INVESTMENT STATEMENT – PSBG KIWISAVER SCHEME

This is an Investment Statement for the purposes of the Securities Act 1978 and is dated 1 July 2009.

Important Information

(The information in this section is required under the Securities Act 1978).

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an Investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

Page

In addition to the information in this document, important information can be found in the current registered Prospectus for the investment. You are entitled to a copy of the Prospectus on request.

Engaging an Investment Adviser

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including –

relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
what types of investment the adviser gives advice about; and
whether the advice is limited to investments offered by one or more particular financial institutions; and
information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include –

the nature and level of the fees you will be charged for receiving the advice; and
whether the adviser will or may receive a commission or other benefit from advising you.
An investment adviser commits an offence if he or she does not provide you with the information required.

What sort of investment is this?

The securities being offered are interests in the PSBG KiwiSaver Scheme (**Scheme**) which is a KiwiSaver Scheme registered under the KiwiSaver Act 2006 (**the KiwiSaver Act**). The Scheme has been established principally for the purpose of providing retirement benefits to individuals including employees and employers who have selected the Scheme as their employer chosen KiwiSaver Scheme.

Membership of the Scheme is offered via this Investment Statement by the three Sponsoring Societies to every person who is a Member of any of the Societies and to any other person engaged in a profession, trade or occupation that the Trustee declares to be an allied profession.

The Scheme is for professionals, their staff and relatives (as defined) making their own provision for retirement saving.

Who is involved in providing it to me?

The PSBG KiwiSaver Scheme is managed by the Secretary, Kendons Chartered Accountants Limited and the Scheme's Consultants and Administrators Aon New Zealand. The Trustee of the Scheme is Professionals Group Holdings Limited and this company is managed by a Board of Directors nominated by the professional societies represented. These are the NZ Architects Co-operative Society Limited, the Consulting Engineers Advancement Society Incorporated and the Land Professionals Mutual Society Incorporated (the Societies or the Sponsoring Societies). The addresses of these parties are:

- **The Secretary**

Kendons Chartered Accountants Limited
69 Rutherford Street
P O Box 30459
Lower Hutt

- **Consultants & Administrators (Administration Manager)**

Aon New Zealand
Level 8, BP House
Cnr Customhouse Quay & Waring Taylor Street
P O Box 2517
Wellington

- **Directors of the Trustee**

Appointed by the NZ Architects Co-operative Society Limited

Judith Rosina Taylor	*Wellington*
Colin Ross Orchiston	*Lower Hutt*

Appointed by the Consulting Engineers Advancement Society Incorporated

Gerhardt Pallo	*Lower Hutt*
Cedric Malcolm Sanders	*Lower Hutt*

Appointed by the Land Professionals Mutual Society Incorporated

Donald James Ruegg	*Auckland*
Graham Allan Wigley	*Lower Hutt*

The directors of the Trustee can all be contacted at the Trustee's address that is:

Professionals Group Holdings Limited
C/- Kendons Chartered Accountants Limited
69 Rutherford Street
P O Box 30459
Lower Hutt

Promoters

The three Sponsoring Societies are the promoters of the Scheme. The names and addresses of the directors and office holders who are not directors of the Trust but having similar responsibilities as directors, are as follows:

NZ Architects Co-operative Society Limited

Barry John Dacombe	*Christchurch*
Graham Francis Strez	*Auckland*
Hamish Linn Wixon	*Dunedin*
Thomas Edward Dixon	*Auckland*
Deborah Jane Cranko	*Wellington*
Malcolm George Bowes	*Auckland*
Jane Elizabeth Aimer	*Auckland*

The individuals named above can be contacted at the address for the NZ Architects Co-operative Society Limited that is:

NZ Architects Co-operative Society Limited
C/- Kendons Chartered Accountants Limited
69 Rutherford Street
P O Box 30-459
Lower Hutt

Consulting Engineers Advancement Society Incorporated

Arthur George Park	*Wellington*
Terence John Kayes	*Auckland*
David John Cook	*Auckland*
Peter Frank Rudd Fitchett	*Rotorua*
Melvin John Pedersen	*Christchurch*
James Lawrence Dobbie	*Auckland*
Ian William Johnson	*Wanganui*
Craig Brian Lewis	*Christchurch*
Gary Smith	*Wellington*

The individuals named above can be contacted at the address of the Consulting Engineers Advancement Society Incorporated that is:

Consulting Engineers Advancement Society Incorporated
C/- Kendons Chartered Accountants Limited
69 Rutherford Street
P O Box 30459
Lower Hutt

Land Professionals Mutual Society Incorporated

Christopher Roger Abbey	*Palmerston North*
Earl Francis Gordon	*Wellington*
Leonard Thomas Green	*Tauranga*
Iain William Gribble	*Auckland*
Brian Robert Foote	*Hastings*
Geoffrey William Bates	*Dunedin*
Alan James Stewart	*Christchurch*
Colin Robert McElwain	*Lower Hutt*

Gary David Clark *Auckland*

The individuals named above can be contacted at the address for Land Professionals Mutual Society Incorporated that is:

Land Professionals Mutual Society Incorporated
C/- Kendons Chartered Accountants Limited
69 Rutherford Street
PO Box 30459
Lower Hutt

None of the Societies and none of the directors and office holders of the Societies have been:

- adjudged bankrupt or insolvent
- been convicted of any crime involving theft, fraud or dishonesty
- prohibited from acting as a director of a company or placed in statutory management, or receivership.

