state enterprise)</p>	
<p>...are an eligible investor; or</p> <p>(e.g. a person with previous experience in acquiring or disposing of financial products so that you can assess the merits of the transaction, your own information needs and the adequacy of the information provided)</p>	<p>Please complete the eligible investor certificate and obtain the acknowledgement from an authorised financial adviser, a chartered accountant or a lawyer</p> <p>Both forms are included with the applicable form</p>
<p>...invest at least \$750,000; or</p> <p>(e.g. you are subscribing for at least NZ\$750,000 of units, including any amounts previously paid by you for units)</p>	<p>Please contact us</p>
<p>...are another category of Qualifying Investor.</p> <p>(e.g. close business associates or relatives of King Tide or one of our directors, or your financial adviser is investing in the Fund on your behalf under a licensed or authorised discretionary investment management service or you qualify under a relevant exemption overseas)</p>	<p>Please contact us</p>

Please see the application form, or contact us, for more detailed information in relation to the categories of Qualifying Investor.

OTHER MATTERS

This document does not purport to contain all of the information that a prospective investor may require, or which may be material to an investment in the Fund. It does not constitute personalised advice (whether of a financial, investment, legal, tax, accounting or any other nature) to any person. Except to the extent required by law, no representation or warranty (express or implied) is made by us, by Guardian Trust, or any other person as to the accuracy, reasonableness, completeness, value or otherwise of any information contained in this document.

You may wish to read the documents for the Fund (including the Master Trust Deed and the Establishment Deed), obtain your own independent advice, make your own enquiries, and satisfy yourself about the risks of the Fund before deciding whether to invest. If you need further documents or information, please ask us.

This document may contain forward looking statements that are subject to a number of risks and uncertainties, and actual results and events could differ materially from those currently being anticipated as reflected in such forward looking statements. The terms “expect”, “should be”, “will be”, and similar expressions identify forward-looking statements.

Neither we nor Guardian Trust (or any of our respective directors, officers, employees, agents or advisers) accept any liability whatsoever for any loss or other consequence arising from the use of this document.

The information contained in this document is of a commercially sensitive nature, is confidential and is not for public dissemination. Any reproduction of the whole or part of this document is strictly prohibited. This document and any other document provided by us to a prospective investor must be returned to us on request. King Tide will not request a return of the documents if you invest in the Fund.

If you have any doubts as to any aspect of this offer you should consult your financial, legal or tax adviser.

It is a condition of distribution of this document that each recipient accepts it on the above terms. Any recipient who does not do so should immediately return this document to us.

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KEY INFORMATION SUMMARY

This table provides a snapshot of key information about the Fund. You should read it together with the detailed information set out elsewhere in this information memorandum.

<p>Overview</p>	<p>The Fund is a unit trust fund managed by King Tide. The Fund's trustee is Guardian Trust.</p> <p>For the purposes of the FMCA, the Fund is an unregistered managed investment scheme that is only open to Qualifying Investors.</p> <p>A unit trust is an investment structure where a trustee (or a custodian appointed by the trustee) holds the assets of the unit trust for the benefit of all investors who hold units in that trust. A separate and independent manager makes the investment management and other decisions and gives instructions to the trustee as to how to deal with the assets.</p> <p>As an investor, you will receive units in the Fund. We (as manager of the Fund) make the investment decisions and look after the general operations of the Fund.</p>
<p>Fund objective and investment policy</p>	<p>The Fund aims to provide investors with diversified, active exposure to New Zealand and Australian equity markets by allocating capital to a select group of managers domiciled in these markets</p> <p>The Fund seeks to outperform the market with less volatility than the market by investing in a portfolio of Underlying Funds where the managers have the tools and the mandate to build portfolios using long and short exposure, equity derivative strategies and/or carry high cash weighting..</p> <p>See clause 6(4) for further details.</p>
<p>Benefits</p>	<p>Key benefits of an investment in the Fund include:</p> <ul style="list-style-type: none"> • the Fund is a unit trust under the PIE tax regime; • diversifying your exposure across multiple managers, reducing the risk of selecting the wrong manager; • in-depth, proprietary research to select and monitor fund managers with particular emphasis on their ability to manage equity market risk through stock selection, cash, short selling and/or the use of derivatives; • access to managers some of which have high minimum requirements or whose funds may be closed to new investors; and • access to high quality managers early in their life before they receive ratings from mainstream research houses.

Risks	<p>Key risks of investing in the Fund include:</p> <ul style="list-style-type: none"> • Currency risk - most of the Fund's investments are in Australia but there will also be investments in New Zealand and in other countries which may expose investors to those currencies and a strong NZD will reduce the value of these investments if the underlying manager chooses not to hedge the currency. • Manager selection risk - we may select Underlying Funds that perform poorly and lose a significant portion of their capital, reducing the value of the Fund. • Market risk - when the market falls, we would generally expect the value of investments in the Fund to fall, although we would expect the Fund's value to fall less than the market. • Leverage risk – some underlying funds may use leverage to magnify their returns but this also magnifies their risk, particularly stock specific risk. <p>See clause 12 for further details about risks that could affect your ability to recover the amount of your investment and impact on the level of return or distributions payable from the Fund.</p>
Subscribing for units	<p>You decide the amount you wish to invest, subject to the minimum investment amount of \$10,000.</p> <p>If you wish to apply for units you must complete and lodge an application with us, with payment. We may accept or refuse any application or we may postpone processing the application until we receive cleared funds.</p> <p>The price payable for a unit at any time is the Net Asset Value of the Fund divided by the number of units currently issued.</p> <p>You may need to pay Transaction Costs upon subscribing for units to reflect the cost of investing your money. Transaction Costs are not a fee payable to us or Guardian Trust and are retained by the Fund for the benefit of unitholders.</p> <p>See clauses 1(6) and 6(2) for further information.</p>
Fees and expenses	<p>We charge a Management Fee and a Performance Fee. We do not currently charge any entry, exit or switching fees (although Transaction Costs are payable upon investment and withdrawal, including a buy/sell spread). We also recover expenses from the Fund which we incur in performing our duties.</p> <p>We may increase or impose new fees in accordance with the Trust Deed that governs the Fund.</p> <p>The Underlying Funds in which we invest also charge fees, including management fees and performance fees.</p>

	See clause 9(1) for a description of fees and expenses.
Liquidity	<p>You may withdraw all or part of your investment in the Fund at any time by completing a withdrawal request.</p> <p>The withdrawal amount payable to you is the total of the Net Asset Value per unit multiplied by the number of units being withdrawn, less any Transaction Costs and PIE Tax payable. At the date of this information memorandum there are no exit fees payable.</p> <p>As at the date of this information memorandum, a withdrawal request must be for a minimum value of NZ\$10,000 (unless the withdrawal request relates to all units held by you in the Fund).</p> <p>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 the Fund.</p> <p>You may need to pay Transaction Costs upon withdrawing from the Fund to reflect the cost of divesting the Fund's assets to fund your withdrawal. Transaction Costs are not a fee payable to us or Guardian Trust and are retained by the Fund for the benefit of unitholders.</p> <p>Withdrawals will generally take around two months to process.</p> <p>See clauses 1(6) and 6(2) for further information.</p>

HOW TO READ THIS INFORMATION MEMORANDUM

This information memorandum is dated 2 October 2018. We are not seeking to list the financial products which are the subject of this information memorandum on any stock exchange.

You can view New Zealand legislation referred to in this information memorandum at www.legislation.govt.nz.

In this information memorandum:

- Where the words “us”, “we”, “our”, “King Tide” or “the Manager” are used they refer to King Tide Asset Management Limited.
- Where the words “you”, “your”, “investor” or “unitholder” are used they refer to you as an investor in the Fund.
- Capitalised words have the meaning given to them in the following glossary.

GLOSSARY

Term	Meaning
Adminis	The administration manager and the registrar of the Fund, Adminis Limited.
AUD	Australian Dollars.
Authorised Investments	The investments which may be held by the Fund from time to time as set out in the Establishment Deed.
Business Day	Any day other than a Saturday or Sunday on which banks are open in Auckland, New Zealand for business.
Custodian	The custodian of the Fund, being Adminis Custodial Nominees Limited.
Establishment Deed	The Establishment Deed dated 25 November 2011 originally between Public Trust and us (as amended and/or restated from time to time, including on 27 January 2017).
Extraordinary Resolution	A resolution passed by unitholders by a majority of 75% or more.
FDR	Fair dividend rate.
FIF	Foreign investment fund.
FMCA	Financial Markets Conduct Act 2013.
Fund	King Tide NZ/Australian Long/Short Equity Fund.
Gross Asset Value	The current value of the Fund’s assets.
Guardian Trust	The trustee of the Fund.

