Kōura Wealth

Kōura Wealth Limited

Kōura KiwiSaver Scheme

Other Material Information (OMI)

9 November 2026



Table of Contents

1. Introduction 3
2. Scheme philosophy 3
3. Contributions 4
4. Withdrawals 6
5. The Manager 9
6. Other parties 10
7. The Kōura Investment Strategies 11
8. The Kōura Navigator Service 12
9. The Koura Bitcoin Fund 13
10. Manager and Supervisor's indemnity 15
11. Managing Conflicts of Interest 16
12. Valuation 16
13. Taxation 17
14. Financial statement and auditors report 19
15. Summary of the Governing Document 19
16. Key documents 22

1. Introduction

This Other Material Information document has been prepared in accordance with the Financial Markets Conduct Act 2013 (FMC Act) to provide additional detail about important aspects of your investment in the Kōura KiwiSaver Scheme (the Scheme).

It applies to each fund within the Scheme, unless we specify otherwise, and should be read with the Product Disclosure Statement for the Scheme (PDS), the Statement of Investment Policy and Objectives (SIPO) and any other documents held on the Disclose Register at: www.disclose-register.companiesoffice.govt.nz/.

You should read the PDS, SIPO and this Other Material Information (OMI) document together before investing in the Scheme, as each provides different information about how the Scheme operates. In this document, “you” or “your” refers to a person who applies to invest in the Scheme. The words “Kōura”, "Manager", “we”, “our” or “us” refer to Kōura Wealth Limited, who is the manager of the Scheme. The supervisor of the Scheme is Public Trust (Supervisor).

2. Scheme philosophy

The Kōura KiwiSaver Scheme has been designed and set up to help people achieve better outcomes for their KiwiSaver. Fundamentally, we believe KiwiSaver is a complex product and investors benefit from advice to achieve their objectives. We do this through a differentiated fund structure and digital advice, as explained further below.

The Kōura Funds

You can choose to invest in any of the following investment funds (**Funds**):

Core Income Funds	Core Growth Funds	Specialty Growth Funds
• Cash Fund • Fixed Interest Fund	• New Zealand Equities Fund • US Equities Fund • Rest of World Equities Fund • Emerging Markets Equities Fund • Strategic High Growth Fund	• Bitcoin Fund • Clean Energy Fund • New Zealand Property Fund

From 9 November 2026, the NZ Property Fund will be closed to new investors. From 10 December 2026, the NZ Property Fund will be closed to all further investment. The other Funds remain open. You will be allocated units in the Funds that you select when you sign up to the Scheme. The Scheme is governed by a trust deed dated 16 August 2019 (**Governing Document**), and the Funds are invested in accordance with the SIPO. You can get an electronic copy of the Governing Document and SIPO from the scheme register on the Disclose website www.companiesoffice.govt.nz/disclose.

The investment policies for the Funds are set out in the SIPO.

The Kōura Specialty Growth Funds

We believe that the Specialty Growth Funds are a way for an investor to diversify their KiwiSaver portfolio and invest in specific assets that have good risk and return characteristics and are not necessarily correlated with traditional financial assets that a traditional KiwiSaver fund typically invests in.

With the growth of self-directed investing in the New Zealand market, we understand that consumers are increasingly investing in these products with their non KiwiSaver savings and therefore we want to ensure that the full range of investments is also available to kiwis with their KiwiSaver.

Certain specialty growth funds are higher risk than our core funds and may not be suitable for investors with a short investment horizon or those unable to withstand significant volatility. If you are considering investing in these funds, you should ensure you understand their risks and typical allocation levels, which can be done by using the Kōura digital advice tool. In particular, if you are going to invest in the Bitcoin fund, we recommend that you do your own research to understand the long-term potential and risks associated with Bitcoin. We also recommend that you talk to a financial advisor about the risks associated with Bitcoin and whether it is appropriate you take those risks. We can help connect you with a financial advisor that can help you.

The Kōura Investment Strategies

Kōura offers investors 3 distinct Investment Strategies (Conservative, Balanced and Growth), offering pre-determined mixes of the Kōura Core funds. The Kōura Specialty Growth Funds will never be included in an Investment Strategy.

The underlying mix of funds, and further details on these funds is set out in Section 7 of this document.

3. Contributions

You can make lump sum or regular contributions to the Scheme. Your employer can as well.

If you already invest in the NZ Property Fund, you can continue making contributions, into it until 9 December 2026. From 10 December 2026, the NZ Property Fund will close to all investment.

Employee contributions

You can regularly contribute 3.5%, 4%, 6%, 8% or 10% of your before-tax salary or wages[1] to the Scheme. If you don't choose, the default amount is currently 3.5%. From 1 April 2028, a default rate of 4% will apply.

During the phase in period, you can temporarily opt down to a 3% contribution rate.

Your employer will automatically deduct your contributions from your salary and send it to the Inland Revenue who pays the contributions (and any interest) to the Scheme.

If you're self-employed and you pay yourself through the PAYE system, you're considered to be both an employee and employer. This means you must contribute at least 3.5% of your gross (before tax) income and make employer contributions of 3.5%, unless you have applied to the IRD for a savings suspension.