Neither the Promoters (including their directors and office holders) have any material interest (direct or indirect) in the Scheme, or in any contract or arrangement entered into on behalf or in respect of the Scheme.

Activities

The Scheme was established on 17 July 2007 as a registered KiwiSaver scheme to provide for the retirement savings needs of people in the professions associated with buildings and land - architects, engineers, surveyors, valuers and associated professionals, taking into consideration that many of these are self-employed.

Membership is open to all Members of NZIA, IPENZ, NZIS, NZIV or allied professions, and to their employees (all of whom are qualifying Members), together with their respective families.

The Scheme comprises all Members' Accounts. These can best be described as individual cash accumulation plans. An individual Member's Account consists of:

- total amount of all contributions
- Crown contributions
- transfers from another KiwiSaver scheme
- investment returns (allocated annually).

All investment and other expenses including tax are deducted from investment income and paid by the Scheme before the Scheme return is allocated. Deducted from Member Accounts are withdrawal or benefit payments, administration fees and benefits transferred to another KiwiSaver scheme.

This type of superannuation scheme is known as a Defined Contribution Scheme with the Scheme return allocated to each Member's Account based on the net results of the Scheme for the year.

When you first become a KiwiSaver member Inland Revenue will hold your contributions for three months

After the end of this period all contributions Inland Revenue has received on your behalf, plus interest on those contributions together with the Crown's contribution of $1,000 (see below) will be forwarded by Inland Revenue to the scheme. The Administration Manager will advise you when it receives your initial contributions from Inland Revenue. Ongoing contributions will generally be forwarded by Inland Revenue to the scheme as soon as practicable.

The performance and obligations of the Scheme are not guaranteed by the Trustee, the Secretary, the Administration Manager, the Crown, nor any of the Promoters, nor any other person.

Responsible Investment Statement

A guiding philosophy of the Scheme is to endeavour to hold a portfolio of investments that the Trustee considers to be environmentally and socially responsible, while taking into account traditional portfolio investment criteria.

Responsible investment, including environmental, social and governance considerations, is taken into account in the investment policies and procedures of the Scheme. The extent to which responsible investment is taken into account in these policies and procedures is set out below:

- The funds contributed by members for their retirement may be invested in a combination of investment products (equities, corporate bonds, debenture stock) based on recommendations by professional investment advisers and fund managers who are aware of the Trustee's wishes in relation to responsible investment.

- The Trustee excludes certain investments on environmental, social or governance grounds. In particular the Trustee seeks to avoid investment in particular industries, namely the manufacture and sale of armaments, tobacco, pornography or the provision of gambling services.

  Also the Trustee is keen to exclude investment in certain activities (eg animal testing or environmental degradation).

- No companies involved in activities blacklisted by the United Nations (eg the manufacture of land mines) are to be included in the Scheme's portfolio.

The Trustee will not knowingly participate in investments if it is aware that those investments breach responsible investment guidelines.

The Trustee' will use its best endeavours, using publicly available information, along with any additional information provided by the Scheme's professional advisers, to review investments in accordance with responsible investment guidelines.

The Trustees cannot exclude the possibility that some of the companies the Scheme invests in, or fund managers who invest on its behalf, might have interests in these activities.

Should the Trustee subsequently become aware that an investment has breached responsible investment guidelines then the Trustee will take action to divest the holding as soon as possible, and for the best price achievable.

Joining the Scheme

The Administration Manager will need to be provided with certain information required under the KiwiSaver Act such as the Member's name, address, tax file number and / or any other information that the Administration Manager may require.

Members may contract directly with the Scheme by completing an application form which can be obtained from the Secretary or the Administration Manager. Admission to the Scheme may be subject to such criteria determined by the Administration Manager from time to time and permitted by law.

If the Member transfers to the Scheme from another KiwiSaver scheme or superannuation scheme, the Member's interest in that other Scheme will be contributed to the Scheme. This contribution will be made by the trustee or Administration Manager of the scheme.

Every employer and individual, on becoming a participating Employer or approved Member, shall be bound by the terms of the Trust Deed, this Investment Statement and the Prospectus, as amended or replaced from time to time.

The Member understands that personal information will be securely held by the Administration Manager, the Secretary and Trustee. The Member has the right to access and correct this information subject to the provisions of the Privacy Act 1993. The Member acknowledges that the Administration Manager has the right to reject a membership application and to deduct taxes paid (or payable) from any amount withdrawn.

How much do I pay?

