

NZFUNDS

Income Generator

Product Disclosure Statement

Issued by New Zealand Funds Management Limited

21 October 2020

This document replaces the Product Disclosure Statement dated 6 October 2020.

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

1. KEY INFORMATION SUMMARY

WHAT IS THIS?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments.

New Zealand Funds Management Limited (NZ Funds, we, us or our) will invest your money and charge you a fee for our services.

The returns you receive are dependent on the investment decisions of NZ Funds and the performance of the investments.

The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

HOW CAN YOU GET YOUR MONEY OUT?

You can withdraw all or part of your investment provided you give us 7 days' notice of your intention to withdraw.

In certain circumstances, NZ Funds may defer or suspend withdrawals. See section 2 of this PDS 'How does this investment work?' on page 6 for more information.

Your investment in the Portfolio can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment.

WHAT WILL YOUR MONEY BE INVESTED IN?

The NZ Funds Income Generator (Portfolio) is offered under this Product Disclosure Statement (PDS).

This investment option is summarised on page 4. More information about the investment target and strategy for this investment option is provided on page 7.

HOW WILL YOUR INVESTMENT BE TAXED?

The Portfolio is a portfolio investment entity (PIE). The amount of tax you pay on your investment in a PIE is based on your prescribed investor rate (PIR).

To determine your PIR, go to www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates. See section 6 of this PDS 'What taxes will you pay?' on page 10 for more information.

WHO MANAGES THE PORTFOLIO?

NZ Funds is the manager of the Portfolio. See section 7 of this Product Disclosure Statement (PDS) 'Who is involved?' on page 10 for more information.

WHAT ARE THE RETURNS?

The Portfolio aims to distribute dividends received through a quarterly payment to investors. The amount distributed will vary, depending on the value of dividends received.

Investors' capital, including capital gains will not be used to make distributions. It is possible that the Portfolio will not receive dividends in some periods, in which case there would be no distribution in those periods.

Investors who do not wish to receive distributions can choose to have their distributions reinvested in additional units in the Portfolio.

WHERE CAN YOU FIND MORE KEY INFORMATION?

NZ Funds publishes quarterly fund updates for the Portfolio.

The updates show the returns and the total fees actually charged to investors during the previous year.

The latest quarterly fund updates are available at www.nzfunds.co.nz. NZ Funds will also give you a copy on request.

NAME	OBJECTIVE	DESCRIPTION	RISK INDICATOR ¹	ESTIMATED ANNUAL FUND CHARGES ^{2,3}	ESTIMATED ANNUAL FUND CHARGES AFTER FEE REBATE ^{2,3,4}	
				YEAR 1	YEAR 2	YEAR 3+
NZ Funds Income Generator	To provide a source of income and return by primarily investing in dividend paying shares; and derivatives including options.	Anticipated to primarily hold New Zealand and Australian shares; and derivatives including options.		1.65%	1.45%	1.25%

1. The Portfolio only commenced operation on or about the date of this PDS. Accordingly, the risk indicator was prepared using returns on a peer group index over the five years to 30 September 2020 (as there is no appropriate market index) rather than the actual returns of the Portfolio. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the Portfolio. 2. As a percentage of the Portfolio's net asset value. 3. Includes estimated performance fees. See page 9 for more information. 4. A fee rebate will apply if you invest in the Portfolio for more than one year. See page 9 for more information.

See page 7 for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.nzfunds.co.nz/AdviceSolutions/RiskProfile/

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2. HOW DOES THIS INVESTMENT WORK?

LEGAL STRUCTURE

The Portfolio is established within the NZ Funds Managed Portfolio Service Part Two managed investment scheme (Scheme) registered under the Financial Markets Conduct Act 2013. The Scheme is governed by a trust deed (Trust Deed) between NZ Funds and The New Zealand Guardian Trust Company Limited (Supervisor).

The money you invest into the Portfolio is pooled with other investors' money to purchase assets. You will receive units in the Portfolio which represent your interest in the Portfolio. The units do not give you legal ownership of the Portfolio's assets but they give you the right to a share of any returns from those assets.