Investment Guidelines	The guidelines and procedures that we have established to follow in connection with the investment of the Fund.
Issue Price	The price at which units are issued, being the Net Asset Value divided by the number of units on issue.
Management Fee	The fee that we charge for the management services we perform in relation to the Fund.
Master Trust Deed	The Master Trust Deed dated 25 November 2011 originally between Public Trust and us (as amended and/or restated from time to time, including on 27 January 2017).
Net Asset Value	The current value of the Fund's assets minus its liabilities.
NZD	New Zealand Dollars.
NZGAAP	Generally accepted accounting practice in New Zealand.
Offer Document	Any written document or documents by which units may be offered for issue and includes this information memorandum.
Performance Fee	A fee payable to us as Manager, calculated by reference to the profits applicable to each individual investor in the Fund, in relation to the investment services we perform.
PIE	A portfolio investment entity as defined in the Tax Act.
PIE Tax	Tax paid or payable by the Fund, Guardian Trust, or by us (whether deferred or current) which is determined by reference to notified PIRs of unitholders or is otherwise determined by Guardian Trust or by us.
PIR	The prescribed investor rate, which is the tax rate a unitholder may elect under the Tax Act, in relation to income attributed to them by a PIE.
PWC	PricewaterhouseCoopers.
Qualifying Investors	"Wholesale investors" (including eligible investors) as defined in clause 3 of schedule 1 of the FMCA, or persons in New Zealand or overseas who are otherwise entitled to receive offers of financial products without first receiving a product disclosure statement or any equivalent document.
Redemption Day	A day on which we determine that units may be redeemed.
Register	The register of the Fund's unitholders.
Special Resolution	A resolution approved by unitholders holding units with a combined value of no less than 75% of the value of the units held by those persons who are entitled to vote and who vote on the question.

Tax Act	The Income Tax Act 2007.
Transaction Costs	The amount (if any) determined in accordance with the Establishment Deed as a proxy to reflect the actual or estimated cost of investing subscription moneys and the actual or estimated cost to the Fund of divesting the Fund's assets to fund the withdrawal of a unitholder from the Fund (including at our discretion, the amount of any particular penalty or cost charged by an Underlying Fund).
Trust Deed	The Master Trust Deed and the Establishment Deed.
Underlying Fund	A fund in which the Fund invests.
Valuation Time	The date and time of calculating the Net Asset Value of the Fund.
Withdrawal Amount	The amount payable to you on exiting the Fund.
Withdrawal Notice	A notice given by you to redeem units.

1. DESCRIPTION OF UNIT TRUST

(1) Name of the Fund

This information memorandum offers units in the King Tide NZ/Australian Long/Short Equity Fund (**Fund**).

(2) Year and place of establishment of the Fund

The Fund is a unit trust, originally established under the Unit Trusts Act 1960 in Auckland, New Zealand on 6 December 2011. The Fund commenced operations on 6 December 2011.

The Fund is governed by a master trust deed dated 25 November 2011, as amended on 4 September 2015 and most recently, amended and substituted on 27 January 2017, between King Tide and our previous trustee, Public Trust (**Master Trust Deed**) and an establishment deed dated 25 November 2011, as amended on 20 June 2013, 16 September 2014, 18 December 2015 and most recently, amended and substituted on 27 January 2017 between King Tide and Public Trust (**Establishment Deed**) (together the **Trust Deed**). Guardian Trust, our current trustee, was appointed pursuant to a Deed of Retirement and Appointment of Trustee dated 19 May 2017, and pursuant to that document undertook to be bound by all the covenants on the part of the trustee under the Trust Deed from 31 May 2017.

Following transition of the Fund under the FMCA on 1 December 2016 and its subsequent de-registration under section 195 of the FMCA on 26 January 2017, the Fund is now an unregistered managed investment scheme. From 1 December 2016, no regulated offer of units in the Fund has been made for the purposes of the FMCA. See the Important Notices at the front of this information memorandum for more information as to who can invest in the Fund.

(3) Duration of the Fund

The Fund will terminate if (among other things):

- (a) we are removed as manager of the Fund in accordance with the Master Trust Deed and we do not approve of the Fund continuing and give written notice of this to Guardian Trust;
- (b) we agree with Guardian Trust that it should be wound up;
- (c) we give a notice to unitholders instigating a winding up (although unitholders holding 10 per cent or more of units may give a notice requiring a meeting to consider the winding up and the winding up must then be approved by a resolution approved by unitholders holding units with a combined value of no less than 75% of the value of the units held by those persons who are entitled to vote and who vote on the question (**Special Resolution**)); or
- (d) unitholders pass a Special Resolution to wind up the Fund.

(4) Brief description of the units being offered

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

investment management and other decisions and gives instructions to the trustee as to how to deal with the assets. As an investor, you will receive units in the trust (in this case, the Fund). We (as manager of the Fund) make the investment decisions and look after the general operations of the Fund. Our duties are supervised by Guardian Trust, the trustee of the Fund.

The number of units that you hold in the Fund represents your proportional interest in the Fund.

Units only give a beneficial interest in the Fund. Each unit represents an equal beneficial interest in the net assets of the Fund. If you hold units you do not have any interest in any particular asset of the Fund. This means that you cannot, for example, request or require us, or Guardian Trust, to transfer to you any particular asset of the Fund. You can only access the value of your investment in the Fund by redeeming the units that you hold for a cash payment.

All units have equal value. The value of units will fluctuate over time, and may rise or fall.

(5) Maximum amount of the units

There is no maximum number or amount of units which may be issued in the Fund.

(6) Price for the units and fees payable

If we accept your application to acquire units in the Fund, the price you must pay for each unit will be equal to the net asset value per unit of the Fund (**Issue Price**). The net asset value per unit is determined by dividing the current net asset value of the Fund (**Net Asset Value**) by the number of units on issue.

We will issue units as at, or with effect from, the date and time of calculating the Net Asset Value (**Valuation Time**). Generally, the Valuation Time will be the last Business Day of each month. The Fund may be valued less frequently but only where due to reasons beyond our control, valuation is impossible or impracticable. In such circumstances, we will value the Fund as soon as reasonably practicable.

We will issue units as at the Valuation Time after we accept the amount payable to subscribe for units in the Fund from you, or, where you pay for units by transferring to the Fund investments that may be held by the Fund from time to time as set out in the Establishment Deed (**Authorised Investments**), after settling the acquisition of Authorised Investments.

To help us to issue your units on the last Business Day of a month, you must ensure that we, or the administration manager for the Fund, Adminis, receive your subscription moneys in cleared funds before 5 pm on the third Business Day before the end of that month. If subscription moneys are received after that date (or moneys have not “cleared” by that date), then we may issue the units to you on the last Business Day of the next month.

All subscription moneys that we receive will become subject to the trusts created by the Master Trust Deed immediately upon payment to the bank account of the Fund.

The minimum initial investment in the Fund is currently A\$10,000 with minimum subsequent investments of A\$10,000. We have set this level, which differs from that originally set out in the Trust Deed, in accordance with our power to do so under the Trust Deed. We may vary the minimum amounts from time to time at our discretion, without prior notice. We may also accept applications for amounts less than the minimum amount.

The number of units that you will receive will be determined by dividing your subscription moneys, less any applicable entry fee and any applicable Transaction Costs, by the Issue Price on the Valuation Time on which, or with effect from which, the units are issued.

As at the date of this information memorandum:

- (a) you do not need to pay an entry fee for subscribing for units in the Fund, other than your subscription moneys; and
- (b) you do not need to pay an exit fee for withdrawing from the Fund.

However, you may need to pay an amount upon subscribing for units to reflect the cost of investing subscription moneys and upon withdrawing from the Fund to reflect the cost of divesting the Fund's assets to fund your withdrawal (**Transaction Costs**). Transaction Costs are determined in accordance with the Establishment Deed and may arise when applying a buy/sell spread.

At the date of this information memorandum, the buy/sell spread is 0.25% of your subscription moneys or the amount payable to you on exiting the Fund (**Withdrawal Amount**), as the case may be. This means that 0.25% is deducted from your subscription moneys before units are issued and 0.25% is deducted from the proceeds of any redemption to fund the withdrawal.

We have determined the buy/sell spread as a proxy value to reflect the cost to the Fund of investing your subscription moneys in the select group of funds that the Fund invests in (**Underlying Funds**) and the cost to the Fund of divesting the Fund's assets to fund your withdrawal from the Fund.

In addition to the buy/sell spread, Transaction Costs on a withdrawal may, at our discretion, include the amount of any penalty or cost charged by an Underlying Fund from which the Fund seeks to withdraw all or part of its investment in order to meet all or part of your withdrawal request in relation to the Fund.

Transaction Costs are not a fee payable to us or Guardian Trust, but are retained by the Fund for the benefit of unitholders.

(7) Opening and closing dates of the offer

The offer of units opens on the date of this information memorandum. There is no closing date for the offer.

We have the discretion to stop issuing units in the Fund by giving notice in writing to Guardian Trust. We may stop issuing units either for any specified period (which we may subsequently vary by further notice in writing to Guardian Trust) or until the Master Trust Deed or the Establishment Deed (as the case may be) is terminated. We will notify all unitholders as soon as practicable of such closure.