Member Contributions

If you are a non-employee the amount you are required to contribute each year is $200.00.

Apart from the minimum contribution amounts, applicable if Members earn a salary or wage, how much Members contribute to the Scheme is up to the Member.
Member contributions to the Scheme comprise:

(a) contributions made by automatic deduction from salary or wages, as defined in the KiwiSaver Act (including sums received by way of bonus, commission, extra salary, gratuity, overtime pay or other remuneration of any kind);
(b) other contributions made by the Member, or by another person on the Member's behalf;
(c) amounts transferred from another KiwiSaver scheme or superannuation scheme.

If contributions are made by automatic deduction from salary or wages via Inland Revenue, the minimum contribution by a Member, required by the KiwiSaver Act, will be 2% of gross salary or wages.

Members can elect to make contributions equal to 4% or 8% of their gross salary or wages, by giving notice to their employers requiring contributions to be deducted at the higher rate.

Members can switch between 4% and 8% contribution rates by giving notice to their employer.

Contributions from salary or wages will be automatically deducted by the Member's employer and will be paid to Inland Revenue, who after a 3 month holding period from receipt of first contribution will then pay the contributions to the Scheme.

Any other person may make a contribution (either lump sum or regular payments) on the Member's behalf to the Scheme by paying it to Inland Revenue accompanied by:

(a) details of Member's name and address;
(b) details of Member's tax file number; and
(c) any other information that Inland Revenue may require.

Contributions payable by non-employees together with voluntary contributions paid by other Members can be paid by making payment to:

The Administration Manager
PSBG KiwiSaver Scheme
Aon New Zealand
Level 8, BP House
Cnr Customhouse Quay & Waring Taylor Street
PO Box 2517
Wellington

Employer Contributions

Employers may choose the Scheme for their employees who do not select a KiwiSaver scheme. In such cases, if an employee does not become a Member of another KiwiSaver scheme within 3 months of Inland Revenue receiving the first contribution or an opt out notice, then the employee automatically becomes a Member of the PSGB KiwiSaver Scheme.

Employers are required to contribute to KiwiSaver Schemes in respect of their employees who have elected to join a KiwiSaver scheme and

- are 18 or more years of age and
- have not reached the date of entitlement to receive retirement benefits.

Compulsory employer contributions are currently capped at 2% of an employee's gross salary or wages. The minimum employer contribution will not increase further unless changed by future legislation.

If a Member is eligible for compulsory employer contributions, their employer's contributions will not be subject to Employer's Superannuation Contribution Tax (ESCT) up to a maximum of 2% of an employee's gross salary or wages, provided they are matched by contributions by the Member.

Crown Contributions & Tax Credit

The Crown will pay a contribution on the Member's behalf of $1,000 towards the Member's first KiwiSaver scheme. Payment will be made approximately 3 months after Inland Revenue receives the first contribution to that scheme, or 3 months after Inland Revenue is given notice of membership of that scheme.

The Crown will also provide a tax credit that matches Member contributions up to a maximum of $20 per week ($1,042 a year). This may change in the future. The tax credit will not apply in respect of Members under age 18 or Members who have reached New Zealand Superannuation qualification age and are entitled to withdraw their benefit or, subject to certain limited exceptions in respect of Members who do not have their principal place of residence in New Zealand.

Contributions Holiday

If contributions are being deducted from salary or wages, application can be made to Inland Revenue for a contributions holiday:-

- if a member is suffering financial hardship, or
- if 12 months have passed since making the first contribution to a KiwiSaver scheme.

Any contributions holiday will be for a minimum of 3 months and up to 5 years at a time. Further information on contribution holidays is set out in the Prospectus.

Members may at any time revoke or, after such revocation, reinstate their contributions holiday by giving notice to their employer, requiring the employer to start or stop (as applicable) making deductions from the Member's gross salary or wages. This is subject to the proviso that no contributions holiday may be less than 3 months unless the employer agrees.

Your Account

An account will be established in your name within the Scheme. This account is known as your Member's Account. Your Member's Account will be credited and debited with:

- your contributions
- the Crown's kickstart contribution of $1,000
- the Crown's member tax credits
- any amount transferred from another superannuation or KiwiSaver scheme and credited to this account
- investment returns (positive or negative)
- any tax credits or debits in respect of your Member's Account
- any benefits paid to you or on your behalf from this account
- the administration fees
- permitted withdrawals eg first home subsidy

What are the charges?

At the date of this Investment Statement no fee is payable for joining the Scheme, making contributions, making withdrawals or transferring out of the Scheme to another KiwiSaver scheme.

Subject to the KiwiSaver Act, fees could be introduced at any time and Members will be informed of any adverse changes in fees.

The Administration Manager is currently entitled to a fee payable by Members of $5.00 per month, for the services it provides. The fee may be adjusted annually following the provision of notice to the Trustee. The Trustee will advise Members of any adverse changes.

For undertaking the duties of Investment Advisers and Brokers, involving the buying and selling of the Scheme's investments, brokerage fees are charged to the cost of the investment. The brokerage fees are not limited and are subject to negotiation.

