

# Midlands Wholesale Fund Fact Sheet



NAME OF FUND MIDLANDS INCOME WHOLESAL FUND

Fund Inception	July 2021
What am I investing in?	The Midlands Income Wholesale Fund invests solely into the Midlands Smarter PIE Fund, but at a lower fee structure and therefore a higher return for investors.
What is the Midlands Smarter PIE Fund?	The Midlands Smarter PIE Fund is a regulated, 'Retail' PIE Fund (whereas the Midlands Wholesale Fund, is a 'Wholesale' PIE Fund). Investing with Midlands provides an alternative way to invest in the New Zealand property sector, without direct property ownership. The Midlands Smarter PIE fund invests in first ranking mortgages, all secured by NZ property and land assets. Your investment is pooled with lots of other like-minded investors and diversified across many residential, rural and commercial property loans, spread right throughout the country.
What is your risk rating?	The Midlands Wholesale Fund does not have a Risk Rating as this is not a requirement of Wholesale Funds. The Risk Rating of the Midlands Smarter PIE Fund is a 1 out of 7, the lowest risk rating possible.
Is my investment 'On-Call'?	Your investment is not 'on call'. <ul style="list-style-type: none"><li>– Investments under \$500,000 have a 30 day withdrawal notice period</li><li>– Investments over \$500,000, have a 60 day withdrawal notice period</li></ul>
What options do I have for my Returns?	The returns from your investment can be paid quarterly into your nominated bank account OR reinvested, so you can watch your money grow. It's your choice.
When will my returns be paid?	Your returns are calculated quarterly and paid into your account on the last business day in March, June, September and December each year.
Can I make Investment Top Ups?	Yes, you can make one-off lump sum or regular investment top-ups and you can change these settings at any time.
Does the Fund offer fixed returns?	No, the fund does not offer 'fixed term' returns like a Term Deposit. Returns are variable and announced quarterly.
Is the fund Actively Managed?	Yes. Our team of specialist experts has over 180 years of experience in banking & finance, so your investment's in good hands.
What is the Management Fee?	The Midlands Wholesale Fund provides access to the Midlands Smarter PIE Fund, but at a lower fee structure. Typically, Midlands will offer lower fees for larger investments that have a 30 or 60 day withdrawal notice period. This is facilitated by way of a quarterly fee rebate.
Any Other Fees?	No. We do not charge set-up, withdrawal, performance, penalty or transaction fees.
Eligibility Criteria	'Wholesale investors' must meet the eligibility criteria as defined by the FMA and provide a completed 'Eligible Investor Certificate'. See our website for more information.
Is the Fund a PIE Fund?	Yes. PIE Funds normally offer certain tax advantages to many investors. That's because the most tax NZ based investors will normally pay on their returns in a PIE fund is 28%. If you are NOT in a PIE Fund, you could pay up to 39% tax. This means many people pay less tax if they invest in a PIE fund.
How much tax will I pay on my Returns?	Your returns will be taxed at your Prescribed Investor Rate (PIR). We will automatically deduct tax from your returns at your Prescribed Investor Rate before depositing your post tax returns into your bank account or reinvesting it back into the Fund. You will need to tell us your PIR so that you are taxed at the correct rate. If you do not know your PIR, give us a call or visit our website.
Who is the Fund Manager?	Midlands Funds Management Limited (MFML)
Is Midlands Supervised?	Yes. Midlands is supervised by Trustees Executors Ltd (TEL), who are Independent Supervisors accredited by the FMA.
Minimum Investment Amount?	\$100,000.

**WHOLESALE INVESTORS ONLY**

The Midlands Income Wholesale Fund is only available to persons who are wholesale investors for the purposes of the offer in terms of clause 3(2) or 3(3)(a) of Schedule 1 of the Financial Markets Conduct Act 2013. No product disclosure statement for the purposes of that Act has been prepared and none is required for a wholesale offer. Ask questions, read all documents carefully, and seek independent financial and tax advice before committing yourself.

**1. INVESTOR INFORMATION**

Investor 1 (principal account holder)	Investor 2 (if applicable)
Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)	Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)
First name(s):	First name(s):
Surname:	Surname:
Occupation:	Occupation:
Date of birth:     /     /	Date of birth:     /     /
Home address:	Home address:
Postcode:	Postcode:
Postal address (if different from your home address):	Postal address (if different from your home address):
Postcode:	Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD Number: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	IRD Number: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

**Signatory requirements**

- One investor to sign
- Both investors required to sign (if applicable)\*

*\*If this option is selected Midlands will not action any requests without all required signatures.*

## 2. YOUR INVESTMENT

**Key investment details** *This section must be completed in conjunction with Midlands*

Amount you are investing:	\$
Investment term (or withdrawal notice period)	
Agreed management fee	% per annum

Please refer to "Maturity of fixed term investments" in section 3 of the Information Memorandum for an explanation of what happens at the end of an agreed investment term.

### Source of funds/wealth\*

Please tell us the original source of the funds you are investing with us. You might need to supply proof of the source as sale & purchase agreement, payslips, legal documentation.

- Inheritance/windfall  Property sale  Asset/Business sale  Personal Income  Accumulated Savings  
 Superannuation

Please provide details about the source of funds. For example, sale of property at 55 Greys Road for \$800,000 on 21/06/2022.

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### Primary purpose for the investment\*

Please tell us the primary reason you are investing these funds with us.

- Retirement  Income  Investment  Other (please specify) \_\_\_\_\_

How do you intend to transact on this account?

#### Deposits (please select at least one)

- Regular  
 Now and then  
 Lump sum (one off)

#### Withdrawals (please select at least one)

- Regular  
 Now and then  
 Lump sum (one off)

\*Please note this information is requested solely in relation to our anti-money laundering obligations and is not used to assess the suitability of your investment, or to provide financial advice.

## 3. TAX INFORMATION

*The taxpayer for joint investors is the investor with the highest prescribed investor rate*

### NZ Tax Residency

Are you a tax resident of New Zealand?  Yes  No

### Foreign Tax Residency

Are you a US citizen or US tax resident?  Yes  No

Are you a tax resident in any other country (other than US or NZ)?  Yes  No

If you answered 'Yes' to either of the above questions please list all countries below and provide the Tax Identification Number ('TIN') for each country.

If you are a US citizen or US tax resident your TIN will typically be your Social Security Number.

Country of Tax Residence	TIN (or reason why TIN was unable to be obtained)

Taxpayer's prescribed investor rate (PIR): *if not provided, 28% will apply.*

- 10.5%  17.5%  28%

To determine your PIR, go to [www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](http://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate).

