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# Colchester Investment Funds

## Other Material Information

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## Contents

<b>Introduction</b> .....	<b>3</b>
<b>Other information on the Funds</b> .....	<b>3</b>
<b>Investing through administration and custodial services</b> .....	<b>4</b>
<b>Other information on the parties involved</b> .....	<b>4</b>
Manager.....	4
Investment Manager .....	4
Supervisor.....	5
Custodian.....	5
Administration Manager .....	5
Registry Manager .....	5
Other.....	5
Manager and Supervisor's Indemnity .....	5
<b>Material Contracts</b> .....	<b>6</b>
<b>Disclosure of Interests</b> .....	<b>7</b>
Colchester Global Investors (Dublin) Management Limited and Colchester Global Investors Limited .....	7
Investments in the Funds by related parties .....	7
Apex Investment Administration (NZ) Limited.....	7
Management of conflicts of interest.....	7
<b>Explanation of Key Terms</b> .....	<b>8</b>
Making an application.....	8
Issue price.....	8
<b>Charges</b> .....	<b>9</b>
Buy/sell spreads.....	9
Annual fund charges .....	9
Manager's termination fees .....	9
Other charges .....	9
Supervisor's other fees.....	10
Initial service fee .....	10
Variation to fees .....	10
<b>Distributions</b> .....	<b>10</b>
<b>Amendments to the Governing Documents</b> .....	<b>10</b>
<b>Altering your Investment</b> .....	<b>10</b>
<b>Redemption of Units</b> .....	<b>11</b>
Minimum redemption amount.....	11
Redemption price .....	11
Deferral of redemptions.....	11

Suspension of redemptions .....	12
Tax on redemptions .....	12
Right to sell units .....	12
<b>Fund Structure .....</b>	<b>13</b>
<b>Termination of a Fund .....</b>	<b>13</b>
<b>Taxation .....</b>	<b>13</b>
Portfolio Investment Entity .....	13
Foreign residents .....	13
General .....	14
<b>Other Risks.....</b>	<b>14</b>
How risks can affect an investment .....	15
<b>Insolvency or winding up .....</b>	<b>15</b>
<b>More information about market index .....</b>	<b>16</b>
<b>No guarantee.....</b>	<b>16</b>

## Introduction

This is an important document in relation to your investment in the Colchester Investment Funds (“Scheme”) and should be read together with the Product Disclosure Statement (“PDS”), the Statement of Investment Policy and Objectives (“SIPO”) and other documents held on the register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) (“Disclose Register”). If you are a Retail Investor you must be given a copy of the PDS before we can accept your application for Units.

This Other Material Information Document (“Document”) has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (“FMC Act”) and clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014 (“FMC Regulations”). All legislation referred to in this Document can be viewed at [www.legislation.govt.nz](http://www.legislation.govt.nz).

In this Document, “you” or “your” refers to a person or entity that invests in either of the funds within the Scheme, whether directly or through a wrap platform or similar administration and custodial service. If you hold units through a wrap platform or similar administration and custodial service, please note the section “Investing through administration and custodial services (e.g. wrap platforms)”. “We”, “us”, “our” or “FundRock” refers to FundRock NZ Limited as the Manager of the Scheme. When we use the word “current” or “currently” in relation to any legislation, regulation, policy, information, activity or practice, we refer to these at the date of this Document. Any legislation, regulation, policy, information, activity or practice may be reviewed or changed without us notifying you.

Capitalised terms have the same meaning as in the Master Trust Deed for the Establishment of Managed Investment Schemes (“Trust Deed”) (including the relevant Scheme and Fund Establishment Deeds for the Colchester Investment Funds) unless they are otherwise defined in this Document.

## Other information on the Funds

This Document relates to the offer of Units in the following funds (“Funds”):

- Colchester Global Government Bond PIE Fund; and
- Colchester Global Green Bond PIE Fund

The Funds are constituted within a managed investment scheme called the Colchester Investment Funds, registered scheme number SCH13056. The Scheme is governed by:

- the Master Trust Deed dated 1 December 2016;
- the Scheme Establishment Deed dated 15 February 2021;
- the Fund Establishment Deed for the Colchester Global Government Bond PIE Fund dated 15 February 2021; and
- the Fund Establishment Deed for the Colchester Global Green Bond PIE Fund dated 29 April 2024,
- (together, the “Governing Documents” for the Scheme).