The Secretary and Trustee are entitled to be reimbursed from the Scheme for all expenses, costs or liabilities incurred by them acting as Secretary and Trustee respectively. The reimbursable expenses include, but are not limited to:

(a) costs and expenses of the Trustee, Administration Manager, Secretary, auditors, solicitors and other advisors, including those related to the preparation of the Scheme's trust deed (and any amendments to it)

(b) Member correspondence and communications

(c) interest on any borrowing, GST and any other taxes

(d) bank fees

(e) charges associated with custody, clearing, settlement, operations and accounting services

The PSBG KiwiSaver Scheme will recover only the actual costs incurred and a cap of 1.25% per annum of the gross value of the Scheme's assets will apply to reimbursable expenses.

The Trustee is indemnified out of the Scheme with respect to all liabilities and expenses incurred in administering the Scheme. The indemnity does not extend to actions attributable to the Trustee's dishonesty or wilful breach of trust.

The KiwiSaver Act requires all fees charged by KiwiSaver Schemes to be not unreasonable. Members can apply to the Court for an order that an unreasonable fee be annulled or reduced. Any such application must be made within one year of the date that the fee is imposed or debited.

GST (currently at 12.5%) will be charged on all fees as applicable.

What returns will I get?

Your returns from the Scheme are in the nature of a lump sum benefit. Your benefits are based on the accumulation of contributions paid into the Scheme and adjusted for investment returns.

The Trustee is legally liable to pay the benefits under the Trust Deed of the Scheme. However none of the Trustee, the Promoters, the Crown or any person guarantees the returns or promises the amount of them nor can they state the amount of return you will receive.

Key factors determining your returns

The key factors that determine the amount of benefit you will receive from the Scheme include:-

❒ the amount contributed to the Scheme by and in respect of you

- ❒ the amount of your Member Tax Credit
- ❒ the investment return achieved in respect of your savings (see below)
- ❒ the fees and expenses of the Scheme
- ❒ the tax treatment of the Scheme

Investment Returns

The annual Scheme return is based on investment income for the year less the management and other expenses (including tax) of running the Scheme. The Scheme return (positive or negative) is allocated to Members' Accounts based on the net results of the Scheme for the year based on the annual financial statements. Each year the Trustee may retain an amount (calculated at the Trustee's discretion) as a reserve for reinvestment into the Scheme prior to declaring the Scheme return.

Taxation of Earnings

The Scheme is registered as a Portfolio Investment Entity (PIE) and pays income tax on its assessable income less deductible expenses. The tax payable in respect of a Member's Account will depend on the Member's portfolio investor rate.

When a Member joins the Scheme they will be required to disclose their portfolio investor rate.

The portfolio investor rate will be:

- 19.5%, where in either of the two previous tax years, the Member earned $38,000 or less of taxable income (excluding income from PIEs that allocate income to Members) and an aggregate of $60,000 or less of taxable income (including income from PIEs that allocate income to Members); or
- 30% for Members who do not quality for the 19.5% rate.

Failure to notify the Trustee will result in the application of the default rate of 30%.

The Administration Manager will require this information to be updated each year so the correct amount of tax is paid on the investment return applied to a Member's Account.

The tax paid in respect of each Member is taken into account when applying the investment return to each Member's Account. Since tax has already been paid on the assessable investment income it is not necessary to declare the investment return on a personal tax return.

A Member who incorrectly notifies the Scheme that he or she qualifies for the 19.5% rate will have a liability to pay additional tax directly to the Inland Revenue.

A withdrawal or transfer may trigger a tax liability for income derived in the period up to date of withdrawal or transfer. An amount equal to the tax liability will generally be deducted from the amount due to the Member or to be transferred. The Scheme will pay this amount to Inland Revenue. To the extent this liability is not paid by the Scheme, a Member may need to pay the tax directly to the Inland Revenue. To the extent this liability is paid by the Scheme and is not or cannot be deducted from the Member's interest, the Member is required to indemnify the Trustee for the shortfall.

Fund Withdrawal Tax (FWT) will not apply to a withdrawal permitted from a KiwiSaver Scheme.

As a PIE the Scheme will not be subject to any tax on gains (and will not be entitled to deduct any losses) from capital gains on shares issued by companies that are either New Zealand resident or Australian tax resident companies listed on certain approved ASX indices.

Where the Scheme has exposure to international equity markets, other than Australian shares mentioned above, in most cases the Scheme will be treated as earning taxable income equal to 5% of the value of those equity interests. Dividends or profits from the sales of most international equity interests, other than Australian shares, will not be included as taxable income and no tax deduction can be claimed for any losses.

Tax law is complex and changes frequently. As the PIE regime is newly introduced, modifications to it are likely to deal with issues that become apparent once it is up and running. Further, contributions are 'locked-in' under the Scheme. Therefore, investors should periodically monitor the tax implications of investing in the Scheme and should not assume that the position will remain the same as it is when they start investing. The comments under this heading "Taxation" are provided as general background only and are not a comprehensive discussion of all issues.