[1] Including bonuses, overtime payments and rewarded leave payments

Employer contributions

In addition to your employee contributions, except in the circumstances described below, your employer is required to make a contribution equal to 3.5% of your before-tax income. From 1 April 2028, it will go up to 4%.

If you temporarily opt down to 3%, your employer can choose to match your temporary rate reduction. Once you move from the temporary rate to a higher rate, we'll notify your employer.The contribution will have employee superannuation contribution tax deducted from it before it is paid to Inland Revenue (who forwards it on to us). If they want, your employer can pay more than the 3.5% minimum contribution but they must do so by forwarding it to Inland Revenue. Your employer doesn't have to make a contribution for you if:

- you are under the age of 16
- you have reached the age of eligibility for New Zealand superannuation (currently 65), unless the 5-year lock-in period applies and you are eligible to make a retirement withdrawal;
- you aren't contributing to the Scheme (e.g. you're on a KiwiSaver savings suspension); or
- to the extent they are already paying into another superannuation scheme for you (conditions apply).

Self-employed not paying yourself through the PAYE system; under 16; or not working

You can make voluntary contributions at any time if you are:

- self-employed and not paying yourself through the PAYE system;
- under age 16; or
- age 16 years and older but not working.

Voluntary contributions

You can make lump sum or regular contributions to the Scheme whenever you like. These are received directly by the Scheme into your account.

Government contributions

While you contribute to the Scheme, you are eligible to receive KiwiSaver Government Contribution to assist with your savings. The Government will contribute 25 cents for every dollar you contribute to the Scheme, up to a maximum government contribution of $260.72 per year. For this purpose, the year runs from 1 July to 30 June.

You are eligible to receive a Government Contribution if you:

- are age 16 years or older;
- have not reached the age of eligibility for New Zealand Superannuation (currently 65), unless the 5-year lock-in period applies and you are not eligible to make a retirement withdrawal;
- have not made a life-shortening congenital conditions withdrawal;
- have an annual taxable income of $180,000 or less; and
- have your principal place of residence in New Zealand (exceptions apply for government employees serving overseas, or persons working overseas ad a volunteer or for a token payment for a specified charitable organisation).

Please note that Employer contributions, Government contributions and amounts transferred from an Australian complying superannuation scheme do not count towards your Government contribution eligibility.

If you are not a member for the full year to 30 June, or are otherwise eligible for a Government contribution for only part of the year, the maximum contribution you receive will be a pro-rata amount based on the number of days of eligible membership during that year. For example, if your membership and contributions commenced on 1 May, you would have been a member for 61 days in the year to 30 June. You are eligible for a maximum Government contribution of 61/365 × $260.72 = $43.57.

Before withdrawing government contributions, the member, or the member's personal representatives, must provide a statutory declaration stating those periods for which the member had their principal place of residence in New Zealand.

Savings suspension

If you are an employee making contributions from your salary or wages, and 12 or more months have passed since you first contributed to KiwiSaver or you became a member of a complying superannuation fund, you can take a savings suspension for a minimum of 3 months and a maximum of 1 year, which you can renew. You can also be on a savings suspension at any time if Inland Revenue is satisfied you are suffering, or are likely to suffer, financial hardship. In these circumstances, however, the length of the savings suspension will be 3 months, unless Inland Revenue agrees to a longer period.

Transferring from another KiwiSaver Scheme

You can transfer your account balance to the Scheme from any other KiwiSaver Scheme. It is important to note that you can only be a member of one KiwiSaver Scheme at a time.

Transferring from an Australian superannuation fund

You may also be able to transfer into the Scheme from a complying Australian superannuation fund if you have permanently moved to New Zealand.

Please email us at info@kourawealth.co.nz for more information about this process

4. Withdrawals

KiwiSaver has been designed to be a long-term savings product, there are only limited circumstances that allow for withdrawal of your investments from the Scheme:

If you reach age 65

You are able to make withdrawals from the Scheme once you reach age 65. You do not have to withdraw your funds, you may also remain invested. Please note that if you joined KiwiSaver before 1 July 2019 and are aged 65 or over, you may elect to opt out of the 5-year lock-in period and make a retirement withdrawal, however from the date of that withdrawal you will lose any future entitlement to employer contributions and Government contributions.

The minimum withdrawal is $1,000, and there is no maximum - you are entitled to withdraw your full balance. You can also make regular withdrawals for an agreed amount, or one-off withdrawals.

To purchase a first home

You can apply to withdraw some of your savings to buy your first home (or land to build your first home on) if you intend to live mainly in that home and it is located in New Zealand. You will need to have been a KiwiSaver member, or a member of a complying superannuation fund, for at least three years and not have made a first home withdrawal from a KiwiSaver scheme before. You must also leave at least $1,000 in your account.

If you have owned a home before, you may still be eligible — see www.kaingaora.govt.nz for more information.

If you wish to apply for a first home withdrawal, please apply at least 10 business days before your deposit or settlement payment is due, as we will need various documents from you including a copy of the sale and purchase agreement. Please note that you cannot make a first home withdrawal after the home has been purchased, talk to your lawyer early to ensure all paperwork is completed in time. We will pay the proceeds directly to your lawyer's trust bank account.