The Funds invest in accordance with the Scheme's statement of investment policy and objectives (“SIPO”). You can get an electronic copy of the Governing Documents and SIPO from the scheme register on the Disclose website [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

## Investing through administration and custodial services

The Funds are offered through certain administration and custodial services. These include “wrap platforms”. When you invest through an administration and custodial service you do not hold Units in a Fund directly. Instead, your Units are held in the name of a custodial entity for the wrap platform on your behalf. This means many of the legal rights attaching to those Units are held by that custodial entity rather than by you, and so your ability to exercise those rights is subject to the terms and conditions agreed between you and the provider of the service. You are encouraged to familiarise yourself with those terms and conditions as set out in service provider's marketing and legal documentation.

## Other information on the parties involved

### Manager

FundRock is a fund management company specialising in establishing and managing New Zealand-domiciled funds. With a deep understanding of New Zealand's investment management industry, FundRock works with both local and global investment managers to enable investors to access these specialist managers' investment expertise within funds and solutions that have been tailored for New Zealand's tax and legislative environment.

FundRock was granted a licence to act as the manager of a registered scheme under the FMC Act by the Financial Markets Authority (“FMA”) on 25 August 2015. The licence is subject to us maintaining the same or better standard of capability, governance and compliance as was the case when the FMA assessed our licence application. The licence is subject to the normal conditions imposed under the FMC Act and the FMC Regulations, and the standard conditions imposed by the FMA.

The names and contact details for directors and information on the shareholders of FundRock are available at [www.companiesoffice.govt.nz/companies](http://www.companiesoffice.govt.nz/companies). This information may change from time to time without notice to you.

### Investment Manager

The current Investment Manager for the Funds is Colchester Global Investors (Singapore) Pte. Ltd (the “Investment Manager”). The Investment Manager is wholly-owned by Colchester Global Investors Limited. Each entity or both together shall be referred to as “Colchester” as the context requires.

Colchester's investment philosophy is underpinned by the belief that a portfolio of higher real yielding bonds and undervalued currencies, according to their real exchange rate, will outperform its benchmark over a medium to long term investment horizon.

Further information on Colchester, and Colchester’s investment philosophy, may be found at [www.colchesterglobal.com.au](http://www.colchesterglobal.com.au) and within the SIPO for the Scheme.

The Investment Manager is responsible for investing the assets of the Funds in compliance with investment guidelines agreed between the Manager and the Investment Manager from time to time. The investment guidelines are set to ensure the Funds remain invested within limits documented in the SIPO.

### Supervisor

The supervisor of the Scheme is Public Trust (the “Supervisor”). Public Trust is independent of us.

Public Trust is a statutory corporation and Crown entity established and constituted in New Zealand on 1 March 2002 under the Public Trust Act 2001.

The Supervisor is responsible for supervision of FundRock and the Scheme, including:

- acting on behalf of the Funds’ investors in relation to FundRock and any contravention of FundRock’s issuer obligations;
- supervising the performance by FundRock of its functions and the financial position of FundRock and the Scheme; and
- holding the Funds’ assets or ensuring that the assets are held in accordance with applicable legislative requirements.

The Supervisor was granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed funds.

### Custodian

BNP Paribas Fund Services Australasia Pty Limited (“BNP” or the “Custodian”) is the Custodian of the Scheme’s assets.

As required by the FMC Act, the Custodian is independent of us.

### Administration Manager

FundRock has appointed BNP as the administration manager (the “Administration Manager”) for the Funds. Key roles undertaken by BNP include:

- unit pricing, and
- fund accounting.

### Registry Manager

FundRock has appointed Apex Investment Administration (NZ) Limited (“Apex NZ”) to provide registry services for the Funds.

### Other

Other key parties currently employed by FundRock are:

Party	Role
PricewaterhouseCoopers	Auditor
DLA Piper New Zealand	Legal adviser

### Manager and Supervisor's Indemnity

Both we and the Supervisor are entitled to be indemnified out of each relevant Fund. The indemnity covers any personal liability (including Portfolio Investment Entity (“PIE”) tax) incurred by or on behalf of a Fund, or any action taken or omitted in connection with the affairs of a Fund (other than in respect

of our or the Supervisor's negligence, wilful default or wilful breach of trust). It also covers the costs of any litigation or other proceedings in which such liability has been determined (including legal fees and disbursements). The indemnity ranks in priority to the claims of Investors. It is subject to the limits on permitted indemnities under the FMC Act which only make the indemnity available in relation to the proper performance of the duties under the FMC Act.