Members should seek taxation advice specific to their own situation.

All benefits are tax-paid under current legislation.

Benefits

As the Scheme has been set up under the KiwiSaver Act to help Members save for their retirement Members cannot obtain benefits from the Scheme until they are eligible as set out in the circumstances below. It is possible that under the KiwiSaver Act or under the terms of the Trust Deed, the Trustee may require certain information from you in order to ensure that a Member is eligible to receive a benefit. The Trustee is authorised to withhold and pay any tax payable in respect to any benefit that is paid to a Member.

KiwiSaver end payment date

When a Member reaches the age of entitlement to New Zealand Superannuation, (currently 65), or has been a Member of a KiwiSaver Scheme for five years, or has been a Member of a complying superannuation fund as defined on page 6, (or of a complying superannuation fund in a KiwiSaver Scheme) for 5 years, whichever is the latest, the Member is entitled to receive a benefit from the Scheme. The amount the member is eligible to receive as a benefit will be the balance of your Member's Account at the date of payment.

A Member may choose to leave some or all of their Member's Account in the Scheme after he/she becomes eligible to receive this benefit.

Death benefit

If a Member dies while he/she is a Member of the Scheme, on application by the personal representative, the personal representative will be paid the balance of the Member's Account in the Scheme.

Significant financial hardship benefit

A Member may receive a benefit of an amount no greater than the balance of the Member's

Account, excluding the $1,000 initial Crown contribution and Member tax credits, on the grounds of significant financial hardship as determined by the Trustee in accordance with the KiwiSaver Act. The Trustee must be reasonably satisfied that reasonable alternative sources of funding have been explored and have been exhausted. The Trustee may limit the amount permitted to be withdrawn to a specified amount that, in the Trustee's opinion, is required to alleviate the particular hardship the Member has suffered.

Under the KiwiSaver Act significant financial hardship includes significant financial difficulties that arise because of:

- a Member being are unable to meet minimum living expenses; or
- the Member is unable to meet mortgage repayments on his/her principal family residence resulting in the mortgagee seeking to enforce the mortgage on the residence; or
- the cost of modifying a residence to meet the Member, or a dependant's, special needs; or
- the cost of the Member, or a dependant's, medical treatment for an illness or injury; or
- the cost of the Member, or a dependant's, palliative care; or
- the cost of a funeral for a dependant; or
- the Member suffering from a serious illness.

Benefit in cases of serious illness

A Member may receive a benefit of an amount no greater than the balance of the Member's Account where the Trustee is reasonably satisfied that the Member is suffering from serious illness and is in compliance with the requirements of the KiwiSaver Act. As at the date of this Investment Statement, under the KiwiSaver Act "serious illness" means an injury, illness or disability:

- that results in the Member being totally and permanently unable to engage in work for which he/she is suited by reason of experience, education or training or any combination of those things; or
- that poses a serious and imminent risk of death.

First home benefit

After three years of KiwiSaver membership a Member may be able to withdraw all, or a part of their savings (but excluding any of the Crown contributions) to put towards the purchase of buying their first home. The Member may also be able to access a conditional grant towards buying a first home. The grant is $1,000 for each year of contributions to KiwiSaver up to a maximum of $5,000. To qualify for the deposit subsidy, Members of KiwiSaver must:-

❒ contribute at least 2% of their income to KiwiSaver for at least three years (so the minimum deposit subsidy is $3,000).

❒ be a first home buyer (or have a determination from Housing New Zealand Corporation that they are in similar position to a first home buyer in terms of income, assets and liabilities).

❒ by buying a lower quartile price house*

❒ having a household income of less than $100,000 (for one or two people), or less than $140,000 (for more than two people).

Recipients of the deposit subsidy will be required to live in the house for at least six months.

Housing New Zealand is due to report back to the Government in 2009 on further details about the implementation of the housing subsidy. Further information can be found on the website of Housing New Zealand, www.hnzc/hnzc/web/home/htm.

*Currently the lower quartile house prices are set at $400,000 in higher priced areas such as North Shore City, Auckland City and Queenstown Lakes District, and $300,000 in the rest of New Zealand.

Benefit or transfer to foreign scheme in cases of permanent emigration
If a Member emigrates permanently from New Zealand the Member may, on application to the Trustee, and subject to compliance with the requirements of the KiwiSaver Act, receive a benefit of an amount equal to the value of his/her interest in the Scheme (excluding the total amount of any Member tax credit), no earlier than one year after emigration. Alternatively, the Member may, on application to the Trustee, at any time after permanent emigration from New Zealand, and subject to compliance with the requirements of the KiwiSaver Act, have the Trustee transfer the balance of the Member's Account to a foreign superannuation scheme authorised for that purpose under regulations made under the KiwiSaver Act.