#### 4. DISTRIBUTION AND WITHDRAWAL INSTRUCTIONS (PLEASE TICK AS APPROPRIATE)

**Distribute returns**

**Reinvest returns in additional units**

Please complete your bank account details for payments of returns or withdrawals.

*(Payments of returns can only be made to the nominated bank account as detailed below or to your solicitor's trust account).*

Bank account number: \_\_\_\_\_

Name of account: \_\_\_\_\_

*(Please attach bank deposit slip, certified copy of bank statement or bank details stamped by bank teller).*

#### 5. CONFIRMING YOUR IDENTITY AND ADDRESS

To comply with anti-money laundering laws, we need to verify your identity and your address. Please refer to page 11 for your identification and address verification requirements. Document copies must be certified by a "trusted referee". The description of who is a trusted referee is also attached.

#### 6. YOUR ACKNOWLEDGEMENTS AND AGREEMENTS

##### **Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT)**

You must not knowingly do anything to put Midlands Funds Management Limited (the "Manager" or "us") in breach of the AML/CFT. You agree to provide all additional information and assistance requested by us and comply with all reasonable requests from us to facilitate our compliance with the AML/CFT.

You represent and warrant that you are not aware and have no reason to suspect that:

- the money used to fund any investment by you is derived from or related to any criminal or other illegal activities, money laundering, terrorism financing or similar activities (Illegal Activities); or
- the proceeds of any investment will fund any Illegal Activities.

You agree that the Manager is not liable for any losses incurred as a result of any action we take or omit to take and which either delays your investment or results in an application being declined, when these actions or omissions are necessary for us to comply with our obligations under the AML/CFT.

##### **Privacy Act 2020**

This statement relates to personal information that you are providing to us by way of this application and any subsequent personal information which you may provide in the future. The personal information you have supplied may be used by us (and our related entities) for the purposes of enabling us to arrange and manage your investment, to contact you in relation to your investment and to market other products to you.

You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf; to regulatory bodies or law enforcement agencies as required by law and to meet our legal or regulatory obligations. Except where precluded by law, we will provide you (on request) with the name and address of any entity to which information has been disclosed.

You have the right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. You agree that your name and address may be used by us to provide you with newsletters and other information about the Manager and other products and services offered by the Manager.

##### **Power of Attorney**

If you are signing for the investor under a power of attorney ensure you have also attached:

- a certified copy of the power of attorney and completed the certificate of non-revocation; and
- identification of the attorney as described above.

##### **Email Use**

You consent to receiving financial statements, and other documents which we are required to send to you, electronically at the email address on this form, or another email address advised to us.

##### **Authority**

Unless we hold written authority from all parties authorising a specific person(s) to act on behalf of the investor, we shall require all parties to sign this application and any subsequent withdrawal/variation requests.

##### **Disclosures**

Are you or are you immediately related to: a senior member of NZ or foreign government, the judiciary, the military or an ambassador?

Yes  No

7. DECLARATION

I have read and retained a copy of the Information Memorandum dated 1 April 2024 for the Midlands Income Wholesale Fund. I agree to the terms outlined above in relation to the Privacy Act, the supply of personal information, email use and the AML/CFT. I understand that the value of my investment is liable to fluctuations and may rise and fall from time to time.

I agree to be bound by the trust deed for the Midlands Income Wholesale Fund.

**I understand that neither the Manager, Trustees Executors Limited nor any other person guarantees the performance of the Midlands Income Wholesale Fund or the repayment of capital or any particular rate of return from the Midlands Income Wholesale Fund.**

Signature of Investor 1 (principal account holder):

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Signature of Investor 2 (principal account holder):

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

8. SUBMITTING THIS APPLICATION FORM AND MAKING PAYMENTS

**The completed application form together with certified proof of identity and a completed wholesale or eligible investor certificate may be scanned and emailed to: investments@mmt.net.nz.**

The original application form, identity documents and wholesale or eligible investor certificate must be sent to:

**Midlands Funds Management Limited  
1/111 Karamu Road  
Hastings 4122**

**PO Box 609  
Hastings 4156**

On receipt of documents we will contact you and advise you of our bank account details, for payment of your investment sum.

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY  
(Complete only if this application is being signed by attorney)

I, \_\_\_\_\_

of (address and occupation of attorney) \_\_\_\_\_

HEREBY CERTIFY THAT:

1. By power of attorney dated the \_\_\_\_\_ day of \_\_\_\_\_

(Name and occupation of person for whom attorney is signing)

("donor") appointed me his/her/its attorney on the terms and conditions set out in that power of attorney.

2. I have executed the application for units printed on the face of this form as attorney under that power of attorney and pursuant to the power thereby conferred upon me.

3. At the date of this certificate I have not received any notice or information of the revocation of that power of attorney by the death (or winding up) of the donor or otherwise.

Signed at \_\_\_\_\_ Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Signature of attorney \_\_\_\_\_



MIDLANDS INCOME WHOLESALE FUND

## APPLICATION FORM

Companies, Trusts, Incorporated Societies,  
Partnerships and Estates

### WHOLESALE INVESTORS ONLY

The Midlands Income Wholesale Fund is only available to persons who are wholesale investors for the purposes of the offer in terms of clause 3(2) or 3(3)(a) of Schedule 1 of the Financial Markets Conduct Act 2013. No product disclosure statement for the purposes of that Act has been prepared and none is required for a wholesale offer. Ask questions, read all documents carefully, and seek independent financial and tax advice before committing yourself.

### 1. INVESTOR INFORMATION

Company, Trust, Incorporated Society, Partnership or Estate name:

*If a Trust, please advise Trust type:*

Discretionary Trust  Charitable Trust  Non-Discretionary Trust

Company or Incorporated Society registration number:

Registered address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Postal address  
*(if different from registered address):* \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Contact phone/s:

Email:

### 2. TAX INFORMATION

IRD Number:

Is the investor a New Zealand resident for tax purposes? *If No, state the taxpayer's country of residence for tax purposes.*

Yes  No

Is the entity a foreign tax resident?  Yes  No

If 'Yes' please list all countries other than New Zealand, in which the entity is a tax resident and provide the Tax Identification Number ('TIN') for each country.

Country of Tax Residence	TIN (or reason why TIN was unable to be obtained)

Taxpayer's prescribed investor rate (PIR): *If not provided, 28% will apply.*

0%  10.5%  17.5%  28%

To determine your PIR, go to [www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](http://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate).

### 3. INVESTMENT DETAILS

**Key investment details** *This section must be completed in conjunction with Midlands*

Amount you are investing:	\$
Investment term (or withdrawal notice period)	
Agreed management fee	% per annum

Please refer to "Maturity of fixed term investments" in section 3 of the Information Memorandum for an explanation of what happens at the end of an agreed investment term.

