



REPLACEMENT PRODUCT DISCLOSURE STATEMENT

OFFER MADE BY MIDLANDS FUNDS MANAGEMENT LIMITED
OF INTERESTS IN THE MIDLANDS SMARTER PIE FUND

Dated: 2 April 2024. Replacing Product Disclosure Statement dated 5 September 2023.

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

Where can you find more key information?

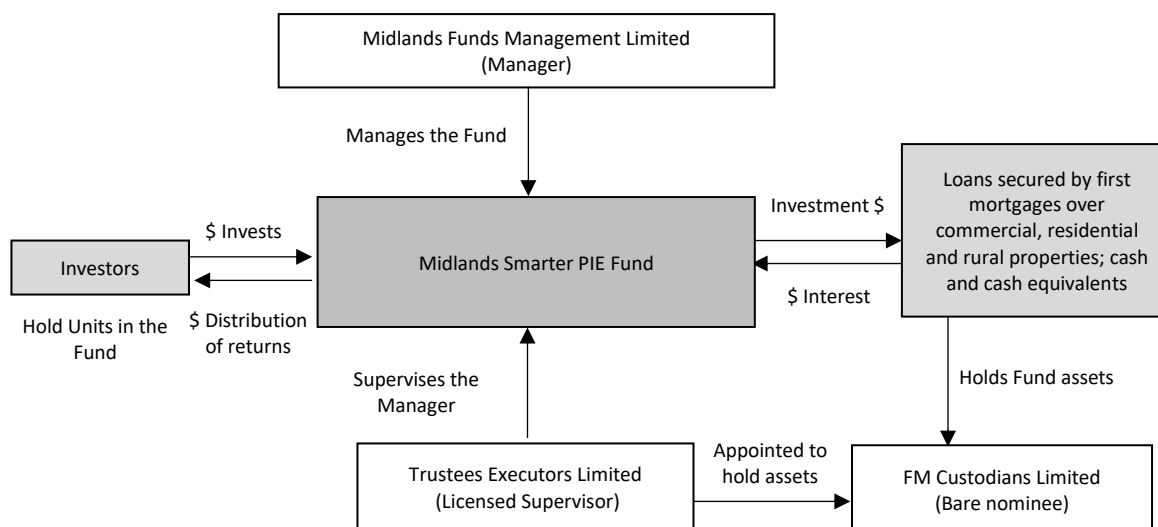
The Manager is required to publish quarterly updates for the Fund. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at disclose-register.companiesoffice.govt.nz and on the Manager's website www.midlandsfundsmanagement.co.nz. The Manager will also give you copies of those documents on request.

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2. HOW DOES THIS INVESTMENT WORK?

Significant features of the Fund

The following diagram shows how the Fund works and the relationship between the parties involved.



Investors will acquire and hold units in the Fund. Units are issued at the unit value on the business day before the business day on which the application for units is received. The unit price is the Fund value divided by the number of units on issue (rounded down to two decimal places). The Fund value is, in summary, the aggregate of cash and cash equivalents and the market value of loan investments, less the aggregate of undistributed Fund income, reserves and liabilities. Fund income may be used to replenish or increase reserves which may reduce distributions to investors, and reserves may be used to offset losses which would have the effect of increasing distributions to investors.

The above valuation method may cause the unit price to alter. At the date of this document the unit price is \$1.00.

Because the Fund is a pooled investment vehicle, investors' risk is spread across cash and the whole loan portfolio. This gives investors a more diversified exposure to the mortgage lending market than investing directly in a single property loan. Accordingly, if there is a poor return or loss of loan principal on any one mortgage loan, the impact is spread across the whole portfolio and may be less likely to have a significant effect on the returns earned on investors' investments or the value of units in the Fund, when compared with an investment in a single loan.

Significant benefits of the Fund

- **Active management** – The Fund is actively managed by an experienced team.
- **Security** – Loans are secured by first mortgages with relatively conservative loan to valuation ratios.
- **Diversification** – Because the Fund is a pooled investment investors' risk is spread across cash and the whole loan portfolio which gives more diversified exposure to the mortgage lending market than investing directly in a single mortgage loan.
- **Regular income** – Quarterly distributions of interest earned by the Fund (net of tax, fees, expenses & any reserve fund contributions) with investors having the option of reinvesting the distributions in units in the Fund (except where an investor's entitlement is less than \$25 in which case the Manager will either reinvest or make the distribution at its discretion).
- **Flexibility and no minimum withdrawal period** – The flexibility to withdraw some or all of your investment at any time (although we may suspend or defer withdrawals in some circumstances).
- **No upfront fees** – There are no entry fees.
- **No withdrawal fees** – There are no withdrawal fees.
- **PIE tax benefits** – The Fund is a PIE, meaning that it pays tax on behalf of each individual New Zealand resident investor, at the investor's chosen tax rate, capped at a maximum of 28%.

Distributions

Net income distributions on units (being the net income earned on the Fund's investments after the payment of tax, fees, expenses and any reserve fund contributions) are paid out to investors quarterly. At the date of this document distributions are paid on 31 March, 30 June, 30 September and 31 December or, if that is not a business day, on the previous business day. The date distributions are paid could be changed. Any change will be notified to investors by the Manager.

Distributions of income are in cash unless an investor has requested that their interest entitlement is distributed to them by the issue of additional units and the Manager has accepted that request. Such requests must be submitted to the Manager in writing not less than 30 days prior to the expiry of the relevant distribution period.

If an investor's interest entitlement is less than \$25 then the Manager may allocate that income entitlement by the issue of additional units irrespective of whether the investor has elected to receive distributions in that manner.