Australian superannuation transfers

Any amount transferred from an Australian complying superannuation fund (excluding investment returns on that amount) may be withdrawn when you reach age 60, if you have ‘retired’ in terms of the relevant Australian legislation.

Significant financial hardship

You may be able to withdraw some of your savings if you are suffering significant financial hardship as defined in the KiwiSaver Act. This is a discretionary assessment made by the Supervisor (further information on the Supervisor is available in section 6) based on the statutory prescribed criteria. You will need to supply information to show the Supervisor that you are unable to meet your minimum living expenses, that you have exhausted all other forms of funding, and provide details of your assets, liabilities, income and expenditure. The Supervisor will limit any withdrawal to an amount they determine will alleviate the hardship.

Significant financial hardship is defined to include significant financial difficulties that arise from a number of circumstances being:

- your inability to meet your minimum living expenses; or
- your inability to meet mortgage repayments on your principal family residence resulting in the mortgagee seeking to enforce the mortgage on the residence; or
- the cost of modifying a residence to meet special needs arising from your disability or your dependant's disability; or
- the cost of medical treatment for illness or injury to you or your dependant; or
- the cost of palliative care for you or your dependant; or
- the cost of a funeral for your dependant.

Please note the Supervisor may limit the amount you are able to withdraw, and you cannot withdraw any Government contributions. If you are, or are likely to become bankrupt, it is important that you seek legal advice before making any withdrawal request.

Serious Illness

You may be able to withdraw your savings if you suffer from a serious illness as defined in the KiwiSaver Act. To make a withdrawal on this basis, the Supervisor will require medical evidence, including information from your medical practitioner, to assess whether you meet the criteria.

Permanent emigration

If you have permanently emigrated from New Zealand to a country other than Australia, after one year you can apply to the Manager for approval to withdraw your funds and close your KiwiSaver account. You will need to provide evidence including a statutory declaration and proof of overseas address. Please note that any amount transferred from an Australian complying superannuation scheme is excluded from this withdrawal.

Permanent emigration to Australia

If you emigrate to Australia, you may apply to have your investment transferred to an Australian complying superannuation scheme. You will need to provide us with proof, including a statutory declaration that you have emigrated permanently and have resided at an Australian address for at least a year.

Death

We will pay benefits on death (the balance of your amount) to your personal representatives. Depending upon the balance, they will need to provide us with a copy of probate of your will, or other evidence of authority to act.

Partial withdrawals to pay income tax and student loan obligations on foreign superannuation transfers

You may incur an additional income tax liability and an increase in your student loan obligations if you make a foreign superannuation transfer into the Scheme. You can make a partial withdrawal from the Scheme to pay any such additional tax liability (not penalties and interest) or increase in your student loan obligations arising from the transfer.

Act of Parliament

An early withdrawal can be made from the Scheme where required by any Act of Parliament. This includes a court order under the Property (Relationships) Act 1976.

Life shortening congenital illness

You may be able to withdraw your savings if you suffer from a life-shortening congenital condition as defined in the KiwiSaver Act. You may qualify if you have a condition that exists from the date of your birth that is:

- identified as a life-shortening congenital condition by the KiwiSaver Regulations 2006 (**a Listed Condition**); or
- not a Listed Condition, but you can provide evidence it is a condition that is expected to reduce your life expectancy (or the life expectancy of people in general with the same condition) below the age of qualification for NZ Superannuation.

You will need to provide the Supervisor with medical evidence to help them determine whether you meet the criteria. Please note that if you make a life-shortening congenital conditions withdrawal, you will be treated as having reached the New Zealand Superannuation qualification age and will no longer be entitled to Government contributions or compulsory employer contributions.

5. The Manager

The Manager of the Scheme is Kōura Wealth Limited, a company incorporated in New Zealand under the Companies Act 1993 on 20 February 2019. Kōura manages the investments of, and administers, the Scheme.

Details of the directors of Kōura are set out below, and are also available at www.companiesoffice.govt.nz/. The directors may change from time to time without notice to you.

Kōura is licenced to act as managed investment scheme manager by the Financial Markets Authority (the **FMA**) under the FMC Act. Kōura is also a licenced financial advice provider.

Our functions

As the Manager of the Scheme we:

- Offer and issue Units in the Funds
- Manage the Funds in the Scheme and their investments; and
- Are responsible for administering the Scheme

Our Directors

Rupert Carlyon

Rupert has had over 20 years working in financial services organisations in Auckland and London. He has a broad experience with his previous roles encompassing advisory, strategy, investor relations and capital markets.

Rupert is the founder and Managing Director of Kōura.

Warren Couillault

Warren has more than 30 years involvement in financial markets, both in NZ and overseas. His previous roles include Chief Investment Officer, shareholder and director of Fisher Funds and he is a former Investment Committee Chair, director and shareholder of Generate KiwiSaver.