Release of funds required under other enactments
The Trustee must comply with any enactment requiring them to release funds from the KiwiSaver Scheme, including a requirement to release funds by order of any Court under any enactment (including the Property (Relationships) Act 1976).

Method of payment of benefit
The Trustee must, at a Member's request, pay a permitted benefit as a lump sum. The Administration Manager will generally pay all benefits by an electronic transfer of funds to another KiwiSaver scheme or, where the member is entitled to receive the benefit direct, to the member's nominated bank account. Payment can be made by cheque but the member may have to wait until the cheque is cleared before accessing the funds.

Death benefits will not generally be paid until all supporting documents (eg death certificate) have been received and/or sighted by the Trustee or the Administration Manager.

What are my risks?

Investment Performance

At any time the Scheme may invest in a range of investments including:

- Fixed Term Securities
- Government and Local Authority Securities
- Mortgages
- Property
- Shares and Convertible Securities (both New Zealand and overseas)

One of the major long-term investment objectives of the Scheme is to provide an investment return in excess of the rate of inflation, so as to maximise expected retirement benefits, consistent with an appropriate level of risk. This means some exposure to property and equity type investments that are considered to provide a rate of return, over the long term, in excess of the rate of inflation.

The Trustee is generally risk averse. A reasonable rate of return is desired but not at a high risk. As the Scheme is a lump sum accumulation Scheme, ultimately the total investment risk is incurred by Members of the Scheme.

The main risk of not recovering the amount paid by way of contributions or of not receiving returns are low investment performance coupled with the effect of fees and expenses creating a negative return in any year. Positive and negative returns are credited or debited to Members' Accounts. The principal risks applying to the Scheme that could affect returns (and which are common to most KiwiSaver and superannuation schemes generally) are:

- *Investment risk:* The risk of negative returns on the Scheme's investments or that the returns for the Scheme generally are insufficient to meet the applicable expenses;
- *Liquidity risk:* The risk of the Scheme not being able to meet monetary obligations in a timely manner. The risk arises where there is a mismatch between the maturity profile of investments and the amounts required to pay benefits;
- *Regulatory risk:* The risk of future changes to tax, KiwiSaver or general superannuation legislation which could affect the operation of the Scheme or Members' benefits in the Scheme, or of the Trust Deed being amended in a manner required or permitted by law that has the effect of reducing the value of Member's benefits in the Scheme;
- *Credit risk:* The risk of the Scheme becoming insolvent and being placed into receivership, liquidation or statutory management or being otherwise unable to meet its financial obligations. If this occurs, Members may not recover the full amount of their benefit in the Scheme;
- *Administration risk:* The risk of a technological or other failure impacting on the Scheme or financial markets in general; and
- *Tax rate risk:* The risk of the Administration Manager either over or underpaying tax within the Scheme on behalf of a Member as a result of the Member providing the Administration Manager with the wrong Prescribed Investor Rate or not advising the Administration Manager to change that rate when it needed to be changed. In the event of an underpayment of tax a Member will be obliged to pay additional tax (and potentially penalties or interest) to the IRD.

Due to the possible impact of these risk factors outlined above, and the impact of fees, it is reasonably foreseeable that you could receive less than your contributions if you cease to be a Member a short time after joining the Scheme.

Investments are spread over a wide range of activities and given the attitude to risk the Trustee expects a negative real rate of return no more frequently than once every 10 years, and negative nominal rate of return no more frequently than once every 20 years.

Such expectations are not guaranteed and it is possible that short-term investors may not recover their contributions in full in the event of a depressed property market, sharemarket crash or other financial crisis.

All money belonging to this Scheme to be invested in accordance with the provisions of the Trustee Act 1956, and the Trustee shall, in exercising the power of investment, exercise the care, diligence, and skill required under the terms of the Trustee Act.

The Trustee has the power to borrow and charge assets on the security of the Scheme, but at the date of this Investment Statement, has no intention to do so.

Insolvency of the Scheme

In the unlikely event that the Scheme becomes insolvent (i.e. its liabilities exceeded its assets) you would not have to pay any more money into the Scheme or to any other person who may be owed money from the Scheme.

Except in certain circumstances in relation to tax, you will not be required to pay in respect of the Scheme more money than is disclosed under the heading "How much do I pay?" on page 7 or on insolvency discussed below. The circumstances, in relation to tax, in which you may be required to pay more money in respect of the Scheme, are where the Trustee incurs tax on your behalf and the balance in your Member Account is not sufficient to cover the tax liability that the Trustee incurred.

In the event of the Scheme being wound up or put into liquidation, any fees and expenses associated with the wind up together with any income tax due would be paid first. Afterwards all the members remaining in the Scheme at the wind up date would have their benefits transferred to another KiwiSaver scheme. Further details about winding up the scheme can be found under **How do I cash in my investment?**

The Trustee is not aware of any claims on the assets of the Scheme (other than fees and expenses and any income tax) that it would be reasonable to expect it to foresee, given the nature of the Scheme, that would, or may rank equally with the claims of the members in the event of a windup of the Scheme.

Can the investment be altered?