The Manager has a discretion to make special distributions of income or capital at any time, provided it is satisfied that doing so would not have a material adverse effect on investors. Special distributions could be made in cash, by distributing Fund assets, or by issuing bonus units. The Manager expects special distributions to be rare and special distributions should therefore not be anticipated and should not factor into a decision to invest in the Fund.

At times, the Fund may operate a reserve fund which is designed to mitigate against a fall in distributions or unit value because of defaults by borrowers or other events affecting investment returns. Note, the reserve fund may not be sufficient or available to off-set losses in all situations and therefore is not a guarantee against falls in distributions or unit value. Allocations into and out of the reserve fund are made at the Manager's discretion based on the current loan portfolio and macro-economic environment – there is no set amount. Contributions to the reserve fund may reduce overall returns.

Legal structure

The Fund is a trust established under the Trustee Companies Act 1967 by a trust deed dated 1 October 2004 between the Supervisor and the Manager, and is currently governed by an amended and restated trust deed dated 1 March 2024 ("Trust Deed").

No assets of the Fund are available to be applied to meet the liabilities of any other fund or scheme.

Making investments

Investments in the Fund's units can be made by completing the application form that accompanies this document and submitting that form to the Manager.

Initial investments in the Fund must be in a minimum amount of \$10,000. Subsequent investments in the Fund, whether by standing monthly application or by a one-off lump sum application, must be made to the Manager for a minimum amount of \$1,000. The Manager may, at its discretion, accept lesser amounts.

The Manager reserves the right to reject any application (in whole or in part) without giving reasons.

Withdrawing your investments

Your investment is redeemable by completing a Withdrawal Notice (available from the Manager) and sending it to the Manager. Withdrawals will be actioned within 5 business days of the Manager receiving your Withdrawal Notice.

A Withdrawal Notice:

- may not be given for fewer than 100 units (or the whole amount of an investor's investment, if fewer than 500 units); and
- may not be given if it would cause an investor to hold fewer than 500 units.

If, by reason of financial, political or economic conditions applying in respect of any financial market, the nature of an investment or the occurrence of any other circumstance relating to the Fund, units specified in a Withdrawal Notice cannot be redeemed, then the Manager may suspend withdrawals.

If a Withdrawal Notice or a series of withdrawal notices is received in respect of the same holding of units within a period of 3 months and relate to more in total than 5% of the number of units on issue and the Manager and the Supervisor both agree that it is in the best interests of all investors to defer immediate redemption of the total units requested then the units may be redeemed by instalments over a period approved by the Supervisor or redeemed in total at the expiry of a period approved by the Supervisor.

Other than a transmission of units in the Fund to the executors or administrator of a deceased investor or a transfer by operation of law to any person having authority to administer the estate of a mentally disordered person and to any person becoming entitled to units in consequence of the death, bankruptcy or liquidation of any investor, units in the Fund are not transferable without the written consent of the Manager and then subject to such terms and conditions as the Manager may in its discretion impose.

No withdrawal fees are charged by the Fund.

3. DESCRIPTION OF YOUR INVESTMENT OPTION

Name of Fund	Midlands Smarter PIE Fund														
Summary of Investment Objective and Investment Strategy	<p>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.</p> <p>The investment strategy is to invest in loans made upon the security of first mortgages and a minimum of 5% held in cash and cash equivalents for the purposes of managing liquidity and pending investment in loans.</p> <p>The Fund has agreed the following target investment mix with the Supervisor:</p> <ol style="list-style-type: none"> 1. Cash and cash equivalents held at one or more registered banks – 5% to 25% of the Fund value; 2. Residential first mortgage lending – 10% to 75% of the Fund value; 3. Commercial first mortgage lending – 15% to 75% of the Fund value; and 4. Rural first mortgage lending – no minimum and a maximum of 50% of the Fund value. <p>(see also investment policies below)</p>														
Risk Category	<p>The Fund has a risk category 1.</p> <p>See Section 1 (Key Information Summary) on page 1 of this document for the Fund's risk indicator and Section 4 (What are the risks of investing?) on page 6 of this document for information to assist with understanding the risk indicator.</p>														
Minimum suggested timeframe for holding the investment	There is no minimum suggested period of investment in the Fund.														
Investment Policies	<p>The Fund invests in loans secured by first mortgages over land and buildings in New Zealand, within defined lending ratios. The Fund also invests in cash and cash equivalents (that is, term deposits of up to 90 days) with registered banks.</p> <p>The policy of the Manager in relation to mortgage lending is to establish and maintain a broad range of mortgage investments. The Manager aims to maintain a mortgage portfolio with a mix of mortgage types, interest rates, maturity dates and physical locations of the mortgaged properties. The target investment mix (by secured property type) is set out above.</p> <p>The mortgage loan portfolio is geographically spread. Please refer to the latest fund update for more details of the geographical spread. The loans are generally made at a floating interest rate.</p> <p>The policy of the Manager in relation to investing in cash and cash equivalents with registered banks is to have a minimum of 5% held in cash and cash equivalents for the purpose of managing liquidity and pending investment in loans.</p> <p>The Fund 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="475 1648 1391 2047"> <thead> <tr> <th data-bbox="475 1648 783 1704">RESIDENTIAL MORTGAGES</th> <th data-bbox="785 1648 1093 1704">COMMERCIAL MORTGAGES</th> <th data-bbox="1094 1648 1391 1704">RURAL MORTGAGES</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 1706 783 1966">Fee simple and cross lease land and buildings: up to 75% LVR</td> <td data-bbox="785 1706 1093 1966">Fee simple and cross lease land and buildings: up to 66.7% LVR</td> <td data-bbox="1094 1706 1391 1966">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="475 1968 783 2002">Leasehold: up to 50% LVR</td> <td data-bbox="785 1968 1093 2002">Leasehold: up to 50% LVR</td> <td data-bbox="1094 1968 1391 2002">Leasehold: up to 50% LVR</td> </tr> <tr> <td data-bbox="475 2004 783 2047">Vacant land: up to 50% LVR</td> <td data-bbox="785 2004 1093 2047">Vacant land: up to 50% LVR</td> <td data-bbox="1094 2004 1391 2047">Vacant land: up to 50% LVR</td> </tr> </tbody> </table>			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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Vacant land: up to 50% LVR	Vacant land: up to 50% LVR	Vacant land: up to 50% LVR													

