

Tax Considerations: Understanding 'PIE'

Each QuayStreet Fund is a Portfolio Investment Entity (PIE). As a PIE, each Fund will attribute all taxable income (or losses) across all investors, based on the number of Units held by each investor. Tax is calculated on income attributed to you at your nominated Prescribed Investor Rate (PIR). The tax rate for individuals is capped at 28%.

Your responsibilities

You must advise us of your IRD number and applicable PIR when you invest in the Funds, and when these details change.

If you do not notify both your IRD number and PIR you will be taxed on income attributed to you at the highest rate of 28%.

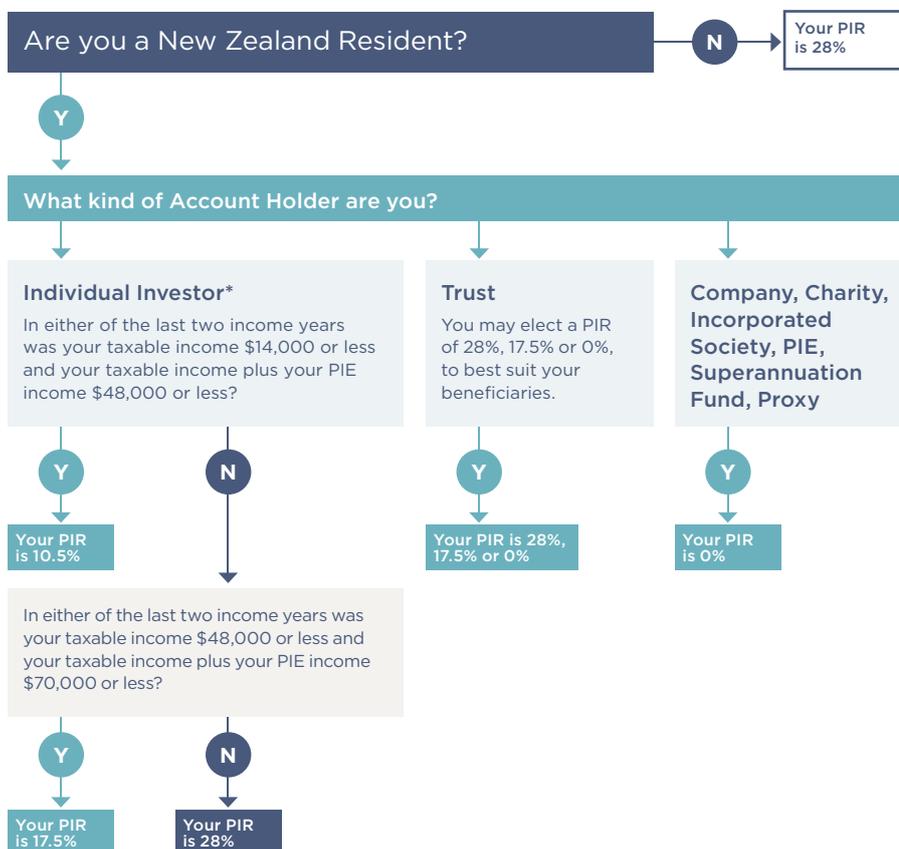
We will seek reconfirmation of your PIR details annually. Note that the

Commissioner of Inland Revenue may require the Funds to disregard your chosen PIR and use an alternative rate if it is considered that the rate selected by you is incorrect.

We are required to provide you with an annual tax certificate, which will include the PIE income attributed to you and the amount of tax paid at your PIR.

How to work out your Prescribed Investor Rate (PIR)

Follow the chart below to figure out your PIR.



INDIVIDUAL INVESTOR

Income details are for the two income years prior to the tax year the PIR is to be applied.

* **Joint accounts:** Individuals need to calculate PIRs separately, and the highest PIR is used.

TRANSITIONAL RESIDENTS

Transitional residents may need to include their overseas income when determining their PIR, and should obtain professional advice when selecting a PIR. An individual is a "transitional resident" provided that she or he has not been a tax resident in New Zealand during the last 10 years, has never been a transitional resident before, is now resident in New Zealand and does not elect out of the transitional residents' regime.

TRUST

If your trust is a testamentary trust, you may also elect a PIR of 10.5%.

PIR OF 0%

If you have a PIR of 0%, you are required to include any attributed PIE income or loss in your company's, trust's or estate's tax return.