There are a number of ways in which a member's investment in the Scheme can change. These are described below.

Changing contributions

A Member can change their contribution rate from 2% to 4% or 8% or from 8% or 4% to 2% by giving notice to their employer of the new rate which will apply to the next payment of salary or wages that is calculated after the employer receives notice. Unless an employer agrees otherwise a Member may only change their contribution rate at intervals that are no less than three months apart. Individual Members may change their contributions by contacting the Administration Manager.

A Member is entitled to cease making contributions to the Scheme as detailed in the section 'How much do I pay' on page 7.

Fees

Subject to the provisions of the KiwiSaver Act, the Trustee may make changes to the fees set out in the section 'What are the charges?' and charge new fees from time to time.

Suspending Contributions

As explained earlier, a member can apply to the Inland Revenue for a contributions holiday where they are contributing via deductions from salary or wages via an employer. For further information see **Contributions holiday** under **How much do I pay?**

Investment policies, objectives and guidelines
From time to time, the Trustee may review and revise the investment objectives and investments of the Scheme. It will communicate any such revision to Members on or before the date on which the revision takes effect.

Transfers

A Member may transfer from the Scheme to another KiwiSaver scheme at any time by contracting directly with the provider of the new KiwiSaver scheme to become a Member of that Scheme. In certain limited circumstances a Member may be compulsorily transferred between KiwiSaver schemes under the KiwiSaver Act. A Member can only belong to one KiwiSaver scheme at a time and any benefit will be transferred to the scheme the Member transfers to.

Amendments to Legislation

Legislation, including the KiwiSaver Act, may be amended from time to time by the government and any such amendment may impact on the Scheme.

Amending the Trust Deed

The Trustee may amend the Trust Deed but no amendment of the type specified below can be made to the Trust Deed without the prior written consent of every Member or of every other beneficiary who is in receipt of a benefit under the Scheme at the time the amendment is made, who would be adversely affected by the amendment. Amendments requiring consent are those which would have the effect of:

(a) reducing, postponing or otherwise adversely affecting the benefits, whether vested, contingent, or discretionary, that may in due course flow from, or are attributable to, membership of the Scheme up to the date the amendment is made; or

(b) removing any right of the Members or other beneficiaries to participate in the management of the Scheme; or

(c) increasing the contributions, fees or charges payable by any Member; or

(d) providing for the reversion of any assets of the Scheme to any employer to any greater extent than already provided for in the Deed.

How do I cash in my investment?

Withdrawing from the Scheme

Members cannot generally make a withdrawal from the Scheme until the later of:

(a) the date on which the Member reaches the New Zealand Superannuation qualification age (currently 65 years) or

(b) the date on which the Member has been a Member of a KiwiSaver Scheme for 5 years; or

(c) the date on which the Member has been a Member of a complying superannuation fund (or a complying superannuation fund in a KiwiSaver Scheme) for 5 years. A complying superannuation fund is a superannuation scheme that, while not a KiwiSaver scheme, has rules enabling an equivalent lock in benefits and has been approved by the Government Actuary as a complying superannuation fund.

In limited circumstances, where relevant criteria are met, withdrawals may be made in cases of

(a) significant financial hardship
(b) serious illness
(c) permanent emigration
(d) first home purchase
(e) statute.

Details of the criteria for each circumstance is set out under the heading 'What returns will I get?' on page 10.

Transferring to another KiwiSaver scheme

Members may voluntarily transfer from the Scheme to another KiwiSaver scheme at any time by contracting directly with the provider of the scheme the Member wishes to transfer to.

A Member may also be involuntarily transferred by the Inland Revenue from the Scheme to another KiwiSaver Scheme if –

(a) the Member ceases to be eligible to be a Member and the Member does not voluntarily transfer to another scheme.
(b) The Scheme is being wound up and the Member does not voluntarily transfer to another scheme.
(c) The Government Actuary approves the transfer in accordance with the Act.

Right to sell your investment

The rights and interests of a Member under the Scheme are personal and may not be transferred to another person, charged or otherwise dealt with or used as security.

You are not permitted to sell, mortgage, charge or pass to any other person your interest in the scheme in any way.

Cessation of Membership

A Member's membership in the Scheme will cease on the occurrence of any of the following:

(a) the Member's death
(b) the Member receiving the Member's full benefit from the Scheme and ceasing to have any further entitlement under the Scheme.
(c) the Member transferring from the Scheme to another KiwiSaver Scheme and ceasing to have an entitlement under the Scheme.
(d) subject to the KiwiSaver Act, the Administration Manager determining that the Member will cease to be a Member if the balance in the Member's Accounts

reach zero and notice is given to the Member that membership is terminated.
(e) any date prescribed by law on which that person ceases to be a Member.
(f) the Member opts out in accordance with the KiwiSaver Act.

Wind up of Scheme
There is provision in the Trust Deed that would allow the Scheme to be wound up.