2. MANAGERS AND PROMOTERS

(1) The Manager

Name and address of the Manager

We, King Tide Asset Management Limited, are the manager of the Fund. Our registered office is 437 Lake Road, Takapuna, Auckland 0622.

Names and addresses of the Manager's directors

Our directors are:

Robert James CAMPBELL (Executive Director and Chairman of the Board) of Auckland, New Zealand

Independent Director appointed to the Tourism Holdings Ltd (**THL**) Board of Directors in May 2013. Rob was appointed Chairman of THL in August 2013. Rob has over 30 years' experience in investment management and corporate governance. Currently Chair of Summerset Group Holdings Limited (NZ), and a director of Precinct Properties and T&G Global on the NZX and Chair of G3Group on the NXT exchange. He has been a director of a substantial number of private and public companies based in Australia and New Zealand since the 1980's. In addition, he is a director of or advisor to a number of hedge and private equity funds in a number of countries. Rob trained as an economist.

Mark HOUGHTON (Executive Director) of Auckland, New Zealand

Mark Houghton is the co-founder, largest shareholder and director of King Tide Asset Management. Mark also owns Saxe-Coburg Ltd, which manages private client portfolios for NZ investors. Mark has more than 24 years' experience in this role and has been allocating capital to absolute return managers since 1991. Mark has always believed that financial products are generally created with the issuer's interests in mind rather than the investors, and so, when putting King Tide together, Mark has ensured that investor interests are first and foremost.

Sam BRINDLE (Executive Director) of Auckland, New Zealand

Sam joined King Tide in 2016 as a senior associate with responsibilities in research and marketing support. Sam is an experienced analyst having spent 10 years in London working as a credit and resources analyst for the Royal Bank of Scotland and State Street, before spending two years in Melbourne on the investment research team at Pitcher Partners.

Our directors can be contacted at our registered office.

Our directors may change after the date of this information memorandum. A list of current directors is available online at www.business.govt.nz/companies.

(2) Not a subsidiary

We are not a subsidiary of another company.

(3) Other trusts

We currently offer two funds, one denominated in NZDs and the other denominated in AUD.

(4) The administration manager and investment manager

We have delegated certain administrative functions, including the keeping of the register of unitholders (**Register**) to an administration manager, Adminis Limited (**Adminis**). There is no separate investment manager of the Fund. This function is performed by us.

(5) Good standing

Neither King Tide, Guardian Trust, Adminis nor any director of King Tide, Guardian Trust, or Adminis has during the five years preceding the date of this information memorandum been adjudged bankrupt or insolvent, convicted of any crime involving dishonesty, prohibited from acting as a director of a company, or placed in statutory management, voluntary administration, liquidation or receivership.

3. REGISTRAR, CUSTODIAN, AUDITORS, ADVISERS AND EXPERTS

(1) Registrar, custodian and auditors

The names of the registrar, custodian and auditors of the Fund are as follows:

Registrar: Adminis Limited

Auditors: PricewaterhouseCoopers New Zealand (**PWC**)

As at date of this information memorandum, PWC and its partners have obtained auditor licences under the Auditor Regulation Act 2011. Other than in their capacity as auditors, PWC has no relationship with, or interests in, the Fund.

Custodian: Adminis Custodial Nominees Limited

(2) Solicitors and other professional advisors

The solicitors involved in the preparation of this information memorandum for the Fund were MinterEllisonRuddWatts.

No other professional advisors were involved in the preparation of this information memorandum.

4. INDEPENDENCE OF UNIT TRUSTEE AND ANY CUSTODIANS

Guardian Trust, Adminis and the Custodian are independent of us.

5. UNIT TRUSTEE

(1) The trustee

Name and address of the trustee

The name of the trustee is The New Zealand Guardian Trust Company Limited.

Guardian Trust's principal place of business is at Level 6, 191 Queen Street, P O Box 274, Shortland Street, Auckland 1140, New Zealand.

Names and addresses of the Trustee's directors

Rob Flannagan of Auckland
James Douglas of Auckland

Guardian Trust's board members can be contacted at Guardian Trust's principal place of business.

The board members may change after the date of this information memorandum. A list of current board members is available online at <http://www.guardiantrust.co.nz/>.

Guardian Trust holds a licence under the Financial Markets Supervisors Act 2011 to act as a trustee for a range of financial products, including unit trusts. A copy of the licence can be found at https://www.fma.govt.nz/search-results/?Search=Guardian+Trust&searchlocale=en_NZ&action_fmresults=Go

IMPORTANT NOTE: Because the Fund is an unregistered managed investment scheme for the purposes of the FMCA, Guardian Trust's role is not a "supervisor" role under the FMCA.

(2) Incorporation

Guardian Trust is a statutory corporation and was incorporated under the Companies Act 1955 on the 7th day of September 1982 and changed its name to THE NEW ZEALAND GUARDIAN TRUST COMPANY LIMITED on the 3rd day of December 1982 and was reregistered to become a company under the Companies Act 1993 on the 23rd day of April 1997.

(3) Not a subsidiary

Guardian Trust is not a subsidiary of another company.

(4) Trustee's indemnity

Guardian Trust (including its directors, officers and employees) will be indemnified out of the Fund, from and against any expense or liability that may be incurred in prosecuting or defending any action or suit in respect of the provisions of the Trust Deed or the terms of any offer document in respect of units in the Fund and may recover any loss suffered from the Fund, except to the extent that such expense or liability is caused by Guardian Trust's failure to show the degree of care and diligence required by the Master Trust Deed.

(5) No guarantee

Guardian Trust does not guarantee repayment of the units or the payment of any earnings on the units.

6. DESCRIPTION OF UNIT TRUST AND ITS DEVELOPMENT

(1) Date of the Trust Deed

The Master Trust Deed is dated 25 November 2011 and was amended on 4 September 2015 and amended and substituted on 27 January 2017. The Establishment Deed is dated 25 November 2011, and was amended on 20 June 2013, 16 September 2014, 18 December 2015 and amended and substituted on 19 March 2019. Both deeds (including the amendments) are made between King Tide and its previous trustee, Public Trust.

Guardian Trust, our current trustee, was appointed pursuant to a Deed of Retirement and Appointment of Trustee dated 19 May 2017, and pursuant to that document undertook to be bound by all the covenants on the part of the trustee under the Trust Deed from 31 May 2017.

(2) Summary of the principal terms of the Trust Deed

A brief summary of the principal terms of the Master Trust Deed and Establishment Deed is set out below.

Separate trusts

In addition to the Fund, we may in the future create other unit trusts under the Master Trust Deed. Each other trust will constitute a separate unit trust and will be separate from and independent of the Fund, with separate property and liabilities.

Units

The beneficial interest in the Fund is divided into units. Every unit in the Fund confers an equal undivided beneficial interest in the Fund.

A unit of the Fund will not confer any right or interest in another trust or trusts (if other trusts are later established under the Master Trust Deed).

As a unitholder, you may not:

- (a) require the transfer to you of any assets of the Fund;
- (b) interfere with or question (including in any court or tribunal) our or Guardian Trust's exercise or non-exercise of any of our trusts, powers, rights or discretions in our dealings with the Fund or any of its assets; or
- (c) exercise any right, power or privilege in respect of any investment made or held by the Fund.

We may issue units of different classes.

Application for units

We may, from time to time, invite offers, subscriptions or applications for units subject to the terms and conditions contained in the Trust Deed and otherwise in the manner and upon the terms and conditions we determine from time to time.

If you wish to apply for units, you must complete and lodge with us an application in the form, within the timeframes and by the means set out in this information memorandum. You must also transfer the subscription moneys electronically to the Fund's bank account specified in clause 13 of this information memorandum.

We may, in our discretion, accept or refuse in whole or in part any application and we do not have to give any reason for such refusal. If we refuse any application, we will return the subscription moneys to you without interest.

We may also, in our discretion, refuse an application for units or may, if you agree, accept only part of an application if, in our opinion, acceptance of the application in full could result in the Fund losing its status as a portfolio investment entity (**PIE**).

You may make a standing application to acquire units at monthly or other intervals we prescribe. We may set minimum application amounts and balances and may waive or vary these minimum application and balance amounts at any time. As at the date of this information memorandum, we have set the minimum initial investment, additional investment and balance at NZ\$10,000.

Consolidation and subdivision

We may at any time, with Guardian Trust's prior approval and by notice in writing to you, consolidate or subdivide units in the proportions we determine.

Closing the Fund

We may at any time or times by notice in writing to Guardian Trust determine close the Fund either for any specified period (which period may subsequently be varied) or until the Master Trust Deed or the Establishment Deed is terminated.

Where we make any such determination, we will as soon as practicable give notice to you. If Guardian Trust agrees, and subject to compliance with all relevant law, any such notice may specify a fund or funds which will replace the Fund for the purposes of any standing application.