Mark Solomon

Mark has more than 30 years' experience in the New Zealand financial markets. He has owned and managed a number of financial advisory firms and New Zealand's leading online insurance platform Life Direct. Mark is currently Managing Director of Life Direct a broad digital focused financial services platform based in Wellington.

Nigel Scott

Nigel is a professional Director with over 30 years' experience in the New Zealand financial markets. Prior to becoming a professional Director, Nigel was a senior executive at Hobson Wealth Partners and prior to this held senior roles at ANZ in their wealth division.

Brendon Smith

Brendon has over 30 years working in financial services in New Zealand.

Brendon Smith was a founding shareholder in New Zealand's largest mortgage and insurance aggregator New Zealand Financial Services Group, he is currently Chairman of that group.

Our Senior Managers

There are two Senior Managers in the business.

Rupert Carlyon

Rebecca Stratton Operations Manager at Kōura

6. Other parties

Supervisor

The supervisor of the Scheme is Public Trust. The Supervisor is responsible for monitoring our compliance in accordance with the Governing Document and the FMC Act. The Supervisor is required by law to vest the investments and other property of the Scheme in the name of the Supervisor or its nominee. It has delegated certain custodian duties to Apex NZ Limited ("Apex").

A current list of the directors of the Supervisor is available online at companiesoffice.govt.nz/companies. The directors of the Supervisor may change from time to time without notice to you.

The Supervisor is licenced under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed investment schemes. Details of the licence are available on the Financial Markets Authority website, fma.govt.nz and on the Financial Service Providers Register website, fsp-register.companiesoffice.govt.nz/.

Administration manager

We have contracted administration management of the Scheme to Apex NZ Limited. They provide the following services:

- Member record keeping and registry;
- Unit pricing;
- Fund accounting; and
- Valuation services.

See www.apexgroup.com for more details.

Auditor and other advisers

The auditor is Grant Thornton New Zealand Audit Limited. Grant Thornton is registered under the Auditor Regulation Act 2011. The auditor has no other relationships with, or interests in, the Scheme.

DLA Piper are our primary legal advisers.

7. The Kōura Investment Strategies

Kōura offers investors the potential to invest in pre-determined Investment Strategies. These investment strategies effectively act like a traditional KiwiSaver fund by mixing together the Kōura core funds to provide an appropriate level of risk and diversification for the portfolios.

The actual mix of funds for each Investment Strategy will be determined on a monthly basis using a formula set by the Kōura Investment Committee.

If you elect to invest in one of these Investment Strategies, you will be rebalanced every 6 months to the mix of funds that make up the relevant Investment Strategy at the time of rebalancing rather than the mix of funds that made up the relevant Investment Strategy when you selected to enter into that Investment Strategy.

The actual mix of funds used to develop an Investment Strategy will remain inside the ranges set out in the table below.

	Growth	Balanced	Conservative
Fixed Interest Fund	10 - 25%	25 - 35%	55 – 70%
Cash Fund	0 - 10%	0- 15%	0– 25%
Strategic High Growth Fund	75-90%	55 – 75%	15 – 35%

8. The Kōura Navigator Service

Kōura customers can engage the Kōura Navigator Service (the "Service") to assist them manage their KiwiSaver. This service is designed to assist you to make better KiwiSaver decisions to meet your KiwiSaver objectives, including helping you select your initial allocation of funds and assisting you to make changes over time. Clients that utilise this service will receive a higher level of service and will be charged a higher fee for that service.

How the Navigator service can help

A facilitator, Kōura team member or financial advisor will able to help clients when they are contemplating decisions around their KiwiSaver and will proactively help clients make the decisions to ensure they maximise their Kiwisaver. With KiwiSaver there are a number of decisions that can be daunting for many people. Decisions about fund selection, choosing the right contribution rate or what to do in times of market stress are all things that KiwiSaver members can find difficult to make.

Amongst other things, the benefits of the Navigator service are to:

- assist you to choose your portfolio of funds or Investment Strategy;
- act as a point of contact for you if you have any questions about your KiwiSaver; and
- encourage you to undertake your annual KiwiSaver reviews, maximise your Government contributions and provide other forms of assistance as required to get the best experience of your KiwiSaver

If you choose not to use the Navigator Service, you will still be able to contact the Kōura call centre to receive assistance as required.

Who can provide the Kōura Navigator Service

The Kōura Navigator Service can be provided by either a facilitator, a financial advisor or a Kōura team member.

If the Service is provided by either a facilitator or a Kōura team member, any advice that you receive will be generated by the Kōura digital advice tools. The role of the facilitator or Kōura team member will be to give you factual information about the scheme and KiwiSaver in general but are unable to give you advice or recommendations that differ from the digital advice tool.

If the Service is provided by a registered financial advisor, the form, scope and content of that device will be disclosed to you before receiving that advice.

Who might benefit from the Kōura Navigator Service

We expect that clients who have not managed their own investments or have never properly engaged with KiwiSaver may benefit from the Service. Specifically, clients who need extra help and want to discuss their potential decisions with someone will benefit the most from a facilitator.

Clients that are well versed in KiwiSaver and investments and do not want or need any additional help over and above that available via the standard Kōura digital tools may not receive additional value from the use of the Service to justify the additional charges.