#### Source of funds/wealth\*

Please tell us the original source of the funds you are investing with us.

**You will need to supply certified proof of the source of funds such as sale & purchase agreement, payslips, legal documentation.**

- Inheritance/windfall  Property sale  Asset/Business sale  Personal Income  Accumulated Savings  
 Superannuation

Please provide the further details about the source of funds. For example, sale of property at 55 Greys Road for \$800,000 on 21/06/2022.

#### Primary purpose for the investment\*

Please tell us the primary reason you are investing these funds with us.

- Retirement  Income  Investment  Other (please specify) \_\_\_\_\_

How do you intend to transact on this account?

##### Deposits (please select at least one)

- Regular  
 Now and then  
 Lump sum (one off)

##### Withdrawals (please select at least one)

- Regular  
 Now and then  
 Lump sum (one off)

\*Please note this information is requested solely in relation to our anti-money laundering obligations and is not used to assess the suitability of your investment, or to provide financial advice.

### 4. CONFIRMING THE IDENTITY AND ADDRESS OF RELEVANT PERSONS

To comply with anti-money laundering rules we need to verify the identity of various people associated with the investor. In the case of companies, we must verify the identity of people owning more than 25% of the shares and people acting on behalf of the company (usually the directors). In the case of partnerships, we must verify the identity of the partners and anyone authorised to act on behalf of the partnership. In the case of trusts, we must identify persons acting on behalf of the trust (usually the trustees) and also any settled beneficiaries. In the case of incorporated societies we must verify the identity of directors or governing officers. **Each of these people described above is a "Relevant Person"**. If a trust has a range of beneficiaries it is necessary to describe that range (for example "relatives of the settlor").

Each Relevant Person must complete the information below and provide certified copies of documents to fulfil the requirements of either Identification Option 1 or Identification Option 2 or Identification Option 3 and in each case the Address Verification Requirement. **Please refer to page 11 for these requirements. Please note, certification of documents must be by a "trusted referee"**. See the description of who is a trusted referee also attached.

#### Signatory requirements

- Any relevant person to sign  Other (please specify)\*:  
 All relevant persons' required to sign\*

*\*If this option is selected Midlands will not action any requests without all required signatures.*

If necessary, please attach additional copies of this page to describe all Relevant Persons

RELEVANT PERSON 1	RELEVANT PERSON 2
Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)	Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)
First name(s):	First name(s):
Surname:	Surname:
Occupation:	Occupation:
Date of birth:     /     /	Date of birth:     /     /
Home address:	Home address:
Postcode:	Postcode:
Postal address (if different from your home address):	Postal address (if different from your home address):
Postcode:	Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD Number:    □ □ □ □   □ □ □ □   □ □ □ □	IRD Number:    □ □ □ □   □ □ □ □   □ □ □ □
Relationship to Investor:	Relationship to Investor:

RELEVANT PERSON 3	RELEVANT PERSON 4
Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)	Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)
First name(s):	First name(s):
Surname:	Surname:
Occupation:	Occupation:
Date of birth:     /     /	Date of birth:     /     /
Home address:	Home address:
Postcode:	Postcode:
Postal address (if different from your home address):	Postal address (if different from your home address):
Postcode:	Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD Number:    □ □ □ □   □ □ □ □   □ □ □ □	IRD Number:    □ □ □ □   □ □ □ □   □ □ □ □
Relationship to Investor:	Relationship to Investor:



## 5. DISTRIBUTION AND WITHDRAWAL INSTRUCTIONS (PLEASE TICK AS APPROPRIATE)

**Distribute returns**

**Reinvest returns in additional units**

Please complete your bank account details for payments of returns or withdrawals.

*(Payments of returns can only be made to the nominated bank account as detailed below or to your solicitor's trust account).*

Bank account number: \_\_\_\_\_

Name of account: \_\_\_\_\_

*(Please attach bank deposit slip, certified copy of bank statement or bank details stamped by bank teller).*

## 6. TRUST ONLY

Please provide a certified copy of the trust deed including any amendments and trustee appointment documentation.

For a trust, please provide a description of the range of beneficiaries.

For a non-discretionary trust with 10 or fewer beneficiaries, please provide the full name and date of birth of all beneficiaries.

## 7. ESTATES ONLY

Please provide a certified copy of the last will and/or a copy of Probate.

## 8. PARTNERSHIPS ONLY

Please provide a certified copy of the partnership agreement.

## 9. COMPANIES ONLY

Please provide a certified copy of the certificate of incorporation and company extract from the Companies Office files.

Does the company have any nominee directors or shareholders? A nominee is someone who is required to carry out, or accustomed to carrying out, their role in accordance with the directions or instructions of another person. If so, please provide the following details:

Name of nominee	Director or shareholder?	Full name of the person the nominee represents

*(Where the investor has nominee directors and/or shareholders, the Manager may request additional information to ensure compliance with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.)*

## 10. INCORPORATED SOCIETIES ONLY

Please provide a certified copy of the certificate of incorporation.

## 11. YOUR ACKNOWLEDGEMENTS AND AGREEMENTS

### **Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT)**

You must not knowingly do anything to put Midlands Funds Management Limited (the “Manager” or “us”) in breach of the AML/CFT. You agree to provide all additional information and assistance requested by us and comply with all reasonable requests from us to facilitate our compliance with the AML/CFT.

You represent and warrant that you are not aware and have no reason to suspect that:

- the money used to fund any investment by you is derived from or related to any criminal or other illegal activities, money laundering, terrorism financing or similar activities (Illegal Activities); or
- the proceeds of any investment will fund any Illegal Activities.

You agree that the Manager is not liable for any losses incurred as a result of any action we take or omit to take and which either delays your investment or results in an application being declined, when these actions or omissions are necessary for us to comply with our obligations under the AML/CFT.

### **Privacy Act 2020**

This statement relates to personal information that you are providing to us by way of this application and any subsequent personal information which you may provide in the future. The personal information you have supplied may be used by us (and our related entities) for the purposes of enabling us to arrange and manage your investment, to contact you in relation to your investment and to market other products and services to you.

You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf; to regulatory bodies or law enforcement agencies as required by law and to meet our legal or regulatory obligations. Except where precluded by law, we will provide you (on request) with the name and address of any entity to which information has been disclosed.

You have the right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. You agree that your name and address may be used by us to provide you with newsletters and other information about the Manager and other products and services offered by the Manager.

### **Email Use**

You consent to receiving financial statements, and other documents which we are required to send to you, electronically at the email address on this form, or another email address advised to us.