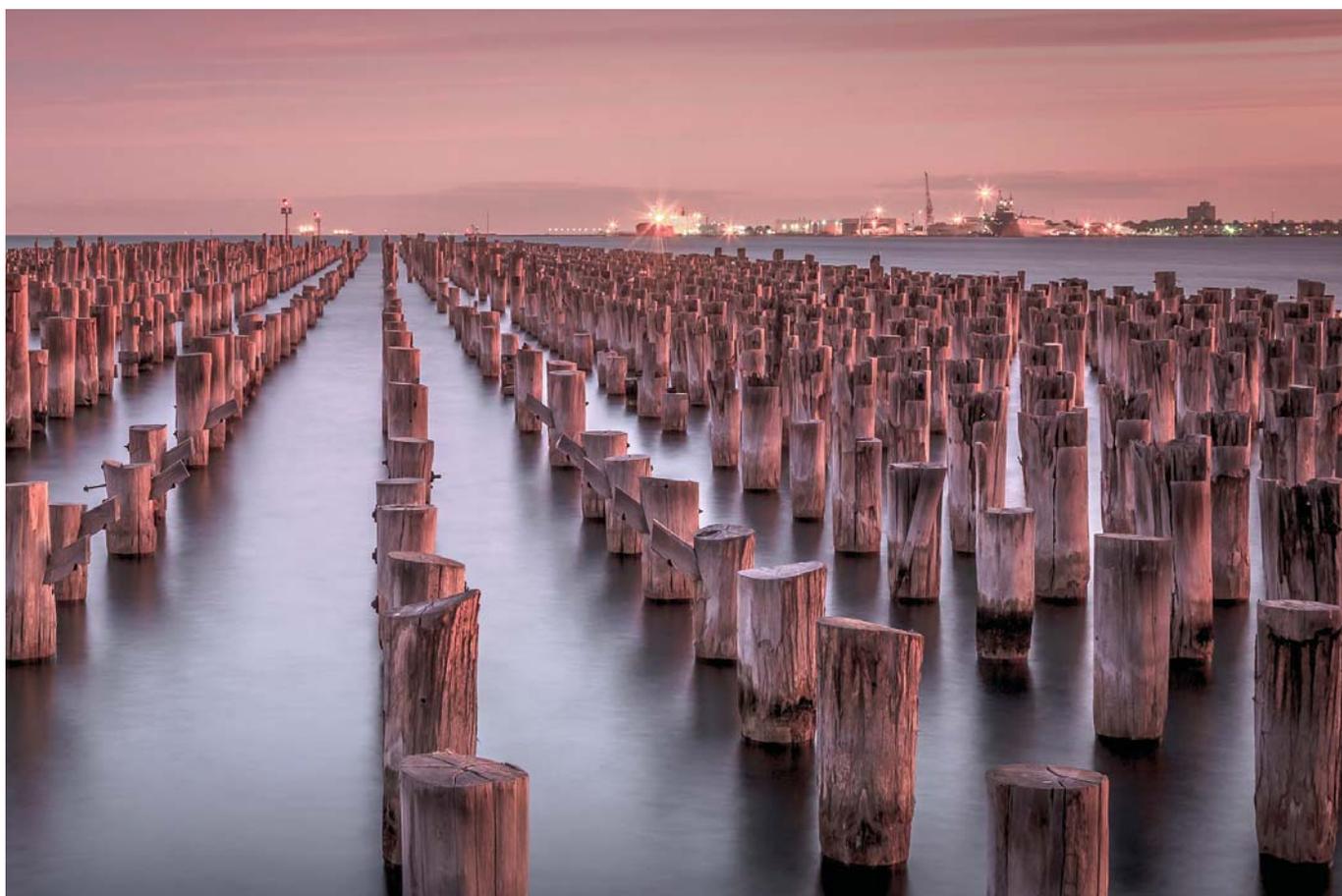
Applying Tax rules to the Funds

A Fund's tax liability on PIE income is attributed to its investors and will be deducted from each investor's interests in the Fund at the following times in respect of each tax year:

- > at the end of the tax year (following 31 March);
- > upon any full or partial withdrawal or switch; or
- > if at any time the balance of the remaining Units is, or could potentially become, insufficient to cover a Fund's accrued tax liability on income attributed to such a Unitholder. We will consider potential market movements when determining whether the remaining Units are of sufficient value to cover the tax liability.

If you select a PIR that is greater than 0% then the tax paid by the Fund on your share of the income is generally a final tax (that is, the income need not be included in your income tax return). However, the tax paid by the Fund will not be a final tax if you select a PIR that is too low, if you are a trust that selects the 10.5% or 17.5% PIR, or if you have recently become a New Zealand tax resident and have elected to disregard foreign sourced income derived prior to becoming a New Zealand tax resident when calculating your PIR.

If you select a 0% PIR or tax at your PIR is not a final tax then you will need to include your share of the income in your income tax return, and pay any tax due on that income.



For further information or a Product Disclosure Statement please contact our Client Services team on 0800 782 900 or visit quaystreet.com. Disclosure statements are available on request and free of charge. The QuayStreet Funds are issued by QuayStreet Asset Management Limited.

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