We and the Supervisor, in incurring any debts, liabilities or obligations or in taking or omitting any other action for or in connection with the affairs of a Fund, are each deemed to be acting for and on behalf of a Fund and not in our own respective capacities.

Neither the Supervisor nor we, (except as otherwise expressly provided in the Governing Documents) are under any personal liability, nor may resort be had to our private property, for the satisfaction of any obligation of a Fund.

## Material Contracts

The following material contracts are in place in relation to the Funds:

- On 1 December 2016, we and Public Trust entered into the Master Trust Deed for the Establishment of Managed Investment Schemes. That deed appointed the Supervisor as supervisor, and the Manager as manager of any schemes established under that deed.
- On 15 February 2021, we and Public Trust entered into the Scheme Establishment Deed for the Colchester Investment Funds. The deed established the Colchester Investment Funds scheme.
- On 15 February 2021, we and Public Trust entered into the Fund Establishment Deed for the Colchester Global Government Bond PIE Fund. The deed established the Colchester Global Government Bond PIE Fund.
- On 29 April 2024, we and Public Trust entered into the Fund Establishment Deed for the Colchester Global Green Bond PIE Fund. The deed established the Colchester Global Green Bond PIE Fund.
- On 1 December 2016, we entered into a Supervisor Reporting Agreement with the Supervisor that sets out the arrangements between us and the Supervisor in relation to certain operational matters relating to the Funds. The Supervisor Reporting Agreement specifies the reporting and information to be provided by us to the Supervisor, the requirements for operating each Fund's bank accounts and record-keeping. Nothing in the Supervisor Reporting Agreement limits or alters the powers of the Supervisor or our duties under the Governing Documents and applicable law. On 30 March 2021, we and the Supervisor updated the current agreement to include the Colchester Global Government Bond PIE Fund. On 25 June 2024, we and the Supervisor updated the current agreement to include the Colchester Global Green Bond PIE Fund.
- On 1 December 2016, we and BNP entered into an Administration Agreement under which we delegated certain administrative functions in relation to certain funds to BNP, including fund accounting and unit pricing. On 1 March 2021, we and BNP updated the current agreements to include the Colchester Global Government Bond PIE Fund. On 17 June 2024, we and BNP updated the current agreement to include the Colchester Global Green Bond PIE Fund.
- On 26 August 2016, we and Apex NZ entered into an Administration Agreement under which we delegated certain administrative functions in relation to certain funds to Apex NZ, including registry, fund accounting and unit pricing. On 31 March 2021 we and Apex NZ updated the current agreement to include Apex NZ's provision of registry services to the Colchester Global Government Bond PIE Fund. On 5 June 2024, we and Apex NZ updated the current agreement to include Apex NZ's provision of registry services to the Colchester Global Green Bond PIE Fund.
- On 31 March 2021, we entered into an Investment Management Agreement with Colchester. Under the agreement, Colchester is responsible for investment of assets of the Funds under

normal market terms. On 17 July 2024 we and the Investment Manager updated the current agreement to include the Colchester Global Green Bond PIE Fund.

- On 10 February 2021, we and Colchester entered into a Fund Hosting Agreement formalising the framework within which FundRock is engaged by Colchester to establish and manage the Scheme. Under this agreement, we are responsible for issuing, administering, and managing the Scheme, with Colchester being appointed as the Investment Manager and distributor of the Funds. The agreement covers broadly the investment management, administration and distribution of the Scheme and the Funds, branding, advertising and the preparation of offer documents as relevant to the Scheme and the Funds. On 17 July 2024 we and the Investment Manager updated the current agreement to include the Colchester Global Green Bond PIE Fund.

## Disclosure of Interests

### Colchester Global Investors (Dublin) Management Limited and Colchester Global Investors Limited

The Investment Manager intends to invest the assets of each Fund into an underlying offshore fund.

The underlying funds are:

- for the Colchester Global Government Bond PIE Fund, The Colchester Global Bond Enhanced Currency Fund; and
- for the Colchester Global Green Bond PIE Fund, The Colchester Global Green Bond Enhanced Currency Fund

where each of the underlying funds are a sub-fund of The Colchester Multi-Strategy Global Bond Fund plc (an Irish registered UCITS fund) ("Underlying Funds") established and managed by the Investment Manager's affiliate, Colchester Global Investors (Dublin) Management Limited. The Investment Manager's parent, Colchester Global Investors Limited, acts as investment manager of the Underlying Funds.