### **Authority**

Unless we hold written authority from all parties authorising a specific person(s) to act on behalf of the investor, we shall require all parties to sign this application and any subsequent withdrawal/variation requests.

### **Disclosures**

Are you or are you immediately related to: a senior member of NZ or foreign government, the judiciary, the military or an ambassador?

Yes  No

## 12. DECLARATION

I have read and retained a copy of the Information Memorandum dated 1 April 2024 for the Midlands Income Wholesale Fund. I agree to the terms outlined above in relation to the Privacy Act, the supply of personal information, email use and the AML/CFT. I understand that the value of my investment is liable to fluctuations and may rise and fall from time to time.

In addition, by signing this Application Form, companies, trusts and partnerships certify that:

- the trust/partnership/company has been duly established and is validly existing under the laws of New Zealand;
- the trust/partnership/company has not been terminated or liquidated and no event requiring the vesting of the trust's/partnership's/company's assets has occurred;
- the Relevant Persons are as shown on this application form; and
- this proposed investment will not cause any limitation on the powers of the trustees/partners/directors to be exceeded.

I agree to be bound by the trust deed for the Midlands Income Wholesale Fund.

**I understand that neither the Manager, Trustees Executors Limited nor any other person guarantees the performance of the Midlands Income Wholesale Fund or the repayment of capital or any particular rate of return from the Midlands Income Wholesale Fund.**

Signed for Investor (attach additional pages if more signatures are required):

Signature _____	Signature _____
Full Name _____	Full Name _____
Date _____	Date _____
Signature _____	Signature _____
Full Name _____	Full Name _____
Date _____	Date _____

### 13. SUBMITTING THIS APPLICATION FORM AND MAKING PAYMENTS

**The completed application form together with certified proof of identity and a completed wholesale or eligible investor certificate may be scanned and emailed to: [investments@mmt.net.nz](mailto:investments@mmt.net.nz).**

The original application form, identity documents and wholesale or eligible investor certificate must be sent to:

**Midlands Funds Management Limited**  
**1/111 Karamu Road**  
**Hastings 4122**

**PO Box 609**  
**Hastings 4156**

On receipt of documents we will contact you and advise you of our bank account details, for payment of your investment sum.

### CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY (Complete only if this application is being signed by attorney)

I, \_\_\_\_\_  
of (address and occupation of attorney) \_\_\_\_\_

HEREBY CERTIFY THAT:

1. By power of attorney dated the \_\_\_\_\_ day of \_\_\_\_\_

(Name and occupation of person for whom attorney is signing)

("donor") appointed me his/her/its attorney on the terms and conditions set out in that power of attorney.

2. I have executed the application for units printed on the face of this form as attorney under that power of attorney and pursuant to the power thereby conferred upon me.

3. At the date of this certificate I have not received any notice or information of the revocation of that power of attorney by the death (or winding up) of the donor or otherwise.

Signed at \_\_\_\_\_ Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Signature of attorney \_\_\_\_\_

## IDENTIFICATION SCHEDULE TO VERIFY YOUR IDENTITY AND ADDRESS

To comply with anti-money laundering laws, we need to verify your identity and your address. **Please refer to the schedule below for your identification and address verification requirements. Document copies must be certified by a “trusted referee”.** The description of who is a trusted referee is also below:

Please tick to identify the certified documents you will provide to fulfil the requirements of either Identification Option 1 or Identification Option 2 or Identification Option 3 and in each case the Address Verification Requirement.

☐ Identification Option 1	☐ Identification Option 2	☐ Identification Option 3
One of: <ul style="list-style-type: none"> <li>• NZ passport</li> <li>• NZ certificate of identity</li> <li>• NZ firearms licence</li> <li>• emergency travel document</li> <li>• overseas passport</li> <li>• foreign-issued national identity document</li> <li>• NZ refugee travel document</li> </ul>	<ul style="list-style-type: none"> <li>• NZ driver licence</li> </ul> <b>and one of:</b> <ul style="list-style-type: none"> <li>• a credit card, debit or EFTPOS card issued by a registered NZ bank (name and signature must be on the card)</li> <li>• a bank account statement issued by a registered NZ bank addressed to the Relevant Person from the last 12 months.</li> <li>• a document issued by a NZ government agency containing the Relevant Person’s name and signature (e.g. a SuperGold card)</li> <li>• an IRD statement or other NZ government agency statement addressed to the Relevant Person from the last 12 months</li> </ul>	One of the following forms of photo ID: <ul style="list-style-type: none"> <li>• NZ driver licence</li> <li>• Kiwi Access Card (Hospitality Association)</li> <li>• a valid international driving permit</li> </ul> <b>and one of:</b> <ul style="list-style-type: none"> <li>• NZ full birth certificate</li> <li>• certificate of NZ citizenship</li> <li>• citizenship certificate issued by a foreign government</li> <li>• birth certificate issued by a foreign government</li> </ul>

### Address Verification Requirement

In **addition** to the above, each Relevant Person must supply a copy of **one** form of address verification documentation from the following list which cannot be more than 3 months old:

- utility bill
- IRD Tax assessment notice (New Zealand)
- credit card/bank statements from an active account
- government valuation of Properties (evidencing ownership)
- letter from a New Zealand employer on employer’s letterhead (subject to separate verification process)
- Tenancy Agreement for a New Zealand address

**Please note; certification of documents must be by a “trusted referee”. See the description of who is a trusted referee below:**

### WHO IS A TRUSTED REFEREE?

When supplying certified identification documents, the trusted referee must be at least 16 years of age and one of the following:

- Commonwealth Representative (as defined in the Oaths and Declarations Act 1957)
- a member of the Police
- a justice of the peace
- a registered medical doctor
- Kaumātua
- a registered teacher
- a minister of religion
- a lawyer
- a notary public
- New Zealand Honorary Consul
- a Member of Parliament
- a Chartered Accountant

In addition, the trusted referee must not be:

- related to the investor; for example, a trusted referee cannot be a parent, child, brother, sister, aunt, uncle or cousin of the investor
- the spouse or partner of the investor
- a person who lives at the same address as the investor

The trusted referee must sight the original identification documentation, and make a statement on the copy to the effect that the documents provided are a true copy and correctly represent the identity of the investor.

The certification by the trusted referee must include the name, occupation and signature of the trusted referee and the date of certification. Certification must have been carried out in the three months preceding the presentation of the copied document.



# MIDLANDS

WHOLESALE FUND

MIDLANDS INCOME WHOLESALE FUND

## Wholesale Investor Certificate

Clause 44, Schedule 1 of the Financial Markets Conduct Act 2013 (Act)

### Warning

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make an informed decision.