The number of units you receive is based on the Portfolio's unit price. The performance of your investment will be measured by the rise or fall of the unit price and any distributions.

The assets of the Portfolio are not available to meet the liabilities of any other fund in the Scheme.

FEATURES & BENEFITS

Income Generator is designed to provide investors with **regular income** and the potential for **capital gains** over time.

The fund is primarily invested in **premium New Zealand and Australian dividend-paying shares**. It passes those dividends on to you.

The risk of fluctuating share prices is managed through the use of tools such as **put and call options** which are designed to **reduce the fund's volatility**.

The overall result is a portfolio which is designed with the goal of providing investors with **higher returns than interest rates** but with **less volatility than the share market**.

The fund is a **tax effective Portfolio Investment Entity (PIE)** with a maximum tax rate of 28%. There is **no lock-in or termination fee** so you can access your money when you want to.

NZ Funds recommends you **speak to your financial adviser** about whether Income Generator is right for you.

The Portfolio

The Portfolio is designed for an investor seeking returns, primarily from dividend paying shares, but also from other approved assets, who wishes to have the volatility of their portfolio actively managed.

To achieve this, the Portfolio primarily invests in dividend paying New Zealand and Australian shares, but may also invest in other approved assets; and uses derivatives, options and active management to seek to mitigate share market volatility.

Some of the features of this offer, including the use of derivatives and leverage, may mean an investment in the Portfolio is not appropriate for you.

Active management

We use an active investment management approach that seeks to maintain a balance between preserving your capital and growing your wealth in a manner consistent with the Portfolio's objective.

In managing the Portfolio, we take a wide variety of actions including: altering the proportion invested in each security or asset class; altering how the Portfolio is exposed to each security or asset class; investing directly or indirectly; using derivatives and leverage; using collective investment vehicles; using specialist investment managers (including hedge funds); using alternative assets (including digital assets, such as cryptocurrencies); taking foreign currency positions and applying hedging.

Distributions

The Portfolio aims to distribute dividends received through a quarterly payment to investors. The amount distributed will vary, depending on the value of dividends received.

Investors' capital, including capital gains will not be used to make distributions. It is possible that the Portfolio will not receive dividends in some periods, in which case there would be no distribution in those periods.

Investors who do not wish to receive distributions can choose to have their distributions reinvested in additional units in the Portfolio.

Wholesale trusts

The Portfolio may invest directly or indirectly via wholesale trusts. A wholesale trust is a wholesale fund managed by us which holds investments. Those investments may include directly held securities and/or investments in funds managed by us or external specialist investment managers. The wholesale trust investment structure provides operational and administrative efficiencies.

Specialist managers

External specialist investment managers (external managers)

may be selected where we consider their investment approach will help meet the Portfolio's objectives.

Use of derivatives

The Portfolio uses derivatives. A derivative is a financial instrument, the value of which is derived from changes in the value of another asset (for example, a share market index, a bond, or a currency). Examples of derivatives include futures, options, forwards and swaps.

Derivatives may be used in the Portfolio to, for example, limit the decline that a security may experience. Derivatives may have a cost and to fund this cost we may use derivatives that limit the upside that a security may experience.

The use of derivatives can result in the Portfolio being leveraged which means small changes in the value of an underlying asset on which the Portfolio holds a derivative may result in substantial gains or losses for the Portfolio.

The use of derivatives can also substantially alter the returns of the Portfolio and may result in a higher or lower return than the return earned by a fund that does not use derivatives.

MAKING INVESTMENTS

You can invest by completing an online application available by contacting NZ Funds or your financial adviser. An investment can be made by lump sum or regular contributions. You can choose to make regular contributions on a weekly, fortnightly, monthly or quarterly basis. You can stop regular contributions any time by using the NZ Funds app or sending us a letter or email.

NZ Funds does not charge a contribution fee.

WITHDRAWING YOUR INVESTMENTS

You can withdraw all or part of your investment in the Portfolio by completing an online withdrawal request. Your withdrawal will be processed at the end of a 7-day notice period. Withdrawals are normally paid within four business days after the end of the notice period.

If you experience financial hardship, or in other exceptional circumstances, we may waive the notice period. Once you give your withdrawal notice, you cannot revoke it unless we agree.