Fees

If you choose to use the Service, you will be charged an additional fee. This fee is agreed between you and your Navigator provider and is typically calculated as a percentage of your account balance. The fee is deducted from your account and paid monthly in arrears. Further detail on the fees charged for the Service is set out in Section 5 of the Product Disclosure statement (What are the fees?).

Ceasing to use the Kōura Navigator Service

The Service is subject to a minimum term of 12 months from the date you agree to use it. After this period, you may elect to stop using the Service by notifying Kōura directly.

9. The Koura Bitcoin Fund

Bitcoin is a form of crypto currency.

Crypto currencies are forms of currencies that exist digitally and use advanced cryptography to secure individual transactions. Unlike traditional currencies, crypto currencies are controlled by their users and do not have a central regulatory or issuing body.

The Fund does not invest directly in Bitcoin. Instead, it obtains exposure through investment in one or more US-listed spot Bitcoin exchange traded funds (ETFs) issued by third-party providers. Those ETFs in turn hold Bitcoin on behalf of investors.

Transactions are typically “validated” by a network of users; these users are remunerated for validating transactions through the issuance of new coins (also known as mining).

The Fund will be carbon neutral, it will achieve this through the annual purchase of carbon offsets based on the estimated carbon emissions attributable to the Bitcoin held in the portfolio over the prior 12 months. Further details are available in the Kōura Responsible Investing Policy available at kourawealth.co.nz/documents.

Key Risks

The Kōura Bitcoin Fund invests in Bitcoin. Bitcoin is a relatively new financial product that has a higher risk than typical assets that an investor may invest in. The value of the Fund could fall significantly or even go to zero. The key risks an investor should consider ahead of investing in the Fund include:

a. Highly volatile asset

Bitcoin is a highly volatile asset and historically has experienced significant value swings (+100% or – 70%) over short periods of time. There is no guarantee that assets will recover after a significant fall and that historical returns will continue. The volatile nature of the asset may result in the value of the Fund falling significantly in value or even going to zero.

b. Regulatory risk

Bitcoin and other crypto currencies exist outside of the traditional financial regulatory environment, and the regulatory landscape continues to evolve. The lack of regulation and ability to hide transactions has meant that crypto currencies have and are being used by criminals to launder and transfer the proceeds of crime around the world. Some countries have banned their citizens from investing in or using crypto currencies as a result of these concerns. Some financial institutions refuse to interact with companies or individuals who operate in the crypto currency space due to Anti Money Laundering concerns.

There is a risk that crypto currencies become subject to increased regulation or financial institutions refuse to process transactions that originate from crypto currencies. This could reduce the value of the Fund.

c. Network risk

The blockchains upon which Bitcoin sits are operated and maintained by individuals who are compensated through transaction fees and / or the issuance of new coins / tokens. There is a risk that individuals are no longer incentivised to maintain their respective blockchains which will make it impossible to validate and verify transactions causing the network to disintegrate and subsequently causing the value of the Fund to fall.

d. Product displacement risk

Bitcoin was launched in 2009 and remains an early innovator in the cryptocurrency space, however, the broader landscape continues to evolve rapidly. There is a risk that new products are developed which are more efficient and deliver better utility than Bitcoin or that competing assets attract greater market adoption. If this happens the value of the Bitcoin invested in by the Fund is likely to fall.

e. Cyber security risk

Bitcoin exists entirely on a distributed ledger; there are no traditional records. There is a chance that cyber criminals disrupt the ledger, gain access to individual keys or expose other flaws. The exploitation of any flaws in the underlying blockchain technology may reduce confidence in the broader crypto currency market or may result in the assets held by the Fund being stolen.

f. Custody risk

The Bitcoin underlying the ETFs is held by custodians appointed by the relevant ETF providers. Those custodians are intended to keep the Bitcoin separate from their own assets.

However, the Bitcoin may be held together with the assets of other customers in omnibus wallets and treated as fungible with those assets. This means that, notwithstanding the protections described above, there remains a risk of loss of or delayed access to Bitcoin if there is a shortfall in the omnibus wallet, a failure of the custodian or the custodian becomes insolvent.

Limited insurance or indemnity arrangements may apply to the underlying custodians or ETFs. However, any such arrangements may be subject to exclusions, monetary limits and other restrictions and may not fully compensate investors for any loss arising from theft, cyber attack, operational failure or custodian insolvency.

g. Impossible to recover assets if they are lost

Crypto currencies are registered on distributed ledgers, and ownership depends on maintiaining control of the relevant cryptographic keys. If a key is lost or stolen, there may be no practical way to recover the associated crypto assets. each holder holds an individual key to secure ownership of their assets. .

h. Lack of market adoption

The value of crypto currencies is predicated on them becoming increasingly accepted and recognised as a store of value and / or currency that can be used for transactions. We are still very early into the life span and journey of crypto assets and therefore there is a risk that the current investment hypothesis does not prove correct and market adoption wanes rather than grows. If adoption weakens, the demand for crypto currencies and the Bitcoin may reduce and the value of the Fund may fall.

i. Corruption of the blockchain

Bitcoin is stored on a blockchain. There is a risk that the blockchain or the source code that it relies upon may become corrupted or subject to cyber attacks. Any issues with the blockchain that the crypto currency is stored upon will end up impacting the value of the underlying crypto currencies and may affect the value of the Bitcoin held by the underlying ETFs and therefore the value of the Fund.

j. The Fund relies on underlying third party fund providers to be able to transact in and store Bitcoin appropriately

Kōura relies on issuers of ETFs to transact in and store their underlying assets safely.