Changes to investment policy	The Fund's statement of investment policy and objectives ("SIPO") may only be amended by agreement between the Manager and the Supervisor. Any material changes to the SIPO will be notified to investors by the Manager and details will be available at disclose-register.companiesoffice.govt.nz .
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Further information about the assets in the Fund can be found in the fund updates at [disclose-register.companiesoffice.govt.nz](https://register.companiesoffice.govt.nz): Offer number OFR11409.

4. WHAT ARE THE RISKS OF INVESTING?

Understanding the risk indicator

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

The following is an example risk indicator. See Section 1 (Key information summary) on page 1 of this document for the filled in risk indicator for the Fund.

← Potentially lower returns	Potentially higher returns →
1 2 3 4	5 6 7
← Lower risk	Higher risk →

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

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

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

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the 5 year period ending 31 March 2024. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund update for this Fund.

General investment risks

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

Credit risk

A borrower or several borrowers may default by not paying interest instalments when due or by failing to pay the loan balance at the end of the loan term.

Borrower default has the following potential consequences:

- Negative cash flow impact (meaning distributions to investors may be less or there may be no returns to distribute); and
- Need to enforce the security held, including a sale of the property at a mortgagee sale. The sale price achieved on a mortgagee sale is often less than on an "open market" sale and may be less than the loan amount. Additional costs are also likely to be incurred in a mortgagee sale process.

However, as the Fund lends only on first mortgage securities, it will rank first in returns from any mortgagee sale.

Property sector risks

The Fund secures loans against residential, commercial and rural properties. Each of those property sectors has its own risks. A downturn in one or more of these sectors may have an adverse effect on the financial performance of the Fund.

Where a loan is secured against a tenanted commercial property, an economic downturn could mean the tenants in that secured property are unable to meet rental payments, consequently reducing the borrower's income (available to meet interest on borrowing from the Fund) and so increasing the chance of borrower default. The economic environment can also affect the demand for tenancies and the loss of a tenant can reduce the value of the property if it is then sold. Rural lending will be impacted by rural commodity prices. Where rural commodity prices fall, the income earned by a borrower operating in the rural sector will likewise fall and borrower default is more likely. Residential lending will be impacted upon by general economic conditions and other factors influencing supply and demand such as migration, local employment and property zoning.

In addition, a fall in property values may mean that security margins are lessened and the loan could exceed the value of the property.

Concentration risk/Geographic risk

Major shareholders of the Manager are associated with three law firms in Hawera, Waipukurau and Hastings and have referred a significant number of investors to the Fund. Although these law firms have clients based more widely, most of these investors are geographically concentrated in these areas. Conditions peculiar to one of those regions or firms or the withdrawal of one of those firms from participation in the Manager could lead to significant redemption requests. Despite the Manager's ability to suspend redemptions for up to 90 days, such a run of withdrawal requests could have significant adverse financial effects on an investor's investment.

The mortgage loan portfolio is geographically spread throughout New Zealand, with loan concentrations in Auckland, Hawkes Bay, Wellington, and Waikato regions. Any significant downturn in those property markets (causing an erosion of loan security margins) could have an adverse effect on the Fund.

Development lending risk

The Fund may, on occasion, lend for property development. The Fund's lending criteria generally includes requiring that construction costs are locked in with a fixed price building contract, that the building contractor is reputable and satisfactory to the Fund, and that the borrower has sufficient experience and sources of funding to complete the development. Failure to complete a development can mean that the incomplete development fails on sale to achieve the amount of loan funding advanced on it.

Land value risk

There are risks associated with lending on the security of a property with a high unimproved land value. The Fund may also, on occasion, lend on the security of entirely bare or undeveloped land. The unimproved land value component is exposed to risks associated with changes of zoning that could adversely affect value. In addition, in the case of natural disasters involving damage to land, there may be no adequate compensation or available insurance for the loss of the unimproved land value. This risk is mitigated by placing limits on the bare land lending conducted in the Fund.

Interest rate risk

The market demand for loans secured by first mortgages may be affected by general movements in interest rates throughout the finance industry in New Zealand, which can be influenced by economic conditions and inflation. If interest rates decrease, returns from the Fund may likewise decrease. Conversely, if interest rates increase, returns from the Fund may increase.

Other specific risks

Liquidity

There is a risk that the Fund will not have sufficient liquid assets to meet withdrawal requests.

The ability of the Fund to redeem units is dependent on the amount of cash and cash equivalents held by the Fund. The Fund invests in loans secured by mortgages which, by their nature, are illiquid. If there are requests to redeem units having an aggregate redemption amount in excess of available cash and cash equivalents (and the Manager is not able to sell part of the Fund's mortgage loan portfolio in a timely fashion), the Manager may need to suspend redemptions or require that redemptions are by instalments until cash reserves are increased.