Withdrawal proceeds will be calculated on the date that the notice period expires and not on the date you provide your withdrawal request to NZ Funds. You should be aware this can affect the amount of the withdrawal proceeds.

You can also choose to make regular withdrawals of a set amount on a fortnightly, monthly or quarterly basis. You can set up regular withdrawals by completing a single withdrawal request; you do not need to complete a request for each withdrawal. The withdrawal notice period must expire before

NAME	OBJECTIVE	PORTFOLIO SUMMARY & TARGET INVESTMENT MIX ¹	RISK INDICATOR ²	MINIMUM SUGGESTED TIMEFRAME
NZ Funds Income Generator	To provide a source of income by primarily investing in dividend paying shares; and derivatives including options.	<p>Anticipated to primarily hold New Zealand and Australian shares; and derivatives including options.</p> <ul style="list-style-type: none"> Cash and cash equivalents 5% Australasian equities 85% Listed property 10% New Zealand fixed interest 0% International fixed interest 0% International equities 0% Alternative securities 0% 	4	5 years+

1. The Portfolio may be invested in permitted assets in any proportion. The target investment mix is anticipated only and the Portfolio's actual asset allocation is expected to vary significantly over the course of an economic cycle. For more information on what is included in each asset class, see the Statement of Investment Policy and Objectives (SIPO). 2. The Portfolio only commenced operation on or about the date of this PDS. Accordingly, the risk indicator was prepared using returns on a peer group index over the five years to 30 September 2020 (as there is no appropriate market index) rather than the actual returns of the Portfolio. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the Portfolio.

your first regular withdrawal commences. You can stop regular withdrawals any time by sending us a letter or email.

You can withdraw from the Portfolio and have the proceeds paid into an NZ Funds managed portfolio offered under another PDS. To do this, you will need to complete an application form for the other managed portfolio either online, or by completing the application form in the other PDS.

We may in our discretion defer withdrawals for up to two business days. We may also suspend withdrawals in certain circumstances where we consider that it is not practicable, or would be materially prejudicial to the interests of any investors in the Portfolio.

For more information on withdrawals, see the 'Other Material Information' document on the offer register at disclose-register.companiesoffice.govt.nz.

NZ Funds does not charge a withdrawal fee.

3. DESCRIPTION OF YOUR INVESTMENT OPTION

INVESTMENT POLICY & OBJECTIVES

Further information on NZ Funds' investment approach can be found in the Statement of Investment Policy and Objectives (SIPO). The SIPO is available on the scheme register at disclose-register.companiesoffice.govt.nz. We may make changes to the SIPO at any time after consulting with the Supervisor.

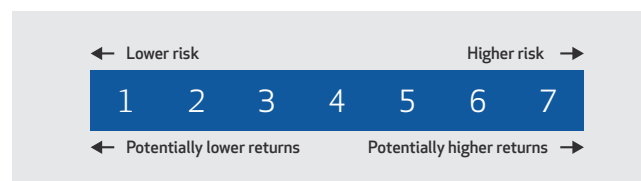
A description of any material changes will be included in the Scheme's annual report. Where required by the Trust Deed or law, you will receive notice of material changes before they occur. Further information about the assets in the Portfolio can be found in the quarterly fund updates at www.nzfunds.co.nz.

4. WHAT ARE THE RISKS OF INVESTING?

UNDERSTANDING THE RISK INDICATOR

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

The risk indicator for the Portfolio offered under this PDS can be found on pages 4 and 7.



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

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.nzfunds.co.nz/AdviceSolutions/RiskProfile.

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

The risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 30 September 2020. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest quarterly fund update for the Portfolio.

The Portfolio does not have a five year return history and there is no appropriate market index for the Portfolio. Accordingly, the risk indicator was prepared using returns on a peer group index over the five years to 30 September 2020.

The risk indicator is based on historical returns only. It takes no account of expected future risk or potential returns. It may not be a reliable indicator of future risk, volatility or expected returns.