Colchester provides investment management services to multiple clients. In addition, Colchester or its directors or employees may hold interests in one of Colchester's funds. These may give rise to a conflict where the interests of two clients, or a client and Colchester, its directors or employees are not aligned.

### Investments in the Funds by related parties

Parties related to the Funds, including the staff of the Investment Manager and their families, and the staff of FundRock and their families may from time to time invest in the Funds.

### Apex Investment Administration (NZ) Limited

Both we, and the Scheme's registry manager, Apex Investment Administration (NZ) Limited, are ultimately owned by Apex Group Limited. This common ownership may influence us to agree commercial terms with Apex NZ that are more favourable to Apex NZ than would otherwise be the case. If that happened, it would benefit the interests of Apex NZ at the expense of the interests of investors. We manage this potential conflict of interest by certifying to the Supervisor that the arrangement with Apex NZ is on arms' length commercial terms and by complying with our Conflicts of Interest Policy in respect of our relationship with Apex NZ.

### Management of conflicts of interest

The FMC Act imposes statutory controls on related party transactions and conflicts of interest:

- A related party transaction in respect of the Funds may only be done if the details are notified to the Supervisor and we: 1) certify the transaction (or series of transactions) is "permitted" on

the basis that the transaction is on arm's length terms, or 2) obtain the Supervisor's consent on the basis that it is in the best interests of investors, or contingent on Special Resolution approval by investors.

- As manager of the Funds, we are subject to various statutory duties in the performance of our duties as manager, including the requirement to act honestly and in the best interests of investors.
- Where we contract out our functions to other parties, such as the investment management of the Funds to the Investment Manager, we must ensure the persons to whom we contract those functions perform them to the same standard and subject to the same duties and restrictions as if we were performing them ourselves. These include the statutory duties referred to above. We must also monitor the performance of that function.
- The Investment Manager of the Funds must comply with a professional standard of care i.e. in exercising any powers, or performing any duties as investment manager, it must exercise the care, diligence, and skill that a prudent person engaged in the profession of investment management would exercise in the same circumstances.

We have built these statutory controls into our internal compliance processes and procedures. We have appropriate Conflicts of Interest and Related Party Transactions policies and procedures which extends the statutory duties imposed on us to our staff members.

This policy defines what a conflict of interest is and provides for reporting and disclosure of conflicts of interest to the Board, Manager and Directors.

## Explanation of Key Terms

The information below is a summary of the key provisions of the Governing Documents. For a detailed description of each Fund's governing terms, please refer to the Governing Documents held on the Disclose Register. If there is any conflict between information in this Document and the terms of the Governing Documents then the terms of the Governing Documents prevail.

### Making an application

The application process is described in the PDS.

### Issue price

If we accept your application, you will be issued Units in the applicable Fund at the Issue Price. The Issue Price is the Net Asset Value per Unit in that Fund, plus an amount, if any, per unit calculated to reflect the cost of acquiring investments following the issue of Units ("buy spread") and other administrative costs relating to the sale or issue of units. For the current buy spreads for the Funds see [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/).

The Issue Price of a Unit is generally determined on each Business Day ("Valuation Time"). The Funds invest into underlying funds located outside New Zealand (i.e., Ireland). Under certain circumstances (e.g., where there is a public holiday in the jurisdiction of the underlying fund, it may not be possible to determine the Issue Price of a Unit for the Funds because there is no valuation data available for the underlying fund. In these cases, the Issue Price may be determined on the next Business Day on which valuation data is available. Alternatively, with the permission of the Supervisor, the Issue Price may be determined by applying an index movement to the previous day's price.

The value of the assets held and the Net Asset Value of the Funds will be determined in accordance with the Scheme's Governing Documents and on a consistently applied basis.

If an application is received and accepted before the cut-off time of the Funds on a Valuation Time, Units will be issued at the Issue Price determined as at the end of the next Valuation Time. If an



application is received and accepted at or after the cut-off time on a Valuation Time, Units will be issued at the Issue Price determined as at the end of the following Valuation Time.

The cut-off time for the receipt of applications and cleared funds for the Funds is currently 2pm New Zealand time.

If a payment is dishonoured or reversed, no Units will be issued in respect of that payment or any Units issued based on that payment will be cancelled.