The Manager has agreed with the Supervisor to maintain at least 5% of the Fund value in cash and cash equivalents (term deposits of up to 90 days). This provides a buffer to help mitigate liquidity risk but a further suspension of withdrawals could still occur.

Higher levels of liquid assets result in lower returns from the Fund since interest rates on liquid assets are less than interest rates on mortgage loans.

Inflation risk

Inflation reduces the real value of all investments. However, investing long-term in a fund with a greater proportion of cash, cash equivalents, and other relatively conservative investments (such as the Fund) does expose investors to a greater risk that the value of their investments will not keep up with inflation.

Other than the risks referred to under the heading "General investment risks" (and which are reflected in the risk indicator) and the other specific risks referred to above the Manager is not aware of any specific factors that exist or are likely to arise that significantly increase the risk of returns to investors.

5. WHAT ARE THE FEES?

You will be charged fees for investing in the Fund. Fees are deducted from your investment and will reduce your returns.

The fees you pay will be charged as regular charges (for example annual fund charges). Small differences in these fees can have a big impact on your investment over the long term.

Total Annual Fund Charge (TAFC)*	Estimated to be 2.10% per annum of the Fund value. This is calculated by aggregating the Manager's fees, the Supervisor's fees and estimated other management and administration charges.
The Total Annual Fund Charge is comprised of the following fees:	
Manager's basic fee	1.78% per annum of the Fund value.
Supervisor's fee	0.17% per annum of the Fund value up to \$50 million, 0.12% per annum of the Fund value up to \$100 million and thereafter 0.09% of the Fund value (but with a minimum fee of \$50,000) is payable to the Supervisor, as a Supervisor's fee.
Other management and administration charges	<p>Estimated to be 0.18% per annum, based on historic rates.</p> <p>The Manager and the Supervisor have agreed that the Manager is entitled to a fee of 50% of the default interest collected from borrowers in default. For the avoidance of doubt, if default interest is not collected from the borrower, no fee is paid to the Manager. The exact amount of this fee is unknown, so the Manager's best estimate has been used.</p> <p>Administration charges are also payable by the Fund. The exact amount of administration charges is unknown in advance.</p>

*All fees are inclusive of GST, where applicable.

The Manager's basic fee is calculated daily and paid monthly in arrears out of the Fund's assets. The Manager's basic fee is included in the TAFC and is the remuneration to which the Manager is entitled for the provision of management services to the Fund.

The Supervisor's fee is calculated daily and paid monthly in arrears out of the Fund's assets. The Supervisor's fee is included in the TAFC and is the remuneration to which the Supervisor is entitled for the provision of trustee and supervisory services to the Fund.

Default interest fees are charged monthly. They contribute to the Manager's costs of managing loans that are in arrears.

Administration charges include audit, bank charges, cost of communication to investors, legal and professional fees, and IT expenses. These are charged to the Fund as they are incurred.

There is no performance fee in relation to the Fund.

No withdrawal fees are charged by the Fund.

The Manager pays initial and ongoing trail commission to third parties calculated at 0.25% per annum on a portion of some investor funds. These commissions are typically paid on less than 5% of all investments in the Fund. These commissions are paid by the Manager out of its basic fee and are not deducted from investors' investments in the Fund.

Example of how fees apply to an investor

Tom invests \$10,000 in the Fund. The starting value of his investment is \$10,000. He is charged management and administration fees which work out to about \$210 (2.10% of \$10,000). These fees might be more or less if his account balance has increased or decreased over the year. Over the next year, Tom pays no other charges.

Estimated total fees for the first year

- Individual action fees: Nil
- Fund Charges: \$210 (estimated).
- Other Charges: Nil

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

This example only applies to the Fund. If you are considering investing in other funds this example may not be representative of the actual fees you may be charged.

The fees can be changed

The Manager's fee and the Supervisor's fee may change by agreement between the Supervisor and the Manager.

The Manager must publish a fund update for the Fund showing the fees actually charged during the most recent year. Fund updates, including past fund updates, are available at disclose-register.companiesoffice.govt.nz.

6. WHAT TAXES WILL YOU PAY?

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

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

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

7. WHO IS INVOLVED?

About the Manager

The manager of the Fund is Midlands Funds Management Limited which has its contact address at 1/111 Karamu Road North, PO Box 609, Hastings 4156 and whose contact numbers are:

Telephone: 06 870 3260
Email: investments@mmt.net.nz

The business of the Manager is to act as manager of the Fund and other managed investment schemes.

The Manager has built up an expertise in the lending market and has the experience to enable it to approve mortgage loan advances to be made available across a range of residential, commercial and rural properties and a wide range of business activities.

Who else is involved?

	Name	Role
Supervisor	Trustees Executors Limited	The function of the Supervisor of the Fund is to monitor the Manager's compliance with the law, regulations and its MIS licence obligations.
Custodian	Trustees Executors Limited	Holds the assets of the Fund separate to the Manager on behalf of investors and the Supervisor (safekeeping).
Custodial Nominee	FM Custodians Limited	The Supervisor has appointed FM Custodians Limited as the Supervisor's bare nominee to hold the Fund's assets on its behalf.