If you are a wholesale investor, the usual rules do not apply to offers of financial products made to you. As a result, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for these investments.

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

### Offence

It is an offence to give a certificate knowing that it is false or misleading in a material particular. The offence has a penalty of a fine not exceeding \$50,000.

## Certification

### Name of Investor:

The Investor certifies that:

1. it is a "wholesale investor" within the meaning of clause 3(2) of Schedule 1 of the Act; and
2. it understands the consequences of certifying itself to be a "wholesale investor" within the meaning of clause 3(2) of Schedule 1 of the Act.

The grounds on which the Investor claims to be a "wholesale investor" are as follows:

*[Place a tick in all appropriate boxes.]*

**Investment Business (clause 3(2), paragraph (a) of Schedule 1 of the Act)**

The Investor is in an investment business in terms of clause 37 because:

- its principal business consists of 1 or more of the following:
  - investing in financial products;
  - acting as an underwriter;
  - providing a financial advice service (as defined in the Act);
  - providing a client money or property service (as defined in the Act);
  - trading in financial products on behalf of other persons;
- it is a registered bank (as defined in section 2(1) of the Reserve Bank of New Zealand Act 1989);
- it is an NBDT (as defined in section 5 of the Non-bank Deposit Takers Act 2013);
- it is a licensed insurer (within the meaning of section 6(1) of the Insurance (Prudential Supervision) Act 2010);
- it is a manager of a registered scheme (as defined in the Act), or a discretionary investment management service (as defined in the Act), that holds a market services licence under Part 6 of the Act;
- it is a derivatives issuer (as defined in the Act) that holds a market services licence under Part 6 of the Act;
- it is a financial adviser (as defined in the Act).

- Investment Activity Criteria (clause 3(2), paragraph (b) of Schedule 1 of the Act)**  
 The Investor meets the investor criteria specified in clause 38 because at least 1 of the following applies to the Investor:
  - the Investor owns, or at any time during the 2-year period before the relevant time has owned, a portfolio of specified financial products of a value of at least \$1 million (in aggregate);
  - the Investor has, during the 2-year period before the relevant time, carried out 1 or more transactions to acquire specified financial products where the amount payable under those transactions (in aggregate) is at least \$1 million and the other parties to the transactions are not associated persons of the Investor;
  - the Investor is an individual who has, within the last 10 years before the relevant time, been employed or engaged in an investment business and has, for at least 2 years during that 10-year period, participated to a material extent in the investment decisions made by the investment business.
  
- Large (clause 3(2), paragraph (c) of Schedule 1 of the Act)**  
 The Investor is large in terms of clause 39 because at least 1 of the following applies to the Investor:
  - as at the last day of each of the 2 most recently completed financial years of the Investor before the time at which this certificate is given, the net assets of the Investor and the entities controlled by the Investor exceeded \$5 million;
  - in each of the 2 most recently completed financial years of the Investor before the time at which this certificate is given, the total consolidated turnover of the Investor and the entities controlled by the Investor exceeded \$5 million.
  
- Government agency (clause 3(2), paragraph (d) of Schedule 1 of the Act)**  
 The Investor is a government agency because they are:
  - a public service agency (as defined in section 5 of the Public Service Act 2020);
  - a Crown entity (as defined in section 7 of the Crown Entities Act 2004);
  - a local authority (as defined in section 5(1) of the Local Government Act 2002);
  - a State enterprise (as defined in section 2 of the State-Owned Enterprise Act 1986);
  - the Reserve Bank of New Zealand;
  - the Board of Trustees of the National Provident Fund (continued under the National Provident Fund Restructuring Act 1990) and a company appointed under clause 3(1)(b) of schedule 4 of that Act.

**SIGNED by the Investor**

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Signature of Investor Name of Signatory

---

Date



**MIDLANDS**  
WHOLESALE FUND

MIDLANDS INCOME WHOLESALE FUND

## Eligible Investor Certificate

Clause 41, Schedule 1 of the Financial Markets Conduct Act 2013 (Act)

### Warning

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make an informed decision.

If you give this certificate, the usual rules do not apply to offers of financial products made to you. As a result, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for these investments.

Make sure you understand these consequences.

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

### Offence

It is an offence to give a certificate knowing that it is false or misleading in a material particular. The offence has a penalty of a fine not exceeding \$50,000.

### Certification

#### Name of Investor:

#### This certificate relates to an offer of units in the Midlands Income Wholesale Fund.

The Investor certifies that:

1. it has previous experience in acquiring or disposing of financial products that allows the Investor to assess:
  - (a) the merits of the offer (including assessing the value and the risks of the financial products involved); and
  - (b) the Investor's own information needs in relation to the offer; and
  - (c) the adequacy of the information provided by any person involved in the offer; and
2. it understands the consequences of certifying itself to be an "eligible investor" in terms of the Act.

The grounds for the above certifications are as follows:

*[Place a tick in all appropriate boxes and add any further grounds that apply to you.]*

- The Investor has experience in investing in managed investment schemes and other financial products and understands the risk with investing in different types of financial products.
- The Investor currently holds a diverse portfolio of investments. The Investor regularly reviews its own investment portfolio, with the benefit of advice from relevant professionals where appropriate, and makes its own investment decisions in relation to its portfolio.
- In the course of the Investor's investment activities, the Investor is exposed to a wide range of investment analysis and commentary and this has helped build up the Investor's knowledge and skills in assessing the value and risks of investing in financial products.
- Other relevant experience of acquiring or disposing of financial products. **Specify details below:**

**SIGNED by the Investor**

Signature of Investor

Name of Signatory

Date

## Confirmation of Eligible Investor Certificate

Clause 43, Schedule 1 of the Financial Markets Conduct Act 2013 (Act)

### Confirmation

#### Name of Eligible Investor:

1. I confirm that:
  - (a) I am:
    - (i) a financial adviser as defined in section 6 the Act; or
    - (ii) a qualified statutory accountant as defined in section 5(1) of the Financial Reporting Act 2013; or
    - (iii) a lawyer as defined in section 6 of the Lawyers and Conveyancers Act 2006.
  - (b) I am not an associated person (as defined in the Financial Markets Conduct Act 2013) of Midlands Funds Management Limited or any of its related bodies corporate (**Relevant Persons**).
  - (c) If I am a financial adviser or qualified statutory accountant, I have not, within the 2 years immediately before the date of this confirmation, provided professional services to any Relevant Person.
2. Having considered the Eligible Investor's grounds for certification in the attached certificate:
  - (a) I am satisfied that the Eligible Investor has been sufficiently advised of the consequences of the certification; and
  - (b) I have no reason to believe that the certification is incorrect or that further information or investigation is required as to whether or not the certification is correct.