The Fund's custody structure operates across two levels. At the Scheme level, the Fund's ETF units are held by the Scheme custodian and any sub-custodian appointed for that purpose. The underlying Bitcoin is held separately by a specialist digital assets custodian appointed by the relevant ETF provider.

Although the ETF providers have implemented measures designed to reduce the risk of loss, cryptocurrency exchanges and custody platforms have experienced significant cyber attacks and operational failures in the past. If an exchange, ETF provider or custody platform suffers a material failure or cyber attack, the value of the Fund is likely to fall.

k. Liquidity risk

While Bitcoin is one of the more liquid crypto currency assets, liquidity can deteriorate rapidly during periods of market stress. There is a risk that the Fund is unable to transact at a reasonable price or within a reasonable timeframe, which may affect the ability of members to switch funds or make withdrawals in a timely manner.

10. Manager and Supervisor's indemnity

Subject to the limits on indemnities under the FMC Act, both the Supervisor and Kōura are indemnified out of the Scheme for all losses, costs and expenses incurred by us or the Supervisor in relation to the proper performance of our general duties and our duties to comply with the relevant professional standard of care under the FMC Act in respect of the Funds, the Scheme and this offer.

We and the Supervisor remain liable for losses, costs and expenses arising from a breach of trust where we or the Supervisor fail to show the reasonable degree of care and diligence required.

11. Managing Conflicts of Interest

At all times, Kōura ensures that it acts in the best interests of its customers and treats all customers equitably.

Kōura has a Conflicts of Interest Policy in place relating to any potential or actual conflicts that may arise between Kōura and investors' individual interests. Any conflicts must be managed by the Kōura Board and the Supervisor must be notified. Where a conflict exists, it will be resolved in favour of the investor.

New Zealand Financial Services Group (NZFSG) has an indirect shareholding of 24% in Kōura and Brendon Smith is both a Director of Kōura and Executive Chairman at NZFSG. A number of the financial advisers who refer clients to Kōura use NZFSG as their financial advice provider and/or their mortgage aggregator. Kōura pays these advisers commission. This relationship is managed in accordance with our Conflicts of Interest Policy:

- Brendon Smith does not take part in Kōura's decisions on commercial arrangements with these advisers or with NZFSG.
- Advisers who refer clients to Kōura are required to put their clients' interests first and to disclose any commission they receive.

12. Valuation

The value of Units held by you is reflected in the current Unit price. This is calculated using the net asset value of each Fund in accordance with the Governing Document and dividing that value by the number of Units on issue in the relevant Fund.

We will calculate the net asset value of each Fund on each business day where Units are issued or withdrawn or at such other intervals (not exceeding 30 days) as we may determine following consultation with the Supervisor.

The net asset value is calculated by taking the value of the assets in a Fund and subtracting the liabilities of the Fund. In determining the net asset value of each Fund we will determine the value of the assets in the Fund and the liabilities of the Fund on such basis we consider to be fair and equitable having regard to generally accepted accounting principles or the New Zealand equivalents to international financial reporting standards. We may engage valuers or other suitably qualified persons for the purpose of fixing the market value of assets in the Funds.

For the Kōura Bitcoin Fund, the Unit price is determined by reference to the value of the underlying ETF units held by the Fund, together with any cash and liabilities of the Fund, rather than directly by reference to the spot price of Bitcoin. As a result, the Fund's performance may differ from the performance of Bitcoin due to ETF management fees, trading spreads, Fund-level cash holdings and differences in the timing and methodology used to value the ETFs.

The Kōura Bitcoin Fund is unhedged. Accordingly, changes in the NZD/USD exchange rate will also affect the value of your investment. If the New Zealand dollar strengthens against the US dollar, your return may be lower than the return of Bitcoin in US dollar terms. Conversely, if the New Zealand dollar weakens, your return may be higher. Bitcoin trades continuously on global markets, including outside normal business hours, weekends and public holidays. Because the Fund is valued only at discrete valuation points, there may be a significant difference between the price of Bitcoin when you request a transaction and the Unit price ultimately applied to that transaction. This difference may be particularly significant during periods of heightened volatility.

13. Taxation

Taxation

You are responsible for any taxation liability you may incur as an investor in a Fund. Tax legislation and rates of tax are subject to change and any change could have an impact on the Fund's return and yours. The impact of taxation may vary depending on your individual circumstances.