- by resolution of the Trustee
- at any time before 80 years from date of registration
- where the Government Actuary requires in terms of the KiwiSaver Act

In the event of the Scheme or a Sector of the Scheme being wound up, the assets of the Scheme would be realised in an orderly manner over a period not exceeding 10 years. All expenses and liabilities (including Trustee, administration and investment management fees, secured and unsecured borrowings) of the Scheme would be paid first. All Members of the Scheme will then rank equally with respect to the remaining assets of the Scheme which will then be distributed in proportion to the Members' Account balances on that date.

Each Member will be given the opportunity to transfer to another KiwiSaver scheme. If a Member does not select another KiwiSaver scheme then the Member will be transferred to KiwiSaver scheme allocated by Inland Revenue, a default KiwiSaver scheme.

Transferring to another KiwiSaver Scheme
Members may apply to join another KiwiSaver scheme in which case the Trustee shall transfer an amount equal to the value of the Member's Account in the Scheme to the other KiwiSaver scheme upon receipt of written acceptance of terms from the transferee scheme trustees. On transferring, the Member will cease to be a Member of the Scheme.

Who do I contact with enquiries about my investment?

Enquiries about the investment may be made to:

- **Mr A Goss**

Administration Manager
PSBG KiwiSaver Scheme
Aon New Zealand
Level 8, BP House
Cnr Customhouse Quay & Waring Taylor Street
P O Box 2517
Wellington
Phone: 04-819 4052
Fax: 04-819 4106

- **Mr P G Sheehan**

PSBG KiwiSaver Secretary
Kendons Chartered Accountants Limited
69 Rutherford Street
P O Box 30459
Lower Hutt
Phone: 04-566 4399

Fax: 04-569 2742
Email: psbg@kendons.co.nz

Is there anyone to whom I can complain if I have problems with the investment?

A complaint about your investment may be made to:

- **Mr P G Sheehan**
PSBG KiwiSaver Secretary
Kendons Chartered Accountants Limited
69 Rutherford Street
P O Box 30459
Lower Hutt
Phone: 04-566 4399
Fax: 04-569 2742
Email: psbg@kendons.co.nz

- **Mr G Pallo**
13A Norton Park Avenue
Lower Hutt
Phone: 04-938 1534
Fax: 04-567 6919

- **Mr DJ Ruegg**
2/56 Castor Bay Road
Castor Bay
Auckland
Phone: 09-410 6252

There is currently no ombudsman in respect of the Scheme. However, if you feel the Scheme is not being operated in accordance with the KiwiSaver Act 2006 or the Superannuation Schemes Act 1989 or that the financial position, security of benefits or the management of the Scheme is inadequate you can complain to the Government Actuary at the address below.:-

The Government Actuary
Insurance and Superannuation Unit
Ministry of Economic Development
Level 6, 33 Bowen Street
PO Box 10867
The Terrace
Wellington
Phone: 04 -913 3651

What other information can I obtain about this investment?

- Other information about the Scheme can be obtained from the Prospectus, Financial Statements (when available) and the Trust Deed.

- ❒ The Prospectus, Trust Deed (including amendments) and the Financial Statements (when available) are filed on a public register at the Companies Office at the Ministry of Economic Development and are available for public inspection on payment of a prescribed fee or can be obtained at no charge from the Scheme Secretary (P O Box 30-459, Lower Hutt). They can be inspected on line on the Companies Office website, www.companies.govt.nz under 'Search other registers'.

- ❒ The Annual Report with audited Financial Statements is prepared each year and a copy is sent to each Member. Following completion of the Financial Statements and allocation of the investment return to Members Accounts, an advice letter is also sent to Members showing their balance at the start of the year, contributions made during the year, the investment return credited (or debited) for the year, any withdrawals during the year and the closing balance.

On-request information

You can request the following documents or information from the Scheme's Administration Manager free of charge (see "Who is involved in providing this for me?" on page 3 for contact details):

- a copy of the Scheme's Trust Deed;
- the prospectus for the Scheme;
- a copy of financial statements for the Scheme and any auditor's report, once available;
- the most recent annual report of the Scheme (once available);
- a copy of the most recent Investment Statement;
- inspect, or obtain a copy of any part of the Member Register relating to the member; and
- an estimate of the member's benefit in the Scheme.

Estimate of a member's benefit entitlements are also available by logging into ebenefits at www.ebenefits.com.au.

Member's identification

The Financial Transactions Reporting Act 1996 requires the Trustees to positively identify all members. Members may be asked to provide identification, depending on how they make their initial investment. Members will not need to provide identification if they make their initial investment by personal cheque (i.e. drawn on their own bank account), or by direct debit on their personal account.

In all other cases members will need to provide two forms of identification:

- proof of their residential address (e.g. a copy of a power or telephone company bill no more than 6 months old), and
- photographic identification (passport or driver's licence)

If members are providing identification directly to the Scheme's Administration Manager, please send certified copies only, not originals.

A certified copy is an original form of identification that has been sighted, copied, and signed by a Justice of the Peace or a solicitor.