### SIGNED by a financial adviser/qualified statutory accountant/lawyer

Signature

Name

Date





# STATEMENT OF INVESTMENT POLICY AND OBJECTIVES (SIPO)

Dated: 1 April 2024

# MIDLANDS FUNDS MANAGEMENT LIMITED

## Statement of Investment Policy and Objectives (“SIPO”) for the Midlands Income Wholesale Fund (the “Fund”)

**EFFECTIVE DATE:** 1 April 2024

The most current version of the SIPO is available from Midlands Funds Management Limited (“Manager”).

### DESCRIPTION OF THE FUND

The Fund is a wholesale managed investment scheme. The Fund is not registered under the Financial Markets Conduct Act 2013.

The Fund was established on 21 July 2021, pursuant to a trust deed between Trustees Executors Limited (“Trustee”) and the Manager dated 21 July 2021 (“Trust Deed”).

### Roles and Responsibilities

The Manager is, among other things, responsible for managing the Fund’s investments and under the Trust Deed must ensure that the Fund has a statement of investment policy and objectives. The purpose of the statement of investment policy and objectives is to provide details of:

- the nature or type of investments that may be made, and any limits on those;
- any limits on the proportion of each type of asset invested in; and
- the methodology used for developing and amending the investment strategy and for measuring performance against the investment objectives of the Fund.

The Trustee is, among other things, responsible for holding the Fund’s assets and for supervising the performance by the Manager of its functions and obligations.

The Fund invests solely in units in a group investment fund called the Midlands Smarter PIE Fund (“MSPF”) (with the exception of a small amount of cash (typically less than \$5,000) held by the Fund for transactional purposes, and cash as required for the periodic payment of PIE tax). The Manager is also the manager of the MSPF. The MSPF invests in loans secured by first mortgages of land and buildings in New Zealand, within defined lending ratios. The MSPF also invests in cash and cash equivalents with registered banks. The Manager generally has the discretion as to which authorised investments are acquired, held or disposed of in and for the MSPF.

The relationship between the Fund and the MSPF means that an understanding of the MSPF’s investment policy and objectives is necessary to provide a complete picture of an investment in the Fund. The remainder of this SIPO provides relevant information for both the Fund and the MSPF. More information about the MSPF can be found in its product disclosure statement, which is available from the Manager.

Midlands Income Wholesale Fund (Fund)	Midlands Smarter PIE Fund (MSPF)
<b>INVESTMENT OBJECTIVES</b>	
<b>Investment objective</b>	
The investment objective is to provide investors with an income return pre-tax (but after fees and expenses) at a level which exceeds the average of the four main New Zealand registered banks’ 90 day term deposit rates.	The investment objective is to provide investors with an income return pre-tax (but after fees and expenses) at a level which exceeds the average of the four main New Zealand registered banks’ 90 day term deposit rates.
<b>Investment policy</b>	
The investment policy is to invest the Fund solely in units in the MSPF (with the exception of a small amount of cash (typically less than \$5,000) which may be held by the Fund for transactional purposes, and cash as required periodically for the payment of PIE tax). The Fund invests in the MSPF on the same basis as any other investor in the MSPF.	The policy of the Manager in relation to mortgage lending is to establish and maintain a broad range of mortgage investments with a mix of mortgage types, interest rates, maturity dates and physical locations of the mortgaged properties.  Cash and cash equivalents may be held with any registered bank (as defined under the Banking (Prudential Supervision) Act 1989). The policy of the Manager in relation to investing in cash and cash equivalents is to have a minimum of 5% held in cash and cash equivalents, as determined in accordance with GAAP, (target range is 5% - 25%) for the purpose of managing liquidity and pending investment in loans, and to have a variety of short term deposits up to 90 days to provide a balance between greater liquidity and higher interest returns.

Midlands Income Wholesale Fund (Fund)	Midlands Smarter PIE Fund (MSPF)
<b>INVESTMENT PHILOSOPHY</b>	
<p>The Manager’s investment style and philosophy should be regarded as active. The Manager’s investment strategy is to balance the competing objectives of optimising returns versus operating within acceptable risk and liquidity parameters (as outlined elsewhere in this SIPO). The Manager’s belief when executing the strategy is that a conservative approach is preferred. However, it should be noted that for the Fund this investment philosophy is achieved via a passive investment in the MSPF, which is actively managed.</p>	
<b>INVESTMENT STRATEGY</b>	
<b>Authorised investments</b>	
<p>Under the Trust Deed, the Fund may invest in “authorised investments” (as defined). Notwithstanding the range of investments permitted by the Trust Deed, the Manager will only invest the Fund in units in the MSPF and in cash, in each case in line with the parameters described elsewhere in this SIPO.</p>	<p>There are restrictions on the types of investments the MSPF can make, as set out in its trust deed and includes cash and cash equivalents and loans secured by a first-ranking mortgage.</p> <p>Under the MSPF’s trust deed, the MSPF must always be invested in “authorised investments” (as defined) and may only be invested in investments in which a group investment fund is permitted to invest in order to fall within the definition of a "designated group investment fund" as defined in section YA 1 of the Tax Act. In addition, for so long as the MSPF is a PIE, and until such time as the Manager and Trustee, as supervisor of the MSPF, agree otherwise, the MSPF shall only be invested in investments permitted for a PIE under section HM 11 of the Income Tax Act 2007 (or such other investments as may otherwise be permitted from time to time for eligibility to be a PIE under the PIE Rules).</p> <p>Notwithstanding the range of authorised investments described in the MSPF’s trust deed, the Manager shall only invest the MSPF’s property pursuant to the specific policy guidelines, benchmark asset allocations, and lending limits described further below.</p>
<b>Specific policy guidelines</b>	
<p>The Manager shall maintain a small amount of cash (typically less than \$5,000) in an on-call bank account with a registered bank for the Fund’s transactional purposes (such as facilitating investments and withdrawals), and cash as required periodically for the payment of PIE tax.</p> <p>There is no specific minimum or maximum amount, but the amount of cash held for this purpose is typically expected to be relatively small.</p>	<p>The specific investment policy guidelines determined by the Manager in relation to the MSPF are as follows:</p> <ul style="list-style-type: none"> <li>• <b>Interest rates and payment</b> - most investments by the MSPF will be in mortgages with mostly floating interest rates but the Manager may maintain some fixed rate mortgages. Most borrowers pay interest on the first of each month. It is not the Manager’s general practice to permit borrowers to capitalise the interest for the term of the loan, however, for certain projects and subject to specific lending criteria it may be allowed from time-to-time.</li> <li>• <b>Lending Limits</b> - as set out below.</li> <li>• <b>Cash and Cash Equivalents held for Operational Liquidity</b> - The MSPF also holds cash and cash equivalents within the range of 5% – 25% of the MSPF’s fund value. The Manager shall maintain at least 5% of the MSPF value in cash and cash equivalents to meet redemption requests and for the payment of the MSPF’s running expenses. Greater amounts of cash and cash equivalents may be held in times when the Manager determines that the MSPF requires greater liquidity. The MSPF’s cash and cash equivalents (term deposits of up to 90 days) holdings may only be invested with registered banks.</li> <li>• <b>Participating loans</b> - The Manager may invite third parties to participate in lending opportunities identified by the Manager, on terms agreed with the Trustee, as supervisor of the MSPF. This could include the Manager participating in loans in its personal capacity, subject to compliance with the MSPF’s trust deed, the Financial Markets Conduct Act 2013 (“FMCA”), and any other relevant requirements. All such loans must fall within the guidelines set out above, except that the maximum exposure limits will be assessed by reference to the MSPF’s portion of the loan, not the full loan value.</li> </ul>