PIE

The Funds have elected to be Portfolio Investment Entities (**PIE**s). As a PIE, each Fund's taxable income is attributed to you in proportion to the number of Units you hold in the Fund. The Fund pays tax on the income attributed to you at your selected PIR. If the tax liability on income attributed to you exceeds your investment in the relevant Fund, some or all of your Units could be redeemed and the proceeds of the redemption paid to the Inland Revenue Department (**Inland Revenue** or **IRD**). To the extent this tax liability is not paid by the Fund, you may need to pay the tax directly to Inland Revenue.

PIR

The rules relating to the taxation of investment income enable investment funds that become PIEs to calculate their tax using PIRs selected by members, subject to satisfying various conditions. In order for the Funds to pay tax on your attributed income at the appropriate rate, you need to ensure that you have supplied the correct PIR and IRD number at all times. When you apply to become a member you must advise us of you PIR and IRD number, and you should notify us of any changes at any time by contacting us.

A PIR is based on your taxable income (e.g. income from salary, wages and any additional sources of income that you would include in your income tax return) in the two years preceding the current tax year (an income year generally runs from 1 April to 31 March), the income attributed to you from any PIEs in which you invest, including the Funds and your tax residency.

The following PIRs apply:

- **10.5%** for members who are: New Zealand resident individuals who have given us their IRD number and who derived in either of the last two income years preceding the current tax year $15,600 or less in taxable income (excluding PIE income) and $53,500 or less in taxable income and PIE income combined (after subtracting any attributable PIE loss);
- **17. 5%** for members who are: New Zealand resident individuals who do not qualify for the 10.5% PIR but who have provided their Inland Revenue Department number to us and who derived in either of the last two income years preceding the current tax year $53,500 or less of taxable income (excluding PIE income) and $78,100 or less in taxable income and PIE income combined (after subtracting attributable PIE loss); and,
- **28%** for New Zealand resident individuals who are not eligible for either the 10.5% PIR or the 17.5. a Non-resident member's PIR will also be 28%.

The tax paid on income attributed to you will be a final tax and you will not be required to file a tax return which includes that income, unless you:

- Have recently become a New Zealand tax resident and have chosen to disregard foreign income derived before becoming a New Zealand resident in determining your PIR; or
- Have selected a PIR which is too low or failed to advise us that your PIR has increased.

You will be liable to include your attributed income in a tax return and to pay tax on that income at your relevant marginal tax rate (with a credit allowed for tax paid by the Fund on that income). You may also be liable for any penalties or interest which may apply.

Provided you advise a PIR that is higher than your applicable rate, any tax overpaid will be used to reduce any income tax liability you may have for the tax year, and any remaining amount will be refunded to you. If you advise a PIR that is lower than your correct rate, you may be liable to Inland Revenue for further tax and penalties and may be required to file a tax return.

If you do not notify us of your PIR, then the default rate of 28% will apply. The Commissioner of Inland Revenue can require us to disregard the PIR provided to us by you and apply a PIR determined by IRD, where they believe your notified PIR is incorrect or where you have not notified us of your PIR at all,

You should review your rate each year to ensure it is correct and notify us of any changes. For more information about PIRs and to determine your correct PIR rate please refer to Inland Revenue website https://www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates or contact your professional tax adviser.

Impact of PIE taxation for certain taxpayers

In some circumstances, your personal marginal tax rate could be lower than your PIR. In this event investing through a PIE may not be appropriate. Given that there are a number of circumstances where you may pay more tax in a PIE, rather than other forms of investment, it is important to consult your professional tax advisor to determine whether a PIE is best for you.

14. Financial statement and auditors report

Financial statements for the Funds will be available on the Disclose register: https://disclose-register.companiesoffice.govt.nz/. The Funds' financial statements will be audited by a qualified auditor, currently Grant Thornton. The auditor's report on the financial statements will accompany the financial statements uploaded to the scheme register each year.

15. Summary of the Governing Document

The Governing Document governs the Funds. The Governing Document is available on the Disclose register. Set out below are some of the key terms of the Governing Document.

Changes to the SIPO

We can make changes to the SIPO at any time by giving prior written notice to the Supervisor, Public Trust

Supervisor's Responsibilities and Duties

In the Governing Document, the Supervisor gives certain covenants in favour of members, including that it will:

- act honestly in acting as Supervisor of the Scheme;
- act on behalf of members in relation to us, our obligations under the FMC Act and the Governing Document and breach of the FMC Act;
- supervise the management of the Scheme and our financial position;
- act in the best interests of members in the Scheme in exercising its powers and performing its duties as Supervisor;
- exercise reasonable diligence in carrying out its functions as Supervisor; and
- perform its powers and duties imposed on it by relevant law.

Neither us, nor the Supervisor (or any person), guarantees your investment in the Scheme.

Removal and Retirement of the Supervisor

The Supervisor may retire at any time by giving us 60 business days' written notice subject to the appointment and acceptance of a new Supervisor and the transfer to the new Supervisor of the assets of the Funds. Where the Supervisor retires, we have the power to appoint a new Supervisor. Any supervisor must be licensed under the FMC Act and must not be an associated person of us.

Our Powers and Obligations

In addition to the statutory functions (see 'Our functions', above), we have broad discretions in respect of the management of the Funds, including managing the assets of the Funds, making investment decisions, repurchasing or causing the redemption of Units and fixing dates for valuations and distributions.