Register and certificates

We must keep and maintain a Register with information regarding unitholders. We will arrange for PWC to audit the Register annually. We have delegated the keeping of the Register to Adminis.

Together with Guardian Trust, we are entitled to rely on the Register as being correct and to treat a person whom we believe to be the person entered on the Register as the holder of any units as the legal and beneficial owner of those units. Except as required by law, neither we nor Guardian Trust are bound to see to the performance of any trust or to recognise any person as having any interest in any unit except for the person recorded in the Register as the unitholder. Accordingly, we will not enter any notice of any trust, charge, pledge or equity on the Register.

If required by law, we will issue you a certificate in respect of your units.

Redemptions

Subject to the restrictions on withdrawal set out below under the headings "Suspension of redemptions" and "Other restrictions on redemptions", you may withdraw from the Fund by redeeming your units.

You can make a withdrawal by completing and providing us with a notice (**Withdrawal Notice**). We will act on your Withdrawal Notice as at the first day

on which we determine that units may be redeemed (**Redemption Day**). The Redemption Day will be based on a Valuation Time that is 35 days after the date on which we receive the Withdrawal Notice. We may in our sole discretion redeem units on an earlier Redemption Day.

Currently, we expect that Redemption Days will fall on the last Business Day of each month. A withdrawal may incur charges, as set out in clause 1(6) above. On a withdrawal, we may also cancel units to satisfy your tax obligations.

You must use a Withdrawal Notice in the form we prescribe and it may not be revoked once given. Generally, on receiving a Withdrawal Notice, we will procure that the number of units referred to in the Withdrawal Notice or calculated from the Withdrawal Notice are redeemed and you are paid the amount equal to the aggregate unit value of that number of units, less any applicable fees or Transaction Costs (**Withdrawal Amount**).

Redeemed units are deemed to be cancelled. To satisfy a Withdrawal Notice, we may pay out of the cash that we hold or direct Guardian Trust to realise the Fund's investments.

Unless we agree, you may not give a Withdrawal Notice for an amount less than \$10,000 unless the Withdrawal Notice is for the redemption of all of your units.

We may also compulsorily redeem your units if:

- (a) you are not a Qualifying Investor;
- (b) the number of units you hold threatens the Fund's eligibility to be a PIE; or
- (c) you hold units worth less than NZ\$10,000.

We may also defer or suspend any withdrawal where such withdrawal will or may threaten the Fund's eligibility to be a PIE.

Suspension and deferral of redemptions

If we in good faith form the opinion that it is not practicable, or that it would be materially prejudicial to the interests of any unitholders for us to arrange the redemption of units for certain reasons, we may, after giving prior notice to Guardian Trust of our intention to do so, suspend withdrawals in respect of the Fund.

We may do this because of:

- (a) the suspension of trading on any exchange (whether generally or in respect of any specific Investment); or
- (b) financial, political or economic conditions in respect of any financial market; or
- (c) the nature of any Investment; or
- (d) the occurrence or existence of any other circumstance or event relating to the Fund or generally.

A suspension may last up to 90 days and may be extended with Guardian Trust's consent. There is no limit on the period for which Guardian Trust can consent to an extension of the suspension under the above circumstances. We can activate the suspension by providing you with a notice. Where a Withdrawal Notice is suspended in this way, the Withdrawal Amount payable to you will be calculated on the last Business Day of the period of suspension.

Generally, however, we will act in good faith and, subject to the withdrawal restrictions set out below endeavour to honour any withdrawal request submitted by you, and will only delay withdrawal if there are corresponding delays in realising the Fund's investments in Underlying Funds in order to meet your withdrawal request.

Other restrictions on withdrawals

We may from time to time introduce additional or alter existing limitations, restrictions or prohibitions on withdrawals. We can do this without first advising you.

At the date of this information memorandum, we have determined that the following additional redemption restrictions will apply:

Where, due to any restriction or delay in realising the Fund's investment in Underlying Funds, the Fund is not able to meet a withdrawal request in whole or in part, we may be forced to delay payment of the affected part of the Withdrawal Amount until the Fund has received payment from the Underlying Fund.

Despite the above restriction, generally we will endeavour to honour any withdrawal request submitted by you promptly, and only delay withdrawal if there are corresponding delays in realising the Fund's investments in Underlying Funds.

Switching

You may switch into the NZD denominated fund provided notice is received at least 5 working days before month end. *Distributions*

We do not intend to make distributions, although may choose to do so at our discretion.

We may from time to time by notice in writing direct Guardian Trust to wholly or partly reinvest or distribute the Fund's income or to distribute all or any part of the Fund's capital, and if necessary to realise investments in order to produce cash to make such distribution.

Transfers of units

You may transfer units by writing in a form approved by us. Every transfer must be registered in the Register and a transfer is not effective until it is registered. A transfer must be signed by the transferor.

We may specify from time to time the minimum number or value of units that you may transfer and may decline to transfer a parcel of units which is less than this minimum number or value. At the date of this information memorandum, the minimum value of units that you can transfer is NZ\$10,000.

We may decline to register any transfer at our sole discretion including where:

- (a) the provisions of the Master Trust Deed or any applicable statutory provisions have not been complied with;
- (b) registration of the transfer would result in less than the minimum investment or more than the maximum investment amount (if any) in the name of the transferee or transferor in the Fund;
- (c) registration of the transfer would or could, in the opinion of the Manager, threaten the Fund's status as, or eligibility to be, a PIE;
- (d) if any PIE Tax payable in respect of you or your units has not been paid;
or
- (e) there are unpaid amounts owing from the transferor of the units to Guardian Trust or us.

Registration of transfers may be suspended at such times and for such periods as we may determine, provided that registration may not be suspended for a period exceeding, in aggregate, 30 Business Days in any calendar year.

If we receive an instrument of transfer for units held by you in the Fund, we may adjust your units in accordance with the Trust Deed, and may elect to effect the transfer either by registering a transfer of units from the transferor to the transferee or by:

- (a) cancelling the number of units sought to be transferred (less any units redeemed to pay any tax) without any payment to you; and
- (b) issuing to the person named as transferee in the instrument of transfer such number of units as are cancelled, treating the transferee as having satisfied payment of the Issue Price by the cancellation of the transferor's units.

Manager's role

We are responsible for the day-to-day management and administration of the Fund subject to the provisions of the Trust Deed and the powers reserved to Guardian Trust. For example, we have full and absolute power to:

- (a) make all investment decisions in relation to the Fund;
- (b) manage the assets on a day-to-day basis;
- (c) determine the terms of all sales, purchases or other dealings with assets, and all contracts, rights and other matters relating to such assets or liabilities;
- (d) subject to compliance with the guidelines and procedures that we have established to follow in connection with the investment of the Fund (**Investment Guidelines**):
 - (i) make all decisions relating to the acquisition and sale of assets for cash or upon terms;

- (ii) make all decisions relating to lending money; and
- (e) subject to compliance with the Investment Guidelines and the role of Guardian Trust, enter into, perform and enforce agreements.

We may delegate any of our functions but will remain responsible for the acts and omissions of our delegate whether or not the delegate is acting within the terms of its delegated authority. We have delegated certain administrative functions, including the keeping of the Register, to Adminis.

We have undertaken, among other things, to ensure that the Fund's business is carried on in a proper and efficient manner and to give Guardian Trust such information as may be required relating to the Fund.

We may retire upon giving 90 days' prior notice to Guardian Trust subject to the appointment of a new manager. We will cease to hold office if:

- (a) we are removed from office by the High Court or by such other means as may at any relevant time be prescribed by law;
- (b) Guardian Trust certifies that it is in the interest of the unitholders that we should cease to hold office as manager of the Fund; or
- (c) the unitholders by a Special Resolution, direct that we should cease to hold office; or
- (d) a receiver is appointed in relation to our business, or if an order is made or a resolution is passed for our liquidation.

If we cease to hold office, we must immediately desist from all activities related to the Fund.

The power of appointing a temporary new manager is vested in Guardian Trust. A permanent new manager must either be appointed by Guardian Trust or unitholders at a meeting.

Powers as a PIE

We have elected that the Fund be a PIE. Accordingly and pursuant to the Master Trust Deed, we have additional powers and discretions which enable the Fund to comply with the PIE rules in the Tax Act. Further details are set out in the Master Trust Deed.

Trustee's role

The investments will be held by Guardian Trust or its duly appointed nominees for the benefit of unitholders.

The Trust Deed includes provisions, among other things, requiring Guardian Trust to exercise reasonable diligence in carrying out its functions as trustee of the Fund, and to do all things that it is empowered to do to cause any breach by us of our obligations to be remedied (except if it is satisfied that the breach will not materially prejudice the interests of the unitholders in the Fund).

Guardian Trust may retire upon giving 90 days' notice to us.