Midlands Income Wholesale Fund (Fund)	Midlands Smarter PIE Fund (MSPF)												
<b>Limitation on borrowings</b>													
While borrowing is permitted by the Trust Deed (within defined limits), the Manager does not intend for the Fund to borrow.	The MSPF may borrow, if the Manager (with the permission of the Trustee, as supervisor of the MSPF) believes it is appropriate. The aggregate of the principal moneys borrowed and outstanding in respect of the MSPF or secured against the investments of the MSPF may not exceed 25% of the MSPF's fund value.												
<b>Benchmark Asset Allocation Ranges</b>													
Benchmark allocation ranges are not applicable to the Fund, because it invests solely in the MSPF with a small amount of cash held for the purposes described elsewhere in this SIPO. There is no specific minimum or maximum amount, but the amount of cash held is typically expected to be relatively small.	<p>The MSPF will be spread between first mortgages against residential, commercial and rural properties, and cash and cash equivalents, within the following proportions (as to value) of the MSPF value:</p> <table border="1" data-bbox="715 591 1385 846"> <thead> <tr> <th data-bbox="715 591 802 689"></th> <th data-bbox="802 591 956 689">RESIDENTIAL</th> <th data-bbox="956 591 1125 689">COMMERCIAL</th> <th data-bbox="1125 591 1220 689">RURAL</th> <th data-bbox="1220 591 1385 689">CASH AND CASH EQUIVALENTS</th> </tr> </thead> <tbody> <tr> <td data-bbox="715 689 802 846">Limits of the MSPF value</td> <td data-bbox="802 689 956 846">10% - 75%</td> <td data-bbox="956 689 1125 846">15% - 75%</td> <td data-bbox="1125 689 1220 846">0% - 50%</td> <td data-bbox="1220 689 1385 846">5% - 25%</td> </tr> </tbody> </table>		RESIDENTIAL	COMMERCIAL	RURAL	CASH AND CASH EQUIVALENTS	Limits of the MSPF value	10% - 75%	15% - 75%	0% - 50%	5% - 25%		
	RESIDENTIAL	COMMERCIAL	RURAL	CASH AND CASH EQUIVALENTS									
Limits of the MSPF value	10% - 75%	15% - 75%	0% - 50%	5% - 25%									
<b>Lending Limits (Valuation)</b>													
Lending limits are not applicable to the Fund, because lending is undertaken by the MSPF.	<p>The MSPF has Loan to Value ("LVR") lending limits, based on the amount of the loan when compared with the value of the mortgage security property at the time of loan approval, as follows:</p> <table border="1" data-bbox="715 1003 1385 1585"> <thead> <tr> <th data-bbox="715 1003 938 1070">RESIDENTIAL MORTGAGES</th> <th data-bbox="938 1003 1161 1070">COMMERCIAL MORTGAGES</th> <th data-bbox="1161 1003 1385 1070">RURAL MORTGAGES</th> </tr> </thead> <tbody> <tr> <td data-bbox="715 1070 938 1451">Fee simple and cross lease land and buildings: up to 75% LVR</td> <td data-bbox="938 1070 1161 1451">Fee simple and cross lease land and buildings: up to 66.7% LVR</td> <td data-bbox="1161 1070 1385 1451">           Fee simple and cross lease: up to 60% LVR            Property used for dairy farming (fee simple and cross lease): up to 66.67% LVR provided collateral security is obtained over co-operative shares         </td> </tr> <tr> <td data-bbox="715 1451 938 1518">Leasehold: up to 50% LVR</td> <td data-bbox="938 1451 1161 1518">Leasehold: up to 50% LVR</td> <td data-bbox="1161 1451 1385 1518">Leasehold: up to 50% LVR</td> </tr> <tr> <td data-bbox="715 1518 938 1585">Vacant land: up to 50% LVR</td> <td data-bbox="938 1518 1161 1585">Vacant land: up to 50% LVR</td> <td data-bbox="1161 1518 1385 1585">Vacant land: up to 50% LVR</td> </tr> </tbody> </table> <p>In addition, at the time of lending the following maximum exposure limits must be met:</p> <ul style="list-style-type: none"> <li>▷ No more than 5% of the MSPF value will be invested in any one mortgage or advanced to any one borrower or related group of borrowers.</li> <li>▷ The total of the six largest exposures (including loans to a related group of borrowers) will not exceed 20% of the MSPF value.</li> </ul> <p>Registered valuations are required for all loans in excess of 50% of the rating valuation of a property. The rating valuation is only relied on when the property is inspected by the Manager (or their nominee). Where a registered valuation is required, it must be no older than 90 days prior to the date of loan approval.</p>	RESIDENTIAL MORTGAGES	COMMERCIAL MORTGAGES	RURAL MORTGAGES	Fee simple and cross lease land and buildings: up to 75% LVR	Fee simple and cross lease land and buildings: up to 66.7% LVR	Fee simple and cross lease: up to 60% LVR Property used for dairy farming (fee simple and cross lease): up to 66.67% LVR provided collateral security is obtained over co-operative shares	Leasehold: up to 50% LVR	Leasehold: up to 50% LVR	Leasehold: up to 50% LVR	Vacant land: up to 50% LVR	Vacant land: up to 50% LVR	Vacant land: up to 50% LVR
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Midlands Income Wholesale Fund (Fund)	Midlands Smarter PIE Fund (MSPF)
	As referred to above, all lending limits are determined and are solely applicable as at the initial loan approval date and at the date of any renewal of a loan. The value of any individual loan or the proportionate value of a loan in relation to the MSPF value may change subsequent to initial approval or renewal and, as a result, the above limits may sometimes be exceeded after those dates. This will not constitute a breach of the MSPF's SIPO.
<b>OTHER INVESTMENT POLICIES</b>	
There are no other separate investment policies for the Fund.	<p><b>Rebalancing policy</b></p> <p>The assets of the MSPF should be invested in line with its benchmark asset allocation. New lending determinations take these allocations into account. However, the allocation to each asset class will vary, due primarily to market movements, within the ranges set.</p> <p>Given the relatively illiquid nature of mortgage loans, cash flow (either to or from the MSPF) is the primary mechanism for ensuring that the asset allocation is maintained broadly in line with the benchmark asset allocation weightings for each asset class.</p> <p>The exposure to the various asset classes is monitored monthly by the Manager's senior leadership team. If, at the end of a month, the allocation to a particular class has moved outside the ranges set out for that class, steps will be taken to bring back the asset allocation within the permitted ranges. This will typically occur through new lending in other asset classes, meaning there can be some lag in completing the rebalancing. A practical approach is taken to any rebalancing, with one of the objectives being to minimise transaction costs.</p> <p><b>Hedging policy</b></p> <p>The Manager does not hedge the MSPF's interest rate exposures.</p> <p><b>Conflict of interest policy</b></p> <p>The Manager will only enter into transactions with related parties with the consent of the Trustee, as supervisor of the MSPF, and if the Manager certifies that any such transaction is on arm's length terms.</p> <p><b>Liquidity and cash flow management policy</b></p> <p>The Manager will maintain at least 5% of the MSPF value in cash and cash equivalents to meet redemption requests and for the payment of the MSPF's running expenses.</p>
<b>METHODOLOGY FOR MONITORING, AMENDING AND DEVELOPING INVESTMENT STRATEGY</b>	
<p>The Manager monitors the Fund's investment performance as a continuous process and at least monthly. The Manager monitors the Fund's absolute performance, as well as its quarterly performance against the stated investment objective.</p> <p>The Manager gives monthly reports to the Trustee. The monthly reports include confirmation that all investments have been properly applied in accordance with the authorised investments of the Fund, that all calculations of the entitlements of investors and the valuation of units have been carried out in accordance with the Trust Deed provisions and that all proper accounting and internal control procedures have been maintained. In addition, it specifies the unit value, the aggregate number</p>	<p><b>Monitoring of underlying securities</b></p> <p>The Manager closely reviews the loans once they are made to ensure that borrowers pay interest and principal as scheduled. Credit control and recovery functions are undertaken if payments are not made.</p> <p>The Manager makes appropriate general and specific provisions for loss on the mortgage portfolio and these provisions are discussed with and reviewed annually by the auditor of the MSPF.</p> <p><b>Investment performance monitoring</b></p> <p>The Manager monitors the MSPF's investment performance as a continuous process and at least monthly. The Manager monitors the MSPF's absolute performance, as well as its quarterly performance against the stated investment objective.</p> <p>The Manager gives monthly reports to the Trustee, as supervisor of the MSPF. The monthly reports include confirmation that all investments have been properly applied in accordance with the authorised investments of the MSPF, that all calculations of the</p>