We are obliged to ensure that the Funds are properly and efficiently operated, that the assets of the Funds are properly managed and supervised, make any requested information available to the Supervisor, convene investor meetings and pay money in accordance with the Governing Document and the FMC Act.

We may (with the prior approval of the Supervisor) delegate all or any of the powers, authorities and discretions we can exercise under the Governing Document. However, this ability to delegate does not affect our liability for the performance of those functions.

In managing the Scheme, we:

- must act honestly, and in the best interests of members;
- cannot use information acquired as Manager for improper advantage, or to cause detriment to members;
- must act as would a prudent manager of similar schemes; and
- carry out our functions in accordance with the Governing Document and FMC Act obligations.

Powers relating to the PIE status of the Scheme

The Funds are PIEs. We have a wide range of discretions to operate each Fund as a PIE including:

- discretions relating to the calculation of tax;
- retaining amounts to which you would otherwise be entitled or redeeming your Units to meet your liability for tax; and
- taking all steps necessary to ensure that the Fund meets the PIE eligibility requirements, including:
- rejecting applications for Units and transfers of Units if and to the extent necessary to ensure that the Maximum Investor Interests requirement under the Tax Act is not exceeded; or
- if your Unit holding exceeds the maximum investor interests requirement for PIE eligibility, selling, redeeming or repurchasing Units. We will let you know about a breach of any maximum investor interests requirement and give you a reasonable opportunity to remedy that breach (provided there is time to remedy the breach under the relevant tax legislation). The proceeds from any sale, redemption or repurchase carried out by us to remedy such a breach (less any costs and expenses incurred by us in respect of the same) will be paid to you, and neither the Manager nor the Supervisor will be liable for any loss that you may incur under or in connection with any such sale, redemption or repurchase.

Provision of information

We may ask you to provide information to enable us to determine whether a Fund continues to meet the PIE eligibility requirements. We will ask you to get that information to us promptly.

Separate Funds

Each Fund is a separate and distinct investment fund, with separate assets and liabilities, under the Governing Document. All investments of a Fund are to be held by the Supervisor as the exclusive property of that Fund, for the exclusive benefit of the members of that Fund. No investor in one Fund will have any claim on any other Fund (and vice versa). This means that the assets of one Fund cannot be used to cover the liabilities of another Fund.

Borrowing

Borrowing is permitted. The maximum borrowing permitted for each Fund is 10% of gross asset value for that Fund. Any borrowing is expected to be for a short term.

Suspension

We may, in certain circumstances, suspend the obligation to redeem Units or effect a switch or transfer by issuing a suspension notice (for instance, where we believe, in good faith, that it is not practicable or would be prejudicial to members' interests for the Supervisor to realise assets or borrow to permit redemptions – this could be because of market or asset conditions or other circumstances). Any such suspension would continue until cancelled earlier by us.

We must cancel a suspension notice within 90 days after the date on which the suspension notice was given, unless the Supervisor agrees otherwise. The Supervisor must not unreasonably withhold its agreement to extend a suspension notice beyond 90 days if we give good reasons to do so.

Records and Financial Statements

We must keep proper accounting records in respect of the Funds. The Supervisor will provide us with any information held by them that we require in order to keep those records. Once prepared, we will forward the audited financial statements to the Supervisor and make them available to every investor within the required timeframe.

Registers

We are required to keep a register of members for each Fund in the form and manner required by the FMC Act (**Register**). The Register must be kept in New Zealand, and may be kept in electronic form so long as a printout of the Register is available to the Supervisor on request. Each Register shall be available for inspection in accordance with the FMC Act.

We are required to arrange an independent audit of the Register annually.

Amendments to the Governing Document

Subject to the FMC Act and the provisions of the Governing Document, we may agree with the Supervisor to amend the Governing Document. The Supervisor is prevented from agreeing to any proposed amendment unless it is satisfied that such amendments do not have a material adverse effect on the members of the Scheme.

Winding Up

The Kōura Investment Committee may decide to close a Fund if it believes the Fund is no longer an appropriate investment for KiwiSaver investors. Before a Fund is closed, we will provide written notice to the Supervisor 10 Business Days in advance and provide notice to members within 10 Business Days of giving notice to the Supervisor. Members will be given the opportunity to reallocate their funds into an alternative set of funds, if a member does not choose a new set of funds, Kōura will reinvest the funds into the set of Kōura funds that will deliver a similar level of risk for the client.

If a Fund is wound up, the Supervisor must sell its assets and (after providing for any amount necessary to meet all claims and liabilities (including fees)), will distribute the balance to members in proportion to their holdings of Units at the time of distribution. The amount distributed to you on winding up may be adjusted to reflect the Fund's PIE income tax liability (if any), on income attributed to members.

16. Key documents

To understand the Scheme there are a number of documents available to review:

- Governing Document
- SIPO
- Manager's licence to operate
- Scheme Provider Agreement with Inland Revenue
- Kōura Wealth Limited Constitution

If you would like to review any of these documents, please do not hesitate to contact us and we will advise you where these documents are available.