GENERAL INVESTMENT RISKS

Some of the things that may cause the Portfolio's value to move up and down, which affect the risk indicator, are:

Market risk

Market risk is the risk of volatility or loss caused by a change in the value of the investments held by the Portfolio. Market risk arises from uncertainty about the future value of investments held by the Portfolio. These changes may be caused by factors specific to an investment, or as a result of factors affecting financial markets generally.

Investment instruments & techniques

NZ Funds and external managers are able to use certain investment instruments and techniques which can be high risk. The use of these instruments and techniques may be intended to either reduce or enhance the volatility of the Portfolio. Examples include using derivatives and taking short positions.

Asset concentration

The Portfolio can hold permitted asset classes and securities in any proportion or concentration, meaning that the Portfolio may not be diversified. For example, the Portfolio may be predominantly invested in a specific security, external manager, asset class, country or sector and may be particularly exposed to any adverse circumstances affecting them.

Higher risk investments

The Portfolio can invest in asset classes, securities or managers (for example, hedge funds or derivatives) where the risk is higher than the current risk indicator of the Portfolio.

Currency

The Portfolio's unit price is denominated in New Zealand dollars but the Portfolio may be exposed directly or indirectly to foreign currencies. There is a risk that the Portfolio's returns may be adversely affected by foreign currency volatility.

OTHER SPECIFIC RISKS

Other circumstances that can significantly increase the risk to returns for investors and that may not be reflected in the risk indicator include:

Active management

NZ Funds uses an active management approach. Active management is subject to different risks (which may be considered higher risks) than non-active management. As a result, our active management approach may cause the returns and capital stability of the Portfolio to differ significantly from the returns and capital stability of the underlying asset classes used.

Derivatives

A key component in the management of the Portfolio is the use of derivatives. Derivatives may be used to seek to reduce or enhance the volatility of the Portfolio but no guarantee can be (or is) provided that this will be the case. The use of certain derivatives is anticipated to limit both the downside and upside potential of the Portfolio.

Equity investments

The Portfolio's returns may fluctuate as a result of changes in the value of equity investments that it invests in. The value of an equity investment may be affected by many factors, including the performance of the relevant manager, market sector, asset class or country.

Execution risk

The Portfolio's investment strategy depends on the ability of NZ Funds to establish and maintain a portfolio of assets including shares and derivatives. If NZ Funds is unable to buy or sell assets or derivatives in a timely and efficient manner, and on terms, including price, that NZ Funds deems reasonable, the Portfolio may be adversely affected.

Dividend risk

The Portfolio's performance is in part determined by the receipt of dividends from dividend paying companies. If one or more companies cancel or reduce the amount they distribute in dividends the Portfolio may be adversely affected.

Counterparties

The Portfolio's performance is dependent on the parties to the financial transactions or contracts that it enters into meeting their obligations. There is a risk that the Portfolio's returns may be adversely affected if a party to a financial transaction involving the Portfolio fails to meet its obligations or cannot do so at what NZ Funds considers a fair and reasonable price.

Specialist managers

The Portfolio may use external managers. There are a number of risks associated with investing with these managers. These include wide mandates, redemption restrictions, and the risk that a manager selected underperforms or generates a loss.

Key persons

The Portfolio may be dependent on the services of one or more key persons, either inside or outside NZ Funds, and may be adversely affected by the departure or poor performance of one or more of those individuals.

For more information on the risks of investing in the Portfolio, see the 'Other Material Information' document.

5. WHAT ARE THE FEES?

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

- Regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long term.
- One-off fees. NZ Funds does not charge any establishment, contribution, termination, withdrawal or transfer fees.

NAME	ESTIMATED ANNUAL FUND CHARGES ¹	ESTIMATED ANNUAL FUND CHARGES AFTER FEE REBATE ¹	
	YEAR 1	YEAR 2	YEAR 3+
NZ Funds Income Generator	1.65%	1.45%	1.25%

ANNUAL FUND CHARGES

Annual fund charges are reflected in the Portfolio's unit price and are made up of:

Base fee

This covers the management and administration of the Portfolio, including the Supervisor's fee. It is fixed as a percentage of the gross asset value of the Portfolio. This fee is calculated daily and paid monthly.