8. HOW TO COMPLAIN

Complaints about the Fund can be made to:

The Manager: Midlands Funds Management Limited
1/111 Karamu Road North Telephone: 06 870 3260
PO Box 609 Email: investments@mmt.net.nz
Hastings 4156 Freephone: 0800 870 326
Attention: Chief Executive Officer

The Supervisor: Trustees Executors Limited
Level 11 Telephone: 0800 878 783
51 Shortland Street Email: complaints@trustees.co.nz
PO Box 4197 Website: www.trustees.co.nz/about-us/contact-us/
Auckland 1140
Attention: Client Manager, Trustees Corporate Supervision

You may refer your complaint to Financial Services Complaints Ltd (FSCL) – A Financial Ombudsman Service. FSCL is our independent external ombudsman and dispute resolution service that has been approved by the Minister of Consumer Affairs under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. FSCL's service is free of charge to you. You can contact FSCL at:

Level 4	Freephone: 0800 347 257
101 Lambton Quay	Wellington: 04 472 FSCL (472 3725)
PO Box 5967	Email: complaints@fscl.org.nz
Wellington 6145	

Complaints can also be made to the Financial Markets Authority through its website www.fma.govt.nz.

9. WHERE YOU CAN FIND MORE INFORMATION

Further information relating to the Fund and the units is available on the offer register and the scheme register (for example, financial statements).

A copy of information on the offer register or scheme register is available on request to the Registrar.

The internet site address for the offer register is disclose-register.companiesoffice.govt.nz.

You may request, at any time, copies of the Trust Deed, SIPO, the most recent financial statements, the most recent annual report for the Fund, and fund updates by contacting the Manager at:

Midlands Funds Management Limited
1/111 Karamu Road North
PO Box 609
Hastings 4156

Telephone: 06 870 3260
Email: investments@mmt.net.nz

Copies of the above documents will be provided free of charge. These documents are also available for public inspection at the offices of the Manager at 1/111 Karamu Road North, Hastings and on the offer register.

10. HOW TO APPLY

To apply for units in the Fund you must complete the application form distributed with this document and send the completed application form with other required identity documents and your payment to:

Midlands Funds Management Limited
PO Box 609
Hastings 4156

Alternatively, you can leave the application form, identity documents and your payment with your broker or financial adviser, who will send them to the Manager.

The Manager also accepts emailed applications sent to investments@mmt.net.nz.

We recommend that you seek advice from a financial adviser before making a decision to invest in the Fund. The Manager does not provide financial advice.

GLOSSARY

Key terms used in this document and terms that may be of interest to our investors.

Cash and cash equivalents – on-call cash deposits and short-term (90 days or less) term deposits placed with New Zealand registered banks.

Distribution – a quarterly cash payment made by the Fund to its investors. The payment is from the net interest income of the Fund from mortgage lending and bank deposits, less fees and other expenses, tax, and any reserve fund contributions.

Financial adviser – a person entitled to provide advice on behalf of an organisation licensed by the FMA on some or all of: insurance, investing, mortgages and superannuation including KiwiSaver.

FMA – the Financial Markets Authority facilitate the development of fair, efficient and transparent financial markets and plays a critical role in regulating capital markets and certain financial services in New Zealand. The Manager operates under a licence issued by the FMA.

Fund – the Midlands Smarter PIE Fund, a managed fund holding a pool of mortgage lending assets and other investments for the benefit of investors, and managed by the Manager.

Manager – Midlands Funds Management Limited, the company whose responsibility it is to manage money invested in the Fund by Midlands' investors.

LVR – Loan to Value Ratio is an important financial ratio used to assess loans and is calculated by dividing the amount of the loan by the value of the mortgaged property. The higher the LVR, the greater the risk that the amount that could be raised by selling the property would not be enough to repay the loan.

Managed Investment Scheme (MIS) – in general terms, a managed investment scheme (MIS) pools money from a number of investors who rely on the investment expertise of the MIS manager. The definition in the Financial Markets Conduct Act 2013 (section 9) is broad and includes a wide range of collective investment schemes. These schemes can be structured in different ways and may invest in a wide range of investments. Providers of MIS are that are offered to retail investors required to be licensed by the FMA and are subject to licensing obligations.

Mortgage – security granted over land and/or buildings for a loan. Holding a mortgage can allow a lender to sell the property if the loan is not repaid, provided it follows set processes.

PDS – a Product Disclosure Statement is a document that must be given to retail investors before they invest in certain types of financial products. It includes information about the product's key features, fees, benefits, risks, those involved in offering the product, and the complaints handling procedure.

PIE – means a Portfolio Investment Entity within the meaning of the Income Tax Act. A PIE fund is special type of managed fund that enjoys preferential tax rules where the tax paid is normally lower for higher-income earners than would otherwise be the case.

Prescribed Investor Rate (PIR) – a prescribed investor rate (PIR) is the tax rate that a PIE uses to work out the tax on your investment income from that PIE. The PIR is based on your taxable income. You choose your PIR and must notify the Manager if it changes.

Risk – means the chance that an investor won't get the return they expected, or that they might lose some or all of the money invested. All investments have different levels of risk. This PDS gives an overview of the types of risk associated with investing in the Fund (refer to page 6).

SIPO – means a Statement of Investment Policy and Objectives and documents how a fund manager will invest the assets of a managed fund, and provides important information about policies related to investments.

Supervisor – means a financial markets supervisor licensed by the FMA. Trustees Executors Limited supervises the Manager's licensed activity.

SMARTER PIE FUND APPLICATION FORM

INDIVIDUAL & JOINT INVESTORS

We get it. Long forms can be a bit of a bore. But to become a Midlands customer we need some information from you. Much of it is information we're legally required to collect to comply with Anti Money Laundering and New Zealand tax laws. We've done our best to make the process as pain-free as possible. Please contact us if you have any questions 0800 870 326.