The power of appointing a new trustee is vested in us but if we fail or refuse to exercise this power, then a new trustee may be appointed by a Special Resolution. We also have the power to remove Guardian Trust ourselves by giving 90 days' notice to Guardian Trust.

Limitation of liability

Guardian Trust and King Tide, in incurring any debts, liabilities or obligations or in taking or omitting any other action in connection with the affairs of the Fund, are each, and will each be deemed to be, acting for and on your behalf, and not in their own respective capacities.

Neither Guardian Trust nor King Tide will be under any personal liability, nor will resort be had to their own property, or the assets of any other trust, for the satisfaction of any obligation or claim arising out of or in connection with any contract or other obligation of the Fund, including any obligation owed to you.

Guardian Trust and King Tide will each be liable for any loss arising out of their respective wilful default or wilful breach of trust but subject to the terms of the Master Trust Deed, neither Guardian Trust nor King Tide will be liable to the Fund or to you as a result of acting as trustee or manager of the Fund (as the case may be) or for any act or omission or be subject to any liability whatsoever at law or in equity in connection with the affairs of the Fund.

Transactions with related persons

King Tide may only enter into any transaction that provides for a benefit to any person related to King Tide if permitted by the applicable law. We must give notice to Guardian Trust of any transactions entered into which provides for a benefit to any person related to us, in accordance with our reporting agreement with Guardian Trust.

Financial statements and auditor

Both Guardian Trust and King Tide are required to account to you for all moneys received and expended having regard to their respective functions. At the end of each financial year for the Fund, the financial statements of the Fund must be prepared by King Tide, audited and sent to unitholders and Guardian Trust.

PWC has been selected as the auditor of the Fund with the approval of Guardian Trust. PWC may retire upon giving 90 days' notice to Guardian Trust. PWC may be removed by us with approval of Guardian Trust or if Guardian Trust believes it to be in the interests of the trusts and/or unitholders, it may instruct us to remove PWC.

Borrowing

The Fund will not borrow.

This is more restrictive than the position under the Master Trust Deed which provides that Guardian Trust at our request may borrow on behalf of the Fund in limited circumstances, and the Establishment Deed which limits any borrowing to a maximum of 20% of the Net Asset Value.

Expenses

Guardian Trust and King Tide are entitled to be reimbursed out of the Fund for costs, expenses and liabilities incurred by them in performing their duties under the Trust Deed including (but not limited to):

- (a) all tax properly charged to or payable by Guardian Trust or King Tide in connection with the Fund;
- (b) costs of convening and holding any meeting of unitholders;
- (c) costs of preparing and printing accounts, distribution statements, cheques and all other documents required to be prepared in connection with the Fund;
- (d) fees and expenses of any solicitor, barrister, computer expert or other person from time to time employed by King Tide or by Guardian Trust in the discharge of their respective duties and exercise of powers under the Master Trust Deed; and
- (e) all costs, charges and expenses incurred in the advertising and promotion of the Fund.

Meetings of unitholders

Meetings of unitholders may be held on:

- (a) our request;
- (b) Guardian Trust's request;
- (c) the request of unitholders holding not less than 5% of the value of units of the fund.

Meetings must be held in accordance with the procedural provisions set out in Schedule 2 of the Master Trust Deed. Unitholders must receive at least 15 Business Days' prior notice of each meeting. The notice must specify:

- (a) the place day and hour of the meeting;
- (b) the general nature of the business to be transacted;
- (c) the text of any Extraordinary Resolution or Special Resolution to be submitted to the meeting;
- (d) the right of a unitholder to appoint a proxy;
- (e) if a Special Resolution is to be submitted at the meeting, Guardian Trust's comments on the proposed Special Resolution (if applicable); and
- (f) if a Special Resolution is to be submitted to approve a transaction that provides for a benefit on a party related to us, an explanatory memorandum that sets out, among other things, the relevant party, the monetary value of the benefit and other information that unitholders reasonably require..

For Special Resolutions, a quorum of unitholders (in person or by proxy, or by attorney or authorised representative) with a combined value of no less than 25% of the value of units in the Fund held by those persons who are entitled to vote is

required before business can be transacted. For all other meetings, a quorum of two unitholders or unitholders (in person or by proxy, or by attorney or authorised representative) holding not less than 10% of the number of units of the Fund is required before business can be transacted, whichever is higher.

Resolutions are determined by a show of hands unless a poll is demanded. On a poll, each unitholder is entitled to one vote for each unit held and may appoint a proxy or attorney to vote on the unitholder's behalf.

Extraordinary Resolutions are passed by a majority of not less than 75% of the votes cast and Special Resolutions are passed by unitholders holding units with a combined value of no less than 75% of value of Units held by those persons who are entitled to vote and who vote on the question.

A Special Resolution or an Extraordinary Resolution which is passed will be binding on all unitholders whether present or not at the meeting.

Amendments to the Trust Deed

Guardian Trust and King Tide may at any time make any amendment to the Trust Deed if:

- (a) Guardian Trust and King Tide agree the amendment or replacement will not have a material adverse effect on unitholders generally;
- (b) a change in any law of guidance occurs and as a result, Guardian Trust and King Tide agree the amendment or replacement is necessary or desirable; or
- (c) it is authorised by Special Resolution.

Where any amendment has been made to the Master Trust Deed we will notify you, such notification to be forwarded to you in in the next communication to be sent to you.

Authorised Investments

The Fund may only be invested in the Authorised Investments described in the Establishment Deed for the Fund, being:

- (a) cash (including deposits);
- (b) shares, units or other interests in any collective investment scheme that meets the criteria referred to in the Investment Guidelines (see below); and
- (c) derivative transactions, including financial futures contracts and swap contracts, for the purpose of hedging currency risks.

We may from time to time by notice in writing to Guardian Trust establish Investment Guidelines. The initial Investment Guidelines are set out in sub-clause (4) below.

(3) Restrictions on investments

Except as described above (in relation to Authorised Investments) and in sub-clause (4) below, there are no restrictions on investment of the Fund.

(4) Investment objectives and policy

Investment objectives

As at the date of this information memorandum, the investment objectives for the Fund are to provide capital growth and to preserve investors' capital. The Fund will provide investors with a diversified portfolio of selected Australian and New Zealand fund managers with the objective of outperforming the market with less volatility than the market. We aim to:

- (a) deliver capital growth in the value of units over three to five year rolling periods; and
- (b) achieve positive absolute returns over any rolling three to five-year period irrespective of market trends.

Investment policy

As at the date of this information memorandum, the investment policy for the Fund is to:

- (a) allocate capital to a select group of at least eight risk-based equity Underlying Funds domiciled in the Australian and New Zealand equity markets. Risk-based strategies enable the manager to utilise tools to protect their funds' capital when markets are falling. These tools include the ability to short sell individual stocks and/or to short sell equity market indices through derivative products or hold high levels of cash. Long/short equity investing involves buying equities (for example, shares and preference shares) in companies which are expected to increase in value, and selling equities in companies which are expected to fall in value. Short selling may also involve a person selling equities that the person does not currently own, such that when settlement of that transaction occurs, the person would need to acquire the equities from another person before completing the sale. Equity investing may include buying or selling equities directly or indirectly. Short selling equity derivatives involve entering into a derivative contract to sell an equity market index. The value of the contract will increase if the market falls, and decrease if the market rises. Risk-based managers can use these contracts to protect their portfolios from market risk. Risk-based strategies may also hold large amounts of cash, when they cannot find equity investments which meet their criteria;
- (b) select Underlying Funds where the fund managers are significant investors in the Underlying Funds they manage;
- (c) select Underlying Funds that we believe have achieved their performance through astute risk management. Having a process that is focused on risk and having a mandate to hold both long and short positions, and/or to hold a significant proportion of the relevant Underlying Fund in cash, gives these managers the tools to limit losses when markets fall;
- (d) invest in no less than eight Underlying Funds at any particular time; and

- (e) not allow an exposure of more than 25% of the assets of the Fund to any one Underlying Fund at any time.

It is intended that the Underlying Funds in which the Fund invests will invest principally in Australian and New Zealand listed securities, but some may have broader mandates and may invest part of their portfolio in other securities (such as, without limitation, offshore equities). Each Underlying Fund may also use derivatives to some degree including, but not limited to, for the purpose of hedging market exposure, or stock specific risk.

Details of the Underlying Funds in which the Fund is invested at any given time can be obtained from the Manager, subject to accepting confidentiality arrangements, if required by the Manager.

The Fund may invest in more than one Underlying Fund operated by the same fund manager.

At the date of this information memorandum, units in the Fund are denominated in New Zealand dollars (**NZD**). We may, at a future date, create a separate class or classes of units denominated in other currencies (such as GBP or USD) by using forward currency contracts to hedge into those currencies.

We may change the Fund's investment policies and objectives from time to time with Guardian Trust's approval and by giving three months' notice to unitholders, unless we and Guardian Trust agree that the change is immaterial in which case one month's notice may be given.