## Charges

### Buy/sell spreads

The Issue Price may include a buy spread that provides for the cost of acquiring investments in the relevant Fund. The Redemption Price may include a sell spread that provides for the cost of realising investments in the relevant Fund.

For the most up to date buy/sell spreads, see [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting).

We review the buy/sell spreads from time to time. Buy/sell spreads are indicative only and may apply to each investment/redemption and be a cost to you.

### Annual fund charges

The Funds' estimated annual fund charges ("Annual Fund Charges"), which include management fees, are outlined in the PDS for the Scheme. The Annual Fund Charges include our best estimate of fees and costs that will be charged by us, the Supervisor, Custodian, Administration Manager, Investment Manager, registrar and auditor. It may also include professional fees (for example for legal and tax advice) and index license costs. These charges may be directly charged to a Fund or recovered by us from a Fund.

The GST treatment of each of these components varies. For example, GST is charged at 15% on the audit fee and custody fees are an exempt supply for the purposes of GST. These percentages vary, and may change in the future, which is why GST has been estimated in the PDS.

The Annual Fund Charges are calculated daily and paid monthly in arrears. We may waive or decrease the Annual Fund Charges without notice. Subject to any maximum amount in the PDS we may increase the management fee or, provided that any such fee is permitted, we may charge an additional fee not currently being charged by giving you at least three months' notice.

The Annual Fund Charges above include any investment management fees deducted within an underlying fund or paid to an underlying investment manager.

### Manager's termination fees

If a Fund terminates, we may charge the Fund a fee and recover costs and disbursements from the Fund for matters relating to termination. You may ask us how much that fee was following termination. Further information on termination fees recoverable by the Manager or Supervisor are contained in the Governing Documents.

### Other charges

The Funds will incur other trading costs or exceptional expenses. These other expenses do not form part of the Annual Fund Charges. Some of these expenses may be paid to us or the Administration Manager. There is no limit on these expenses, which will be shown in the Funds' financial statements.

### **Supervisor's other fees**

The Supervisor may charge additional fees to the Funds for special services (e.g. on wind up of a Fund).

### **Initial service fee**

While we have no current intention to do so, we may charge an initial service fee determined by us on the issue of any Unit. Any initial service fee, if it were to be charged, would be in addition to any buy spread.

### **Variation to fees**

We may, in our absolute discretion, rebate any buy and sell spread and/or Fund charges (which includes management fees) by agreement with an Investor or a group of Investors.

## **Distributions**

We expect to make quarterly distributions for the Funds in respect of the periods ending on the last Business Day in March, June, September and December. We expect to pay distributions within 30 days of the period end. You can elect for your distributions to be paid to your nominated bank account, or reinvested in the applicable Fund. If you do not make a distribution election the default option is reinvestment.

## **Amendments to the Governing Documents**

We can agree with the Supervisor to change the Governing Documents in certain circumstances, without consulting you. This ability is, however, subject to certain protections (for your benefit) as set out in the Governing Documents and relevant law.

## **Altering your Investment**

We may alter or introduce minimum application amounts, holding amounts, transfer amounts and redemption amounts for any Fund at any time. We may allow applications, holdings, transfers and redemptions for less than those minimums at our discretion.

We may decrease or waive the management fee for a Fund at any time without notice.

We can change the SIPO. Before making changes to the SIPO, we will consider if the changes are in your best interests and consult with the Supervisor. We will give notice of changes to Investors in a Fund prior to effecting any material changes.

Payment of redemption requests may be suspended or deferred. Details of when this may occur are under the "Redemption of units" section.

We may resolve to wind up a Fund. In that case, all assets of the Fund will be realised and the Fund wound up (as explained under the "

Insolvency or winding up" section.

If your holding in a Fund falls below the minimum holding amount fixed by us from time to time or if we determine that an adjustment for PIE tax would reduce your holding to below that minimum holding amount, we may redeem your entire holding and pay the net proceeds into your nominated bank account. We will give you at least one month's notice of our intention to do this.

We may take all steps necessary to ensure the Funds remain eligible to be PIEs. This includes our ability to compulsorily redeem some or all of your Units and pay the net proceeds to your nominated bank account.

## Redemption of Units

### Minimum redemption amount

If a Redemption Request would cause your holding in a Fund to fall below the minimum holding amount (as determined by us from time to time) we may treat the Redemption Request as a request to redeem all your Units in the Fund.