1. INVESTOR INFORMATION

INVESTOR 1 (Principal account holder)

Title: Mr Mrs Ms Miss Other

First Name(s):

Surname:

Occupation:

Date of Birth: / /

Home Address:

Postcode:

Postal Address (if different from your home address)

Postcode:

Email:

Home Phone:

Mobile Phone:

Country of Birth:

Citizenship:

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

Yes No

INVESTOR 2 (if applicable)

Title: Mr Mrs Ms Miss Other

First Name(s):

Surname:

Occupation:

Date of Birth: / /

Home Address:

Postcode:

Postal Address (if different from your home address)

Postcode:

Email:

Home Phone:

Mobile Phone:

Country of Birth:

Citizenship:

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

Yes No

2. TAX INFORMATION

NZ TAX RESIDENCE

Are you a tax resident in New Zealand:

Yes No

IRD Number:

Taxpayer's Prescribed Investor Rate (PIR)

0% 10.5% 17.5% 28%

NZ TAX RESIDENCE

Are you a tax resident in New Zealand:

Yes No

IRD Number:

Taxpayer's Prescribed Investor Rate (PIR)

0% 10.5% 17.5% 28%

To determine your Prescribed Investor Rate, refer to **Annexure 2** at the end of this form.

3. FOREIGN TAX RESIDENCY INFORMATION

INVESTOR 1 (Principal account holder)

Are you a US citizen or tax resident? Yes No

Are you a tax resident in any other country (other than NZ or USA)? 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:

Other Country of tax residence	Tax Identification Number (TIN)

INVESTOR 2 (if applicable)

Are you a US citizen or tax resident? Yes No

Are you a tax resident in any other country (other than NZ or USA)? 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:

Other Country of tax residence	Tax Identification Number (TIN)

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

If you are unable to provide a TIN for any country, please explain why:

4. INVESTMENT DETAILS

Amount you are investing (if lump sum): \$

If regular deposits / contributions, I / we wish to make regular savings contributions of:

\$ per week fortnight month year

What is the primary purpose of your investment?

- Accumulation of Wealth
- Retirement
- Income stream
- Other (please specify)

Please tell us how you intend to transact on this account.

I plan to make deposits/contributions:

- Regularly
- Now and then
- Lump sum (one off)

I plan to make withdrawals:

- Regularly
- Now and then
- Lump sum (one off)

5. YOUR RETURNS

What would you like us to do with your returns?

- Quarterly Payments** (pay returns into my bank account each quarter)
- Reinvest my returns** (reinvest returns back into the fund each quarter)

6. NOMINATED BANK ACCOUNT

Please provide a nominated bank account in your name for payment of your returns and any withdrawals. For your protection, we will only pay into an authorised bank account in the account holder's name.

Name of account:

Account details:

Bank

Branch

Account number

Suffix

To verify your bank account, please provide one of the following:

- a) Bank Statement
- b) Internet banking screenshot
- c) Over the counter receipt with a teller's stamp

The proof of bank account must contain the account name, number and logo of your bank. You may cover up your transaction details.

7. SOURCE OF FUNDS/WEALTH

In order to meet our AML obligations, we need to ask you some questions about your source of funds or wealth. Please note this information is not used to assess the suitability of your investment or to provide financial advice.

You may need to provide certified proof of the source of funds; i.e. sale & purchase agreement, payslips, legal documentation.

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

- | | |
|--|--|
| <input type="checkbox"/> Inheritance/Windfall | <input type="checkbox"/> Personal Income |
| <input type="checkbox"/> Property sale | <input type="checkbox"/> Accumulated Savings |
| <input type="checkbox"/> Asset/Business sale | <input type="checkbox"/> Superannuation |
| <input type="checkbox"/> Other (please specify) <input type="text"/> | |

Please provide further details about the source of funds. For example, sale of property at 55 Greys Road for \$800,000 ON 21/06/2019.

8. CONFIRMING YOUR IDENTITY AND ADDRESS

To comply with anti-money laundering laws, we need to verify your identity and your physical address. There are 3 ways we can complete this. Please select option 1, 2 or 3. For more information and requirements, refer to **ANNEXURE 1**.

- OPTION 1: DIGITAL IDENTITY VERIFICATION**
I would like Midlands to electronically verify my identity (preferred method).
- OPTION 2: ORIGINAL DOCUMENTS**
I will bring my original identification documents (not photocopies) into Midlands.
- OPTION 3: CERTIFIED DOCUMENTS**
I will post or email 'certified copies' of my identity to Midlands. Refer to **ANNEXURE 1** for guidance and requirements.

9. YOUR ACKNOWLEDGEMENTS AND AGREEMENTS

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

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

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 understand and agree that until Midlands has completed its processes to the standard it, in its sole discretion, determines necessary, it is not bound to accept any deposits or open any account for the client and it can cancel any application and/or close any account at any time.

You agree that Midlands 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 Act.

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.

Your personal information may also be used by, and you consent to the use of your personal information by Midlands to keep you informed about other financial opportunities, products or services by post, by email, by text message or by any other electronic means.

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.

Electronic Provision of Information

You consent to receiving any communication from Midlands and anyone else involved with the fund via any electronic means, including by email to the email address specified in this application form or, or any other email address you give Midlands from time to time. These communications include those required by law and those provided in connection with the Fund.