Performance fee

If performance targets are met, NZ Funds may charge a performance fee in Private Income Generator Trust, a wholesale trust that the Portfolio invests in.

The annual fund charges include an estimated performance fee of 0.13% of the net asset value of the Portfolio. For details of the basis of estimation, please see the 'Other Material Information' document. Actual performance fees will depend on the performance of the wholesale trust and will vary from the estimates.

The performance fee is based on a hurdle rate of return. The hurdle rate is the minimum return the wholesale trust must achieve before a performance fee is charged. A performance fee is only charged (accrued) if the returns of the wholesale trust (before tax but including imputation credits) exceed the performance of the specific peer group index (hurdle rate) set out in the following table. When we calculate the performance of the hurdle rate we include a notional management fee which has the effect of increasing the level of return the wholesale trust must achieve before a performance fee is charged.

The following table sets out the criteria that needs to be met in order for a performance fee to be paid.

WHOLESALE TRUST	WHAT IS PERFORMANCE ASSESSED AGAINST?	PEER GROUP INDEX USED AS PERFORMANCE BENCHMARK (HURDLE RATE) ²	PERFORMANCE FEE AMOUNT
Private Income Generator Trust	Hedged Shares	Credit Suisse AllHedge Long/Short Equity Index	10% of wholesale trust's returns above the hurdle rate

The performance fee is calculated and accrued weekly, and subject to the high-water mark being exceeded (see below), is payable on or after 31 March each year. There is no maximum limit on the performance fee.

High-water mark

A performance fee is accrued if the Private Income Generator Trust's return exceeds the hurdle rate but is only paid for a performance year if the Private Income Generator Trust's unit price exceeds the high-water mark. If the high-water mark is not exceeded at 31 March, any accrued performance fee is carried forward and will be paid when the high-water mark is exceeded.

The high-water mark is the unit price of the Private Income Generator Trust the last time a performance fee was paid (or 6 October 2020 in the case of the first performance fee). The high-water mark ensures that any accrued performance fee is not paid to NZ Funds until the unit price is above the last high-water mark.

Changing the performance fee

NZ Funds may change the rate and basis of calculation of the performance fee by giving investors one month's notice. For more information on the performance fee including an example of how it is calculated, see the 'Other Material Information' document.

1. As a percentage of the Portfolio's net asset value. 2. As the hurdle rate is based on the performance of the Private Income Generator Trust, you may pay a performance fee even if the Portfolio's overall performance is below the return on the peer group index as reported in the quarterly fund updates.

External manager fee

This covers estimated management and performance fees that may be charged by external managers.

Fee rebate

You will receive a fee rebate if you invest in the Portfolio for more than one year. Fee rebates are calculated daily based on the balance of your investment in the Portfolio and paid monthly. The effect of the fee rebates are shown in the table on page 9.

In addition to fee rebates, we may at our discretion and from our own funds, pay or rebate some or all of the fees and expenses described in this section. For more information on fees and fee rebates, see the 'Other Material Information' document.

INDIVIDUAL ACTION FEES

NZ Funds does not charge any establishment, contribution, termination, withdrawal or transfer fees.

Onboarding & service payments

NZ Funds may pay financial advisers an onboarding and ongoing service payment in recognition of the effort and costs associated with providing services to you. We make these payments out of our own funds and do not deduct these from the Portfolio.

EXAMPLE OF HOW FEES APPLY TO AN INVESTOR

Sarah invests \$10,000 in the Portfolio. She is not charged an establishment fee or a contribution fee. This means the starting value of her investment is \$10,000. She is charged management and administration fees which work out to about \$152 (1.52% of \$10,000). These fees might be more or less if her account balance has increased or decreased over the year.

Sarah may also be indirectly charged a performance fee if the Private Income Generator Trust (a wholesale trust in which the Portfolio is invested) earned more than its target.

Estimated total fees for the first year:

*Fund charges \$165**

** Includes estimated performance fee of \$13.*

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

ADDITIONAL INFORMATION

GST or similar

Fees do not include GST or other similar tax. This means that if any GST, or other similar tax, is payable on any fee that tax will be an additional cost.