If your holding falls below the minimum holding amount or to a level where an adjustment for PIE tax would leave your holding below the minimum holding amount, we may redeem all of your Units and pay the proceeds to your nominated bank account.

### Redemption price

When you redeem all or part of your investment from a Fund, we will redeem your investment at the unit price for the relevant Fund, adjusted for the applicable sell spread, if any, for that Fund.

If a redemption is received and accepted prior to the cut-off time of the relevant Fund on a business day, the Redemption Price applicable to your redemption will be the Redemption Price determined as at the end of the next Valuation Time (unless we determine otherwise at our discretion). If your redemption request is received and accepted at or after the applicable cut-off time on a business day, the applicable Redemption Price will be the Redemption Price determined as at the end of the following Valuation Time (unless we determine otherwise at our discretion).

The cut-off time for the receipt of Redemption Requests for a Fund is currently 2pm New Zealand time.

The Funds may invest into underlying funds located outside New Zealand (i.e., Ireland). In some circumstances (e.g., where there is a public holiday in the jurisdiction of the underlying fund) it may not be possible to determine the Redemption Price of a unit for the Fund because there is no valuation data available for the underlying fund. In these cases, the Redemption Price may be determined on the next Business Day on which valuation data is available for the underlying fund. Alternatively, with the permission of the Supervisor, the Redemption Price may be determined by applying an index movement to the previous day's price.

If an investor's Redemption Request is in a format approved by the Manager, payment will normally be made within fifteen business days of our receiving a Redemption Request from you.

### Deferral of redemptions

Fund redemptions may be deferred if:

- we receive one or more Redemption Requests, within 60 Business Days, that total more than 10% of Fund Units on issue, and
- we consider deferral to be in the general interests of all Fund investors.

We must notify the Supervisor of our intention to defer redemptions as soon as reasonably practicable.

If redemptions are deferred, in accordance with the Trust Deed, then those units that have been subject to the redemption deferral may be repurchased or redeemed by instalments at the Valuation Times for a period determined by us or in total at the end of a period determined by us. In either case, the Redemption Price is to be calculated at the Valuation Time or Valuation Times on which units are repurchased or redeemed.

## Suspension of redemptions

We may suspend redemptions where we in good faith form the opinion that it is not practicable, or would be materially prejudicial to the interests of a Fund's Investors for the Supervisor to realise assets or borrow to permit Unit redemptions.

Particular reasons for suspension mentioned in the Trust Deed are:

- a decision to wind up a Fund;
- financial, political or economic conditions applying in respect of any financial market or other markets in which Authorised Investments may be sold;
- the threat to a Fund's eligibility for PIE status;
- the nature of any asset or investment;
- the suspension of redemptions in an underlying fund into which a Fund invests; and
- the occurrence or existence of any other circumstance or event.

If redemptions are suspended, we must give notice to all Investors who have made a Redemption Request. If the suspension is for a period of more than two weeks, we must give notice to all Investors in the relevant Fund.

The suspension will continue until:

- we give notice that the suspension is concluded; or
- the expiry of any period stated in the Establishment Deed; or
- six months after the date of the notice; or
- such other date as may be approved by a Special Resolution of Investors.

A Redemption Request may not be suspended for a period exceeding six months after its receipt (or such other date as is approved by Special Resolution of investors).

When Redemption Requests are suspended, in accordance with the Trust Deed, the Redemption Price payable to investors will be calculated on the last Business Day of the period of the suspension.

## Tax on redemptions

Where Units are redeemed, the tax liability on income allocated to you up to the redemption date will need to be satisfied either by us cancelling Units or by deduction from any distributions. Generally this will occur by cancellation of Units on redemption.

## Right to sell units

You may sell and transfer all or any of your Units, (either to an existing Investor or another person) by completing a Transfer Request Form, to be signed by the transferor and transferee. The transfer becomes effective when it is entered in the Register.

We may decline to register any transfer in our absolute discretion and without giving any reasons. Without limiting this discretion, we may decline a transfer due to:

- non-compliance with any law or the provisions of the Governing Documents; or
- the transfer resulting in the transferee or the transferor holding less than the minimum holding or more than the maximum holding; or
- the transfer resulting in a Fund becoming ineligible as a PIE or threatening such eligibility.

No transfer of any Units can be registered unless any sums owed in respect of those Units (including any applicable PIE tax, or other duties or any commissions, fees and charges in respect of the transfer of the Units) have been paid.