Authority

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

Declaration

- I/We have read a copy of the Product Disclosure Statement (PDS) for the Midlands Smarter PIE Fund dated 02/04/2024 and understand that additional information about the Fund is available on the Fund's Disclose Register.
- I/We agree to be bound by the terms and conditions of the PDS and the trust deed for the Midlands Smarter PIE Fund.
- I/We appoint Trustees Executors Limited as my/our agent for the purpose of making this investment and any subsequent investment.
- I/We understand that the value of my/our investment is liable to fluctuate and may rise and fall from time to time.
- I/We accept that this is solely my/our decision to make this investment and that I/we have chosen the appropriate investment for my/our risk tolerance and circumstances.
- I/We understand that Midlands has not assessed the suitability of this investment for my/our personal financial situation, financial needs or goals.
- I/we understand that neither Midlands, Trustees Executors Limited nor any other person guarantees the performance of the Midlands Smarter PIE Fund or the repayment of capital or any particular rate of return from the Midlands Smarter PIE Fund.
- I/We acknowledge that I/we will be unable to make any withdrawal from the Fund until Midlands has received my/our signed withdrawal form and any supporting documentation required.
- All the information I/we have provided in this Application Form is to the best of my/our knowledge and belief, correct and complete. In addition, I/we certify that the Investor(s) are as shown on this Application Form.
- I/We will advise Midlands of any changes to my/our personal details including my/our residential or email address, telephone number, legal status or capacity.
- I/We undertake to notify Midlands of any change in tax residency status or a change which causes the information to become incorrect or incomplete.
- I/We agree to the terms outlines above and elsewhere in this Application Form

10. SIGNING AUTHORITY

Please indicate below the number of Authorised Signatories you require to withdraw or make variations to your investment:

Single Authorisation (tick if any one investor can provide instructions to withdraw or make variations to your investment).

Joint Authorisation (tick if you require BOTH investors to sign in order to make withdrawals or variations to your investment). If this option is selected Midlands will not action any requests without all required signatures.

Signature:

Full Name:

Date:

/ /

Signature:

Full Name:

Date:

/ /

11. SUBMITTING THIS APPLICATION FORM AND MAKING PAYMENT

The completed application form together with certified proof of identity may be:

Scanned and emailed to us to investments@mmt.net.nz, OR

Posted to Midlands Funds Management, PO Box 609, Hastings 4156, OR

Dropped off to us at Midlands Funds Management, 1/111 Karamu Road, Hastings 4122 during normal business hours. No appointment necessary.

Once we have processed your application we will email you a welcome letter which contains details of how to make payment.

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 out:

Date:

/ /

Signature of attorney:

ANNEXURE 1


To comply with anti-money laundering laws, we need to verify your identity and your physical address. There are 3 ways we can complete this. Please select option 1, 2 or 3 and follow the instructions below.


OPTION 1: DIGITAL IDENTITY VERIFICATION

I would like Midlands to electronically verify my identity (preferred method).

To make the verification process quick and simple for you, we have invested in facial recognition technology which can electronically match your face to the picture on your ID. This method can be completed on your mobile phone and takes less than 5 minutes to complete. We will send you a text with a link to complete the verification. All you need is your NZ or Australian driver licence or passport. No other physical documents are required. Each applicant will need to complete this.

Option 1 Document Checklist:

 All you need is your NZ or Australian passport or driver licence when you complete the Digital Verification. **YOU DO NOT NEED TO SEND/EMAIL US COPIES OF THESE DOCUMENTS.**


 We need a copy of your bank statement to verify your bank account. Post or email a copy of your bank statement to Midlands OR bring a bank statement into Midlands. The bank statement must include your name, address and bank account number and must be less than 12 months old. The address can not be a PO BOX address. Email to investments@mmt.net.nz.


OPTION 2: ORIGINAL DOCUMENTS

I will bring my original identification documents (not photocopies) into Midlands.

1/111 Karamu Road North, Hastings (behind Kindred Road Cafe). Note these do NOT need to be 'certified'.

Option 2 Document Checklist:

 Bring your actual passport or driver licence into Midlands and one of our employees will verify you. Each applicant will need to complete this.


 Bring a bank statement into Midlands and one of our employees will verify it. The bank statement must include your name, address and bank account number and must be less than 12 months old. The address can not be a PO BOX address.


OPTION 3: CERTIFIED DOCUMENTS

I will post or email 'certified copies' of my identity documents to Midlands.

If you chose Identification Verification Option 3 you will need to provide 'certified' copies of original identification documentation (e.g. licence or passport & bank statement). Only a 'Trusted Referee' can 'certify' documents. Refer to the following page for full details.

Option 3 Document Checklist:

 Get a photocopy of your passport or driver licence certified by a 'Trusted Referee'. Then email or post it to Midlands with this Application Form.

 Get an original or photocopy of a bank statement certified by a 'Trusted Referee'. Then email or post it to Midlands with this Application Form. The bank statement must show your name, address and bank account number and must be less than 12 months old. The address can not be a PO BOX address.

NOTE: If you do not have a licence, passport and/or bank statement we can accept other identification and proof of address documents. Please contact us and we can help you.

HOW TO CERTIFY DOCUMENTS

How To Certify a Copy of an Original Document:

If you have selected **Option 3** as your preferred identification method, a 'certified' copy of your original document(s) must be provided e.g. a certified photocopy of your passport or licence, and bank statement. Only a 'Trusted Referee' can certify a document.

CERTIFYING A PASSPORT OR LICENCE:

I certify this to be a true copy of the original document and confirm it represents the identity of Joe Smith.
 Name: *Jane Doe*
 Occupation: *Justice of the Peace*
 Date: *18/08/2022*
 Signature: *[Signature]*

1. Photocopy your licence or passport. Photocopy ID at 150% so the details are legible. Please do not send in your physical identity documents e.g. passport, driver licence, birth certificate etc.