The fees can be changed

Under the terms of the Trust Deed, existing fees may be changed or new fees may be introduced. For more information, see the 'Other Material Information' document.

NZ Funds must publish a quarterly fund update for the Portfolio showing the fees actually charged during the most recent year. Quarterly fund updates, including past updates, are available at www.nzfunds.co.nz.

6. WHAT TAXES WILL YOU PAY?

The Portfolio is a portfolio investment entity. The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates. If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue.

It is your responsibility to tell NZ Funds your PIR when you invest or if your PIR changes. If you do not tell NZ Funds, a default rate may be applied.

If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount may be refunded to you.

For more information on tax see the 'Other Material Information' document.

7. WHO IS INVOLVED?

ABOUT NZ FUNDS

NZ Funds is the manager of the Portfolio. NZ Funds makes decisions about what assets the Portfolio invests in and may appoint external managers. Our contact details are:

Attention: NZ Funds
Level 16, 21 Queen Street
Private Bag 92163
Auckland 1142

T. 09 377 2277 or 0508 733 337

E. info@nzfunds.co.nz

W. www.nzfunds.co.nz

WHO ELSE IS INVOLVED?

TITLE	NAME	ROLE
Supervisor & Custodian	The New Zealand Guardian Trust Company Limited	Supervisor and Custodian responsible for supervising NZ Funds as manager of the Portfolio, and holding the Scheme's investments on trust for investors.

8. HOW TO COMPLAIN

NZ Funds

If you have any concerns about your investment please contact NZ Funds. Our contact details are:

Attention: NZ Funds
Level 16, 21 Queen Street
Private Bag 92163
Auckland 1142

T. 09 377 2277 or 0508 733 337
E. info@nzfunds.co.nz
W. www.nzfunds.co.nz

Guardian Trust

Complaints can also be made to the Supervisor. The Supervisor's contact details are:

Attention: NZ Funds
The New Zealand Guardian Trust Company Limited
Level 14, 191 Queen Street
PO Box 274
Auckland 1140

T. 09 909 5100
E. ct-auckland@nzgt.co.nz
W. www.guardiantrust.co.nz

Dispute resolution

NZ Funds and the Supervisor are both members of an approved dispute resolution scheme run by Financial Services Complaints Limited (FSCL). If your complaint has not been resolved to your satisfaction, you can contact FSCL. FSCL will not charge you a fee to investigate or resolve a complaint.

Attention: NZ Funds
Financial Services Complaints Limited
PO Box 5967
Wellington 6140

T. 04 472 3725 or 0800 347 257
E. complaints@fscl.org.nz
W. www.fscl.org.nz

9. WHERE YOU CAN FIND MORE INFORMATION

More information about the Portfolio, such as financial statements, annual reports, quarterly fund updates, the 'Other Material Information' document, the Trust Deed and the SIPO, is available on the offer register and the scheme register at disclose-register.companiesoffice.govt.nz.

A copy of information on the offer register and the scheme register is available on request from the Registrar of Financial Service Providers.

Quarterly fund updates and other information relating to the Portfolio (including the 'Other Material Information' document and the SIPO) is also available on our website.

You may request a copy of this information from NZ Funds free of charge. Our contact details are set out in section 7 of this PDS 'Who is involved?'

10. HOW TO APPLY

You can invest by completing an online application available by contacting NZ Funds or your financial adviser.

Income Generator is designed to provide investors with regular income and the potential for capital gains over time.

The fund is primarily invested in premium New Zealand and Australian dividend-paying shares. It passes those dividends on to you.

The risk of fluctuating share prices is managed through the use of tools such as put and call options which are designed to reduce the fund's volatility.

The overall result is a portfolio which is designed with the goal of providing investors with higher returns than interest rates but with less volatility than the share market.

The fund is a tax effective Portfolio Investment Entity (PIE) with a maximum tax rate of 28%. There is no lock-in or termination fee so you can access your money when you want to.

NZ Funds recommends you speak to your financial adviser about whether Income Generator is right for you.

NZFUNDS

Income Generator

**4-7%
PA**

**Expected average
annual returns**

After fees, before tax on a suggested
minimum investment term of 5 years.