## Fund Structure

The Colchester Investment Funds consists of two funds, the Colchester Global Government Bond PIE Fund and the Colchester Global Green Bond PIE Fund. Each Fund is a separate and distinct trust. The assets of the Funds are segregated and distinct. This means that the assets of one Fund cannot be used to satisfy the liabilities of the other Fund.

## Termination of a Fund

Each Fund will terminate on the first of the following:

- the date of termination (if any) notified in writing by us and the Supervisor to each Investor of the Scheme as a whole, or a Fund in the Scheme, which will be at least three months after the date of the notice;
- 80 years less two days from the date of the Trust Deed; or
- the date on which Investors determine to terminate the Scheme, or a Fund, by Special Resolution.

## Taxation

This section briefly summarises the taxation regime as it currently applies to the Funds. It is intended as a general guide only. There may be changes to the taxation legislation and tax rates in the future which may impact each Investor differently. Investors should always seek independent professional taxation advice for their individual circumstances.

### Portfolio Investment Entity

The Funds have elected to be a Portfolio Investment Entities (PIEs).

Following the receipt of a determination from the IRD, gains derived from each Fund will be taxed on an accruals basis. The method of calculation of taxable income may change without notice.

As Multi-Rate PIEs, each Fund will allocate its taxable income to Investors and, where applicable, pay tax on allocated income on behalf of Investors for an Investor with a prescribed investor rate ("PIR") of greater than zero. Each Fund will undertake any necessary adjustments to an Investor's interest in the Fund to reflect that the Fund pays tax at varying rates on behalf of Investors.

Investors will not pay tax on distributions (if any) paid to Investors from a Fund.

You can find out more about PIE funds and how they are taxed on the Inland Revenue website ([www.ird.govt.nz](http://www.ird.govt.nz)). Search for 'PIE for Investors'.

### Foreign residents

If an Investor in the Colchester Global Government Bond PIE Fund is not a New Zealand resident, the Investor's allocated income from a Fund will be taxed at 28%. FundRock will account to the IRD directly for tax on a non-resident Investor's allocated income from the Fund.

The Colchester Global Green Bond PIE Fund has elected to be a foreign investment zero-rate PIE. Zero-rate PIEs invest most of their funds in non-New Zealand based investments, with only minimum levels of funds in New Zealand. A zero-rate PIE applies 0% PIR to eligible foreign residents who have sufficiently completed and provided to us a notified foreign investor form (available on request).

## General

Investors must advise FundRock of their PIR and IRD number when applying to invest in the Funds and if their PIR changes at any time. If a New Zealand resident investor has not provided their IRD number to FundRock, after 6 weeks, FundRock will close the investor's account and return any funds to them. If an Investor does not provide their PIR to FundRock they will automatically be taxed at the maximum default rate of 28%. If an Investor provides a PIR lower than the correct PIR, they may need to pay any tax shortfall, plus interest, and penalties. If the default rate or the PIR advised by the Investor is higher than the correct PIR, then any additional tax paid by a Fund on the Investor's behalf may reduce their income tax liability for that income year and may give rise to a tax refund.

The Commissioner of Inland Revenue can require FundRock to disregard a PIR notified by an Investor if the Commissioner considers the rate to be incorrect. The rate specified by the Commissioner would then apply to that Investor's attributed income.

Taxable income is attributed annually to 31 March, or at any time an Investor withdraws all or part of their investment from a Fund.

If there is a tax loss or there are excess tax credits allocated to an Investor for a period, these will generally be available to Investors with a PIR other than 0% in the form of a rebate. A Fund will either re-invest this rebate by purchasing Units in the relevant Fund on an Investor's behalf in respect of annual attributions as at 31 March or include it in the net proceeds payable to that Investor or applied on their behalf as a result of a full withdrawal. For non-individual Investors with a 0% PIR, the tax loss or excess credits may be available for offset in that Investor's tax return against other income, with any excess available to carry forward.

## Other Risks

The PDS for the Scheme describes the key risks associated with investments in the Funds. Further information is provided below. Different investments have different types of risks. We recommend that you seek professional advice before investing in the Funds to understand what risks are associated with this investment, especially in relation to your circumstances.

**Fund risk:** These are risks specific to each Fund. These risks include that each Fund could terminate; the fees and expenses of each Fund could change; FundRock may be replaced as Manager; the Colchester investment team may change; or that investing in a Fund may lead to a different result than investing in the market directly. FundRock aims to keep fund risk to a minimum by monitoring the Funds and the investments of each Fund at all times and acting in Investors' best interests.