2. Certify your document. Take your original passport or licence AND your photocopy of the same to a 'Trusted Referee' and ask them to 'Certify' your document. Trusted Referees include the following people:

- Justice of the Peace
- Lawyer
- Chartered Accountant
- Registered Teacher
- Registered Medical Doctor
- Police Officer
- Notary Public

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.

Please note: Certification is valid for three months and must have been carried out within three months of application.

CERTIFYING A BANK STATEMENT:

If you have selected Option 3 as your preferred identification method please provide a 'certified copy' of a bank statement as proof of your residential address as set out below. If you have selected Option 1 or Option 2 we need a copy of your bank statement to verify your bank account but it does NOT need to be certified.

XYZLOGO
 Statement of Accounts
 Your Account(s) at a glance as at 19 XXXX 2022

Mr Joe Smith
 58 Green Street
 Takapuna
 AUCKLAND 1023
 New Zealand

Today's Statement(s)

ACC # XX-XXXX-XXXXXX-XX
 Tertiary
 Upcoming Automatic Payment Frequency

I certify this is a true and correct copy of the original document, which I have sighted.
 Name: *Jane Doe*
 Occupation: *Justice of the Peace*
 Date: *18/08/2022*
 Signature: *[Signature]*

Name and current physical address must be visible. Can't be a PO Box number.

Account number must be visible.

You are welcome to cover up your transactions on your bank statement should you wish to. We do not need this information.

Must be dated in the last 12 months.

ANNEXURE 2

HOW TO CALCULATE YOUR PIR

What is a Portfolio Investment Entity or PIE Fund?

A Portfolio Investment Entity, more commonly known as a PIE Fund, is a type of investment entity that can offer certain tax advantages to many investors. PIE Fund returns are taxed at each investors' Prescribed Investor Rate (PIR), which may be lower than your personal income tax rate. If you invest in a PIE Fund under current tax laws, you will normally pay either 10.5%, 17.5% or 28% tax on your returns. You will not pay more than 28%. If you invest in a Fund that is NOT a PIE Fund, the tax you pay on returns will normally be based on your personal income tax rate or the Trust tax rate, which could be as high as 39%. This means many people pay less tax if they invest in a PIE Fund.

Understanding Prescribed Investor Rates (PIR)

Your PIR is determined by your taxable income for New Zealand resident investors and ranges from 10.5% to a maximum of 28%. This is significantly lower than the top marginal (PAYE) tax rate and Trust Tax rate, both of which are 39%. By investing in a PIE fund, you will be taxed at your PIR tax rate (a maximum of 28%), NOT your marginal or Trust tax rate (which could be as high as 39%). If you do not advise us of your PIR Rate, you will be put on the default PIR Rate of 28%.

What PIR do we use if we have a joint account?

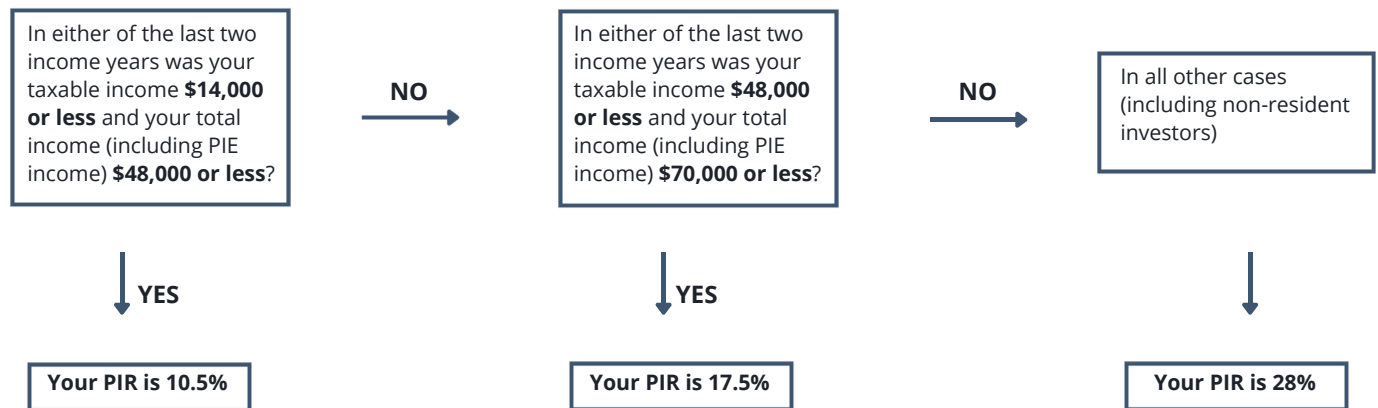
Each Midlands account can only have ONE PIR rate.

If you have a joint account, then select the investor with the highest PIR rate eg if John and Sue have a joint Midlands account and John's PIR Rate is 28% and Sue's PIR rate is 17.5% then select 28% as your PIR Rate for this account.

HOW DO I KNOW WHAT MY PIR IS?

To calculate your PIR, follow the guide below. If you are unsure which PIR rate to use, please speak to your accountant or IRD.

How to calculate your PIR



Other investors	PIR
Non-Resident Investor	28%
Company, Unit Trust, Charity or Non-Profit Organisation	0%
Trust (excluding Charitable Trusts and Unit Trusts) choose the rate to best suit your beneficiaries	28%

Note: Trustees of a Testamentary Trust may also choose 10.5%



MIDLANDS

FUNDS MANAGEMENT

Midlands Funds Management Limited

P. 0800 870 326 / 06 870 3260 E. investments@mmt.net.nz

1/111 Karamu Rd Nth | PO Box 609 Hastings 4156 New Zealand

midlandsfundsmangement.co.nz