Midlands Income Wholesale Fund (Fund)	Midlands Smarter PIE Fund (MSPF)
<p>of units in the Fund on issue and such other information as the Trustee may request.</p> <p>The Manager also gives quarterly reports to the Trustee on the performance of the Fund and adherence with the SIPO, including whether there have been any limit breaks. A limit break is a material breach of any limits set out in this SIPO in relation to the nature or type of investment that may be made or the proportion of each type of asset in which the fund is invested.</p>	<p>entitlements of investors and the valuation of units have been carried out in accordance with the MSPF trust deed provisions and that all proper accounting and internal control procedures have been maintained. In addition, it specifies the unit value, the aggregate number of units in the MSPF on issue and such other information as the Trustee, as supervisor of the MSPF, may request.</p> <p>The Manager also gives quarterly reports to the Trustee, as supervisor of the MSPF, on the performance of the MSPF and adherence with the SIPO, including whether there have been any limit breaks. A limit break is a material breach of any limits set out in this SIPO in relation to the nature or type of investment that may be made or the proportion of each type of asset in which the fund is invested.</p> <p>In accordance with the requirements of the FMCA and the Financial Markets Conduct Regulations 2014, the Manager will report to the Trustee, as supervisor of the MSPF, as soon as is practicable, any limit breaks that have not been corrected within 5 business days after the date that the Manager became aware of the limit break.</p> <p>Note that a limit break or other breach of the MSPF's SIPO will not necessarily be a breach of the Fund's SIPO.</p>
<b>Investment strategy review and amendment</b>	
<p>This SIPO is formally reviewed by the directors of the Manager annually and may also be reviewed at any other time if the Manager considers that a review is required as a result of the prevailing market conditions or for any other reason.</p> <p>This SIPO will also be formally reviewed whenever there is an amendment to the MSPF's SIPO. This review will be carried out in tandem with a review of the MSPF's SIPO.</p> <p>In the course of the review the Manager's executive team will consider whether the Fund's investment strategy remains appropriate. The Manager's executive team will make recommendations to the Manager's directors, who will then consider such recommendations and implement as necessary.</p> <p>The Manager may amend or replace this SIPO only with the consent of the Trustee. If the Manager proposes to alter the SIPO in a manner which materially affects existing investors then the Manager must, prior to effecting any such alteration, give at least 30 days' written notice to investors.</p>	<p>The MSPF's SIPO is formally reviewed by the directors of the Manager annually and may also be reviewed at any other time if the Manager considers that a review is required as a result of the prevailing market conditions or for any other reason.</p> <p>In the course of the review the Manager's executive team will consider whether the MSPF's benchmark asset allocations remain appropriate given the prevailing market conditions. Consideration will also be given as to whether the MSPF's liquidity policy remains appropriate once again given prevailing market and economic conditions. The Manager's executive team will make recommendations to the Manager's directors, who will then consider such recommendations and implement as necessary.</p> <p>In accordance with the FMCA, the Manager may amend or replace the MSPF's SIPO only with the consent of the Trustee, as supervisor of the MSPF. If the Manager proposes to alter the MSPF's SIPO in a manner which materially affects existing investors then the Manager must, prior to effecting any such alteration, give at least 30 days' written notice to investors.</p>



# MIDLANDS



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