(5) Distributions

We may make distributions in accordance with the Master Trust Deed, as set out under the sub-heading "Distributions" above. If we do not make a distribution in any year, your positive returns will increase the Net Asset Value and hence the value of units.

(6) Return of capital

No undertakings are given by any party to you about the returns from the Fund. Returns may be negative (which would decrease the Net Asset Value and hence the value of units).

7. UNITHOLDER LIABILITY

You will not incur any liabilities from holding units in the Fund, other than the liability to pay the Issue Price and liability for any PIE Tax on income allocated to you that has not been satisfied by redeeming units or by deduction from monies paid to you.

You may need to complete a tax return and pay additional tax to Inland Revenue, including penalties and interest, if you:

- (a) tell us a PIR that is lower than the one that should have applied to you;

- (b) fail to advise us of an increase in your PIR;
- (c) tell us an incorrect IRD number; or
- (d) fail to advise us that you are no longer a New Zealand tax resident.

In some circumstances (for example if you have withdrawn all your units), you may not have enough units left to meet the amount of PIE Tax payable on your share of the Fund's taxable income. If this happens, we or Guardian Trust may need to pay PIE Tax for you out of the assets of the Fund. You will indemnify Guardian Trust and King Tide on account of any PIE Tax paid or payable by us or Guardian Trust in these circumstances on your account.

8. MINIMUM SUBSCRIPTION

There is no minimum amount which must be raised by the Fund by issue of units.

9. INTERESTED PERSONS

(1) Remuneration and recovery of expenses

The following fees are paid to King Tide, Adminis, the Custodian and Guardian Trust:

Manager

A Management Fee of 0.5% per annum of the Gross Asset Value is payable to us out of the Fund, in relation to the services we provide as manager of the Fund.

The Management Fee (if any) will be calculated monthly on the basis of the Gross Asset Value as at the last Business Day of each month (or on such other basis as we may agree with Guardian Trust), and will be paid in arrears immediately following the determination of the Gross Asset Value each month and on the date of termination of the Fund.

The expenses we incur operating the Fund will be paid out of the Fund. See clause 6(2) for further information. As at the date of this information memorandum:

- (a) no entry fee is payable upon subscribing for units in the Fund; and
- (b) no exit fee is deducted from the amount payable to you upon you withdrawing from the Fund.

You will need to pay Transaction Costs upon investment and withdrawal, including through the application of a buy/sell spread, in the manner set out in clause 1(6) above.

Transaction Costs are not a fee payable to us or Guardian Trust and are retained by the Fund for the benefit of unitholders.

A performance fee (**Performance Fee**), payable out of the Fund in relation to the investment services we perform is also payable on the terms set out below:

- (a) The Performance Fee will incentivise us to protect capital in the pursuit of our goal of long term outperformance of the New Zealand and Australian equity market indices.

- (b) The Performance Fee is calculated separately in relation to each unit holder as an amount equal to 10% of your profit after the deduction of Management Fees. The Performance Fee is subject to a high water mark, which means Performance Fees are only payable to us in relation to your units when there is a positive difference between:
 - (i) your total cumulative profit at the end of the month; and
 - (ii) the previous highest cumulative profit determined in relation to your units.

We may adjust your entitlements under the Trust Deed to take account of the amount of any Performance Fee attributable to you, including by way of cancellation or redemption of units or crediting you with further units.

Together with the Trustee, we amended the Establishment Deed on 16 September 2014 to provide that the Performance Fee is as set out in the Offer Documents (as defined in the Master Trust Deed, and including this information memorandum) from time to time.

We may waive or reduce the amount of any fee payable to us either generally or specifically in any particular case and for any period.

Guardian Trust

Guardian Trust's remuneration for carrying out its trustee functions as specified in the Establishment Deed is a fee of up to 0.06% per annum (\$0 - \$100m) of the Gross Asset Value of the Fund, subject to a minimum fee of NZ\$30,000 per annum.

In addition, Guardian Trust is entitled to reimbursement from us of, among other things, all reasonable costs, charges, disbursements and expenses incurred in connection with the acquisition, registration, custody, disposal of or other dealing with an Authorised Investment or any borrowing, including commission and bank charges, Guardian Trust's reasonable expenses in respect of work of an unusual nature outside the attendances of Guardian Trust and any other expenses we agree with Guardian Trust.

Guardian Trust may waive or reduce the amount of any fees payable to it either generally or specifically in any particular case and for any period.

Guardian Trust and we are entitled at any time to alter Guardian Trust's fees.

Guardian Trust's fee is paid monthly in arrears by the Fund.

Adminis

Adminis is entitled to charge a fee for providing administration and custody services such as reporting, unit pricing, preparing financial statements and maintaining the Registry. The amount of this fee is calculated by reference to the Gross Asset Value of the Fund. The minimum fee payable to Adminis is NZ\$45,000 per annum (and includes a NZ\$10,000 per annum fee for custodial services and a NZ\$5,000 per annum fee in relation to registry services).

This fee is paid monthly in arrears by the Fund.

Adminis Custodial Nominees Limited

Adminis Custodial Nominees Limited is not paid a fee by King Tide or the Fund.

GST

Goods and services tax, chargeable under the Goods and Services Tax Act 1985, will be added to any fees, if applicable.

Expenses

We and Guardian Trust are entitled to recover from the Fund expenses incurred by us in performing our duties. A description of some of these expenses is set out in clause 6(2) above under "Expenses". There is no limit on the amount of expenses that are recoverable by us and by Guardian Trust.

Underlying Fund fees

The Underlying Funds in which we invest also charge fees, including management fees and performance fees. These are not payable directly by the Fund but are reflected in the value and performance of the interests the Fund holds in the Underlying Funds. Additional details in relation to the fees charged by the Underlying Funds in which the Fund is invested at any given time can be obtained from the Manager, subject to accepting confidentiality arrangements, if required by the Manager.

Alteration of fees

Except as stated above we may at any time, and from time to time, after consultation with Guardian Trust, alter the amount of any fee or deduction, or charge any new fee or deduction by giving at least three months' prior notice to you.

10. PLACES OF INSPECTION OF DOCUMENTS

Copies of the Master Trust Deed and the Establishment Deed (together with any amendments) for the Fund, any material contracts, and the latest financial statements and annual report for the Fund may be inspected during normal business hours without payment of any fee at our registered office at Mezzanine Floor, 19 Como Street, Takapuna, Auckland 0622, New Zealand.

11. TAXATION

The following statements in relation to taxation are of a general nature only and are based on current and prospective New Zealand tax legislation, which may change. The impact of taxation will vary depending upon your individual circumstances. You are encouraged to seek professional tax advice. Neither Guardian Trust nor King Tide takes any responsibility for your taxation liabilities. Your returns are likely to be affected by taxation.

The taxation rules applying to the Fund are set out below. The explanation is based on the Fund remaining a PIE. Should the Fund cease to be a PIE, the taxation rules applied to the Fund may alter.

The Fund is a multi-rate PIE, and has elected to become a foreign investment variable-rate PIE, which modifies the general application of the PIE tax regime (see additional detail below under "Treatment of non-New Zealand resident investors"). As a multi-rate PIE, the Fund will attribute all its taxable income (or losses) between its investors based on the number of units held by them. We will then calculate tax payable on such income attributed to you at your nominated prescribed investor rate (**PIR**) (with a current maximum PIR of 28%). The Fund's tax liability is calculated by reference to your PIR and the amount of income attributed to you, as described further below. Tax is then paid as described under the "Tax-paying investors" heading below.

PIR rules

You must notify us of both your IRD number and applicable PIR when you join the Fund, and when these details change. If you do not notify your IRD number and/or PIR you will be taxed on income attributed to you by the Fund at the default rate of 28%. We will seek reconfirmation of these details annually. The PIR that you notify to us will be used to calculate the amount of tax to be paid by the Fund in respect of income of the Fund that is attributed to you.

The PIRs available for you to elect are as follows:

10.5% and 17.5%: New Zealand resident individual investors will have the lowest of the following PIRs dependent on their taxable and attributed PIE income (after subtracting any attributable PIE loss) in either of the two previous income years (usually the period 1 April to 31 March):

Taxable income	Taxable + PIE income	Prescribed Investor Rate
\$0 - \$14,000	\$0 - \$48,000	10.5%
\$0 - \$14,000	\$48,000 - \$70,000	17.5%
\$14,000 - \$48,000	\$0 - \$70,000	17.5%

Trustees of New Zealand resident trusts (excluding unit trusts and charitable trusts) can elect to be taxed at 17.5%. Some trustees of New Zealand resident trusts (i.e. testamentary trusts other than charitable trusts) can elect to be taxed at 10.5%.

28%: This rate applies for all other New Zealand resident individuals who do not qualify for either the 10.5% or the 17.5% rate and all trustees of New Zealand resident trusts (excluding unit trusts and charitable trusts) who have elected to be taxed at this rate. This is also the rate applicable for all non-residents (but see the further comment under the heading "Treatment of non-New Zealand resident investors" on page 41 below).