**Key person risk:** This is the risk that key individuals are no longer able to fulfil their obligations in respect of the investment or administration of the Funds. FundRock aims to ensure that all staff are highly qualified and capable of mitigating individual key personnel risk. FundRock will ensure that it has sufficient resources to enable the Funds to continue unaffected should any member of the team be unable to fulfil their obligations.

**Regulatory risk:** This is the risk that domestic or international laws or regulations are changed adversely or that regulatory supervision of transactions and reporting is performed by managers and their custodians at less than an appropriate standard. Regulatory risk is managed by FundRock by regularly and closely reviewing changes in the law and seeking expert legal advice where necessary.

**Administration risk:** This is the risk that instructions in relation to your investments in the Funds have not been accurately relayed or processed or that fraudulent instructions are acted upon. FundRock, the Investment Manager, and the Administration Manager will follow reasonable electronic instructions in good faith. Whilst we cannot always detect fraudulent instructions, we will apply best endeavours to mitigate this risk.

**Investment risk:** The underlying investments of the Funds may fall in value. The Investment Manager aims to reduce investment risk with careful analysis of the underlying investment prior to investing. FundRock holds regular meetings with investment managers to ensure that the underlying investments and investment process remains consistent with the investment objectives of the Funds.

**Country market risk:** Economic, technological, political or legal conditions and market sentiment can lead to volatility in the value of investments and the overall level of liquidity in the market. To the extent possible, the Investment Manager aims to reduce this risk by continuously engaging in research and analysis to form a view of the market.

**Counterparty risk:** The risk of loss resulting from the insolvency or bankruptcy of a counterparty used by the Investment Manager to execute trades. The Investment Manager aims to keep this risk to a minimum by only selecting counterparties that it considers appropriate for the Funds and by regularly monitoring the counterparties.

**Concentration risk:** When investments in the Underlying Funds are concentrated in a smaller number of securities than the broader market index, the Unit price of a Fund may be more volatile than the return of the applicable benchmark.

### How risks can affect an investment

The actual or perceived existence of risk may manifest itself in uncertainty, which in turn increases volatility of investment returns. When the collective sentiment of the market is positive, prices rise; when it is negative, prices fall. If specific risks eventuate a total loss of capital may occur. Each investment will be affected by a different combination of risks.

Because of these risks, it is foreseeable that an Investor may receive back less than the capital invested by the Investor into the Funds. However, the Investor will not be required to pay more money than the amount the Investor invested in a Fund (with the exception of any PIE tax liability that may be incurred).

## Insolvency or winding up

You will not be liable to pay money to any person as a result of the insolvency or winding up of a Fund (except as described below).

You will be liable to meet any tax liability attributable to you which exceeds the value of your investment in the Funds (in which case you indemnify the Supervisor for the difference between the value of the Units and the tax liability). A custodian that holds legal title to Units on behalf of underlying investors and elects to be a proxy for PIE investors will, under the terms of the application form attached to the PDS, be asked to indemnify us and the Supervisor for any losses, liabilities, costs or expenses arising from any breach (in relation to underlying investors that such custodian is responsible for) of the investor interest size requirements under section HM 15 or the investor membership requirements under section HM 14 of the Income Tax Act 2007, including the losses, liabilities, costs or expenses arising from the Funds losing PIE status.

On insolvency or winding up of a Fund, the assets of the Fund are first applied to meet the claims of any creditors of the Fund (whether preferred, secured or unsecured), which includes the Supervisor's and Manager's claims for fees and expenses. Following this, the remainder of the assets of the Fund will be distributed to Investors in proportion to the number of Units held.

At the date of this document there are no other claims on the assets of the Funds that rank ahead of or equally with the claims of Investors. In certain circumstances, you may receive assets other than cash (e.g. securities in another investment held by the Fund) as part of a wind up.

## More information about market index

The returns of the Funds are measured against the market index described in the SIPO. More information about this market index can be found at the following web page:

- <https://www.yieldbook.com/m/indices/single.shtml?ticker=WGBI>
- <https://www.ice.com/fixed-income-data-services/index-solutions/sustainability-indices>

## No guarantee

Neither the Supervisor, Manager nor any other person guarantees or provides undertakings in relation to the return of capital invested in the Funds by an Investor, the payment of any return on capital, or provision of any distribution or payment of any money in relation to the Funds, or the performance of the Funds.