0% (or "zero-rated"): This rate applies to New Zealand resident entities such as companies, unit trusts, other PIEs, charities, superannuation funds, and trustees of trusts that have not elected the 10.5%, 17.5% or 28% rates (where applicable), and nominees and wrap providers that elect to become PIE proxies (such as Custodial Services). An individual cannot elect a 0% rate, unless they are a non-resident who has validly elected to become a notified foreign investor (see the further comment under the heading "Treatment of non-New Zealand resident investors" on page 41 below).

We are required to provide you with an annual tax certificate, which will include the PIE income attributed to you and the amount of PIE Tax paid at your nominated PIR. This information will be necessary when determining if a rate of lower than 28% can be selected in future.

Tax-paying investors

Investors with a notified PIR of greater than 0% are referred to as "tax-paying investors". The Fund's PIE Tax liability on PIE income attributed to its tax-paying investors will be deducted at the earliest of the times outlined below in respect of each income year. PIE Tax will be deducted by cancelling units (but we reserve the right to also deduct from distributions if need be) equal to the value of the PIE Tax liability:

- At the end of the income year (following 31 March).
- Upon a full withdrawal, units will be cancelled to pay PIE Tax the following month. Upon a partial withdrawal, units will be cancelled to pay PIE Tax following the end of the income year.
- If at any time, the value of an investor's units is, or could potentially become, insufficient to cover the Fund's accrued PIE Tax liability on income attributed to such an investor, this will be deemed a full withdrawal and PIE Tax will be deducted on account of the accrued liability. We will consider potential market movements when determining whether the remaining units are of sufficient value to cover the PIE Tax liability.

A refund of tax will be provided to the Fund by Inland Revenue to compensate for PIE losses or excess tax credits relating to tax-paying investors, which is then attributed to such investors by issuing additional units.

If the correct PIR has been notified, based on the available PIRs, the PIE Tax paid on income attributed to tax-paying investors will be a final tax and the investor will bear no further tax on income from the Fund, including on any distributions from the Fund. Additionally, no obligation to file a tax return (in respect of this investment) will arise to an investor as a consequence. Income from the Fund will be included in determining an investor's student loan repayment obligations, but will not be included in respect of child support payment obligations.

The exception to this is where a trustee of a trust (other than a unit trust or charitable trust) elects a 10.5% or 17.5% PIR (where available). This will not be a final tax and trustees of those trusts will be required to include the attributed PIE income (or loss) and any credit for PIE Tax paid in their tax return.

Tax-paying investors must advise us if their PIR changes. Failure to advise of a change in an investor's notified PIR will result in tax being assessed at an incorrect tax rate. Nominating a lower rate than that applicable will mean the investor may be required to file a tax return and will be personally liable to pay any resulting tax shortfall at the investor's marginal tax rate (which may be higher than the maximum PIR) including penalties and interest.

Similarly, tax-paying investors should advise us if they are eligible for a lower PIR than they have notified. No credit or refund is available if PIE Tax has been paid at a higher rate than an investor's correct PIR.

An investor can notify us of a change to their PIR at any time.

If an investor does not notify us of their PIR and/or IRD number, tax will be paid in respect of income attributed to the investor at the maximum PIR of 28%. Inland Revenue may also instruct the Fund to disregard an investor's PIR as notified to us, if it considers that the PIR is incorrect and can instruct the Manager to substitute a PIR that Inland Revenue considers appropriate.

If an investor transfers units prior to 1 April in any year, the transferor will bear the cost of PIE Tax on income attributed to those units from the beginning of the income year to the date of transfer.

Zero-rated investors

Investors with a notified PIR of 0% are referred to as "zero-rated investors". These investors must return the attributed PIE income or loss and pay tax themselves. These investors will have a tax liability in respect of the PIE income attributed to them, regardless of whether the Fund makes any distributions to them. The Fund will not cancel any units or otherwise adjust the interests of its zero-rated investors for PIE Tax, as the Fund does not pay tax on the income attributed to such investors. Zero-rated investors will be entitled to claim their share of excess tax credits or PIE losses in their tax returns.

Joint investors

For joint New Zealand resident individual investors, income is attributed to the first named person in the Register only. Any joint investor can be selected if the nominated PIRs are the same, but if their notified PIRs are different, joint investors must select the investor with the highest nominated PIR. All joint investors are required to provide both their PIR and IRD number to the Manager. If no notice of election of the investors' PIR and/or IRD number is received by the Fund the income will be attributed to the first named person at the default rate of 28%.

Distributions to investors

Distributions (if any) from the Fund will not be separately taxable to an investor. Withdrawals will be made by way of redemption of units.

Calculation of income

Gains or losses made by the Fund on investments in New Zealand resident companies or Australian resident listed companies on an Australian Stock Exchange approved index with franking accounts (excluding "non-participating redeemable shares" as defined in the Tax Act or shares sold under an arrangement which assured the Fund of a gain) will not be taxable or deductible. The PIE regime is designed to 'pass through' these benefits to investors, including where the Fund invests in unit trusts that are also PIEs. Dividends received from New Zealand resident and Australian resident listed companies, described above, will be taxable to the Fund.

Foreign equities (including units in offshore funds but excluding the Australian listed equities described above) held by the Fund will generally be taxed under the fair dividend rate (**FDR**) method in New Zealand's foreign investment fund (**FIF**) rules. Under this method, a Fund is deemed to derive taxable income equal to 5% of the average daily market value of its offshore equity investments. Dividends and any gains on the foreign equities will not be taxed separately. Equally, losses on foreign equities will not be deductible but any foreign tax credits attached to dividends may be available for offset against PIE Tax payable by the Fund.

The following foreign equities are taxed under the comparative value method in the FIF rules (i.e. annual change in market value plus distributions):

- those foreign equities offering guaranteed or fixed-rate returns;
- non-participating redeemable shares;

- interests in a foreign entity that has assets of 80% or more invested in financial arrangements or fixed-rate foreign equities either denominated in or hedged to NZD (including where the hedging is undertaken by the Fund);
- those foreign equities which are determined by Inland Revenue to be debt in economic terms.

Debt securities, derivatives, foreign exchange contracts, CFD's (contracts between two parties, typically described as "buyer" and "seller", stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time), swaps and energy contracts held directly are taxed under the financial arrangements rules. However, the Fund may elect to apply the FDR method to any foreign currency hedges rather than the financial arrangements rules. The election requires the Fund to elect, on the date that a hedge is entered into, to apply this calculation method to all or part of the hedge.

PIEs have restrictions on the percentage of units any one investor, and associated parties (if the parties each hold interests of 5% or more) can hold. We may redeem or void units exceeding the permitted threshold so as to ensure PIE status can be maintained. If units are voided the unitholder will receive a refund of subscription moneys but any additional compensation is at the discretion of Guardian Trust in consultation with us.

Treatment of non-New Zealand resident investors

The Fund has elected to become a foreign investment variable-rate PIE (as that term is defined in the Tax Act). As a result, certain non-New Zealand resident investors into the Fund will each be able to elect to become a notified foreign investor (as that term is defined in the Tax Act) with a 0% PIR.

If this election is validly made, and certain information is provided to us, no New Zealand tax will be payable by the Fund or by the notified foreign investors in respect of foreign-sourced income attributed to such investors by the Fund. In respect of New Zealand-sourced income, New Zealand tax will be payable at differing rates depending on the non-New Zealand resident investor's country of residence. This tax will be payable by the Fund on behalf of the non-New Zealand resident investor. In order to qualify as a notified foreign investor with a 0% PIR, a non-New Zealand resident investor will be required to provide us with details of their:

- date of birth;
- home address in their country or territory of residence;
- country code as prescribed by the Commissioner of Inland Revenue for their country or territory of residence;
- their tax file number in their country or territory of residence, or a declaration that they are unable to provide this number; and
- 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 non-portfolio FIF, or a non-resident trustee of a trust other than a foreign trust.

Inland Revenue may also instruct the Fund to disregard a non-New Zealand resident investor's notified foreign investor election, if it considers that the election is incorrect. In such circumstances, the investor's investment in the Fund will be subject to tax at the 28% PIR.

Non-New Zealand resident investors should ensure that they have adequately informed themselves of the tax consequences of an investment in the Fund, both in New Zealand and offshore.

12. RISKS

All investments carry risk. The following risks could affect your ability to recover the amount of your investment and impact on the level of return or distributions (if any) payable from the Fund.

Risks applying generally to the Fund

- **Investment strategy risks:** The investment strategy of the Fund and of each Underlying Fund may result in the Fund's returns being different from any share market index and from competing investments / investment products.
- **Liquidity risks:** The Fund may hold a proportion of its assets in cash. However, the Fund will predominantly invest in other Underlying Funds. An Underlying Fund may suspend redemptions which may delay your redemption from King Tide if you wanted to withdraw your funds. Further, the Fund has only monthly liquidity with 35 days' notice. This means that after you have made a decision to redeem, you will still be exposed to the Fund for another month at least, and may suffer losses in that month which will be realised on the redemption date.
- **Leverage and derivative risks:** While the Fund will not utilise leverage (borrowings) it can utilise options and foreign exchange contracts for foreign exchange hedging. We may also select Underlying Funds which have the ability to leverage (borrow) and utilise derivatives. This may increase the risk of loss to the Fund.
- **Market conditions risks:** Markets are affected by a number of factors, including economic and regulatory conditions, market sentiment, political events, and environmental and technology issues. Equity markets can sometimes experience large falls and this will have an impact on the returns of Underlying Funds.
- **Economic Risk:** Investment returns are influenced by numerous economic factors. These factors include changes in the economic conditions (e.g. changes in interest rates or economic growth), changes to legislative and political environment, as well as changes in investor sentiment. In addition, exogenous shocks, natural disasters and acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Fund or the earnings and capital appreciation of the Fund's portfolio.
- **Options risks:** We may make use of options for foreign exchange hedging purposes. On execution of an option, the Fund may pay a premium to a counterparty. If the counterparty becomes insolvent, the option premium may be lost in addition to any unrealised gains where the contract is in the money. Underlying managers may also use options for investment purposes and for hedging purposes and will be exposed to the same counterparty risks and valuation risks.
- **Credit and interest rates risks:** Changes in interest rates can have an impact directly or indirectly on your returns. The market value of both debt and equity securities is affected by changes in prevailing interest rates. When prevailing interest rates fall or perceived credit quality improves, the market value of the affected debt securities generally rises. Conversely when interest rates rise or

perceived credit quality weakens, the market value of the affected securities generally declines.

- **Currency risks:** The Fund may invest in Underlying Funds denominated in other currencies. This will expose the Fund to movements in foreign currencies, which can have an effect on the NZD value of the investments or foreign exchange contracts.
- **Redemption risks:** A number of investors may seek to withdraw from the Fund. The Fund's ability to meet those redemptions will depend on the liquidity of the Underlying Funds in which it invests. Should investors suspend or defer redemptions, the Fund may also be forced to suspend or defer redemptions of all or part of a redemption request - see "Suspension and Deferral of Redemptions" in clause 6(2). We may also change the minimum amount that may be withdrawn from, or held in, the Fund from time to time. You will, however, still be able to withdraw all of your funds at one time if your units are valued at an amount below the existing minimum holding or transaction value.
- **Administrative risks:** Technological or other failure could impact on the Fund or the financial markets in which the Fund invests. The Fund may also be impacted if there was a pricing error made by one of the Underlying Funds that we select.
- **Regulatory risks:** Future changes to legislation or applicable regulations in New Zealand or the countries of domicile of the Underlying Funds or their investments which could affect the operation of the Fund or your distributions or the level or nature of returns from the Fund. An example includes any regulation that may prohibit or restrict the ability of an Underlying Fund to engage in "short selling".

Risks relating to Underlying Funds

- **Reliance on the Fund Managers:** While the Fund intends to diversify across at least eight Underlying Funds at any one time, the fund managers may fail to live up to expectations which will negatively impact on your returns. The underlying manager may restrict further investment into their funds or change their redemption terms, which could affect our ability to have the weightings and exposures that we would like.
- **Small-cap risks:** We may select Underlying Funds that can invest in smaller companies whose securities tend to be more volatile and less liquid than those of larger companies.
- **Over-the-counter markets risks:** We may select Underlying Funds that acquire securities on over-the-counter markets. There is no guarantee that these Underlying Funds will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.
- **Short selling risk:** Underlying managers may use short selling as a strategy to try and improve performance and manage risk. The short sale of a security can involve much greater risk than buying a security, as losses on the securities purchased are restricted to the amount invested, whereas losses on a short position can be much greater than the initial value of the security. Additionally, there can be no guarantee that the securities necessary to cover a short position will be available for purchase. Short selling will also incur interest and other costs on the securities borrowed by the relevant fund managers for sale. For a short sale to be profitable the return from the strategy must exceed these costs and, where losses are incurred on the strategy, these costs will increase the losses.

Risks associated with the manager

- **Key personnel risks:** We, and each of the fund managers of the Underlying Funds, are dependent on key personnel. If key persons leave, the operations of the Fund or Underlying Fund may be detrimentally affected.
- **Manager selection risk:** We select Underlying Funds that we expect, in combination, to produce attractive risk adjusted results over time. You are taking risk on our ability to make those selections on a sound basis, to monitor the actions of the managers of the Underlying Funds, and to adjust manager selection in an appropriate manner over time. The King Tide investment committee that selects Underlying Funds comprises Mark Houghton, Rob Campbell, Geoff Nixon and Alistair Sutherland. Together they bring a mixture of academic, commercial and investment skills to the selections. Mark and Rob have over 24 years and 26 years' experience, respectively, in evaluating and investing in managed funds of this type. Geoff spent 15 years managing a US smallcap long short equity fund, achieving a compounding return of 17% p.a. Mark was an investor in Geoff's fund for 13 years. Alistair is an experienced investor in such funds.

Taxation risks

- **Loss of PIE status:** If PIE status is lost due to an event such as investors reducing to below 20 in number, the Fund may cease to be a PIE, in which case it would be taxed as a widely held unit trust at the 28% corporate rate rather than at investors' notified PIRs. There is a risk of a full withdrawal being required where the value of your remaining units is not regarded as sufficient to fund your PIE Tax liability. Refer to the Taxation section above for details.

PIEs have restrictions on the percentage of units you and associated parties can hold. Generally, you and any associates cannot hold more than 20% of the Fund (although this restriction does not apply if you are another PIE or you fall within a narrow class of other specified entities). We may redeem or void units exceeding the permitted threshold so as to ensure PIE status can be maintained. If your units are voided, you will receive a refund of your subscription moneys, but any additional compensation is at the discretion of Guardian Trust in consultation with us.

- **Failure to advise correct details:** If you fail to advise the Fund of your IRD number and/or your PIR, we will pay PIE Tax in respect of income attributed to you at the maximum PIR of 28% (which may be higher than your applicable PIR).

If you advise a lower PIR than that applicable or fail to advise a change to a higher rate, including where you are no longer a New Zealand tax resident, you must pay to Inland Revenue any tax shortfall at your marginal tax rate (which may be higher than the maximum PIR) plus any interest and penalties imposed by Inland Revenue, and may be required to file a tax return. If you advise (or are defaulted to) a higher rate than that applicable to you under the PIR rules, the excess tax paid cannot be claimed back from Inland Revenue as PIE Tax is a final tax in this instance. A trustee of a trust that invests in the Fund and which elects a PIR of 28% will be unable to pass through the attributed PIE income to beneficiaries in order to have this income taxed at rates lower than 28%.

Joint New Zealand resident individual investors are attributed income to one investor only, the investor with the highest PIR.

- **Loss of foreign investment variable-rate PIE status:** If the Fund loses its status as a foreign investment variable-rate PIE, then the Fund will be taxed solely as a multi-rate PIE whereby notified foreign investors will be subject to tax at the 28% PIR.

- **Changes to taxation legislation:** Any future change in taxation legislation could impact on the Fund's returns.

You should be aware of these non-exclusive factors when investing and also that not all factors which contribute to risk can be foreseen.

Past performance is no guarantee of future performance.

13. HOW TO INVEST

The instructions for completing the application form are set out below:

Investor details

If you are a New Zealand resident investor, complete the section headed "APPLICANT DETAILS FOR NEW ZEALAND INVESTORS".

If you are an overseas resident investor, complete the section headed "APPLICANT DETAILS FOR OVERSEAS INVESTORS".

In each case, provide your full name(s) and address. If you have one, supply your New Zealand IRD number (this is a legal requirement).

Investment details

Enter the amount you wish to invest in the Fund. The minimum initial investment amount is NZ\$10,000.

Nominated bank account

Please complete the Nominated Bank Account section.

Confirmation of Qualifying Investor status

Please complete the Qualifying Investor forms accompanying the application form.

Verification of identity

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 requires verification of the identity of all new investors. Please provide the relevant information requested.

Trusts

If there are three or fewer trustees, identification is required for each trustee. Where there are more than three trustees, the principal unitholder must be noted on the application form.

Sign the application form

All applicants must sign the application form.

Payment

Investment may be made by electronic transfer to the bank account details set out below. No application will be processed until a signed application form has been received.

Bank: ANZ Banking Group
Branch: 215-229 Lambton Quay, Wellington, New Zealand
Account name: Adminis Custodial Nominees Limited
Account no.: 01-0505-0421660-00
Swift ID: ANZBNZ22

We have an absolute discretion whether to accept or refuse any application without giving any reason. Your confirmation of investment will normally be posted within a week of the date on which units are issued to you.
