Wedge Savings Scheme

More about the Wedge Savings Fund

Other Material Information

Issued by Wedge Management Limited

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Find out more about the Wedge Savings Fund

This document tells you more about the Wedge Savings Fund (**Fund**) within the Wedge Savings Scheme (**Scheme**), under the following headings:

This document contains information about the way the Fund works. The Fund is an investment product and investment products can be complex. If you do not understand or are unsure of any of the information contained in this document, we recommend you seek financial advice before investing.

1. General

The Fund is a fund established within the Scheme; a managed investment scheme established under a governing document (**Governing Document**) registered under the Financial Markets Conduct Act 2013 (**FMC Act**).

This document sets out additional information about the Fund beyond what is available in the Product Disclosure Statement (**PDS**). It should be read together with PDS for the offer of investments in the Fund, the Statement of Investment Policy and Objectives (**SIPO**) for the Fund and any other Fund-related documents held on the Disclose Register at www.companiesoffice.govt.nz/disclose.

In this document:

- **Wedge**, **we**, **us** or **our** means Wedge Management Limited, the Manager of the Scheme and the Fund;
- **Supervisor** means The New Zealand Guardian Trust Company Limited, the supervisor of the Scheme;
- capitalised terms not otherwise defined have the meaning given to them in the PDS, unless the context requires otherwise.

We have prepared this document to meet the requirements of section 57(1)(b)(ii) of the FMC Act and clause 52 of Schedule 4 to the Financial Markets Conduct Regulations 2014.

This information is current as at the date of this document. It is not intended as a replacement for legal, tax, or financial advice. This information is subject to changes to the law and government policy, and changes to the Fund, from time to time.

Investments made in the Fund are not bank deposits. They are subject to investment risk, including possible delays in repayment. You could get back less than the total you invest. No person guarantees (either fully or in part) the performance or returns of the Fund or the Underlying Funds through which the Fund invests, or the repayment of amounts invested.

Investments in the Fund will not be protected by the Depositor Compensation Scheme to be introduced under the Deposit Takers Act 2023.

2. More about how this investment works

When you invest in the Fund, you are investing in a managed fund that invests in units in two underlying wholesale funds called the Wedge Fortress Fund and the Wedge Summit Fund (**Underlying Funds**) which are also managed by Wedge. The Underlying Funds each invest in cash, cash equivalents, and fixed income securities. The Fund may also hold cash on call.

The Fund's objective is to provide a set rate of return to members above the average on-call New Zealand bank savings rate while maintaining a stable capital value and ready access to your money. The Fund can also provide tax efficiencies for members whose regular income tax rate is 30%, 33% or 39%.

The Net Asset Value of the Fund, and each Underlying Fund, is calculated for each Valuation Date (as defined in the Governing Document). The Valuation Dates for the Fund and the Underlying Funds will be daily. Units will be issued and redeemed only on Valuation Dates which are business days.

Your account

When you invest you will be issued units in the Fund. These units represent your investment in the Fund. Your units are recorded in an account in your name. Currently, you may only open one account per person.

Your account balance can be adjusted by Wedge to pay your returns (which accrue each day at the daily Set Rate, and are paid into your account monthly), deduct tax, remove units when you withdraw, add units when you invest and to charge fees or share of Fund expenses that may be charged to, or incurred by, the Fund. All adjustments are by way of the addition or redemption of units or part units.

Risk indicator

Information on the risk indicator for the Fund has been included in the PDS. The risk indicator for the Fund is set out in the PDS section 1 (*Key Information Summary)*, section 3 (*Description of your investment options)* with further information in section 4 (*What are the risks of investing?)*.

The purpose of the risk indicator is to provide an indication of the volatility of the returns from the Fund. Each quarter, a fund update will tell you what the most recent risk indicator is for the Fund.

The risk indicator does not reflect any risk that may arise from Wedge, as the Manager, not meeting its payment obligations under the **Swap Arrangement** set out in Schedule 3 of the Governing Document, in the PDS and below. The Governing Document is available at www.companiesoffice.govt.nz/disclose.

Market index

Generally, each asset class held by an investment fund is measured, for performance purposes, against an appropriate market index. The purpose of an appropriate market index is to reflect the performance of the Fund in comparison to that of the overall market for the asset class or asset classes in which the relevant fund is invested. Such market indices are widely recognised in financial markets and are administered independently from us.

The benchmark index against which we compare the Fund's investment returns is the Bloomberg NZBond Bank Bill Index (**BNZBIL Index**).

The current benchmark index/indices are set out in the Fund's SIPO, which is on the schemes register at www.companiesoffice.govt.nz/disclose (select *Search for a scheme* and enter *Documents*).

More information about the benchmark index/indices referred to in the SIPO (and in the fund updates for the Scheme) can be found here:
https://data.bloomberglp.com/professional/sites/10/AusBond-Index-Methodoloy-10-09-2018.pdf

The Set Rate and Swap Arrangement

The Set Rate of return paid to members in the Fund is managed by way of the Swap Arrangement.

The purpose of the Swap Arrangement is to ensure the Fund always has sufficient income to pay the Set Rate to members and to provide for Wedge to receive, and retain for its own benefit, any net monthly Fund return in excess of the Set Rate.

Under the Swap Arrangement, where the return of the Fund (after payment of management and administration charges and before tax) at the end of any day is greater than the amount required to pay the Set Rate on all members' account balances on that day, the Fund owes the Manager the amount of the excess return over the Set Rate (the **Daily Excess Return Amount**), and where that return of the Fund at the end of that day (after payment of management and administration charges and before tax) is less than the Set Rate applying to all members' account balances on that day, the Manager owes the Fund a top-up amount so that the Fund has sufficient income to pay members the amount of that Set Return (the **Daily Top-Up Amount**).

The Fund Administrator keeps a record of the Daily Excess Return Amounts and the Daily Top-Up Amounts in a Fund Daily Return Adjustment Account and at the end of each month:

- if the total of the Daily Excess Return Amounts for that month is more than the total of the Daily Top-Up Amounts for that month, the Fund pays the amount of that excess return to Wedge; and

- if the total of the Daily Excess Return Amounts for that month is less than the total of the Daily Top-Up Amounts for that month, Wedge pays the amount of that shortfall as a top-up payment to the Fund.

No shortfall or excess return is carried forward to a subsequent monthly period.

The amount of any excess return paid to Wedge under the Swap Arrangement is regarded as a "performance-based fee" under the Financial Markets Conduct Act 2013. Further information about this is set out in section 5 (*More about fees)* and in the PDS.

Wedge may change the Set Rate at any time and will notify members of any change by email and by posting it on our website and app.

In extreme circumstances, for example if on-call bank savings rates were to turned negative, the Set Rate may also go negative. The effect of this negative return would be that your account balance declines by that day's "negative accrual" of the Set Rate, and is deducted from your account at the end of the month.

More information about the Swap Arrangement, the Set Rate and the retention by the Manager of any monthly excess returns is set out in the PDS and in section 5 of this document.

Examples of the Swap Arrangement calculations over a 30–day period

Excess Return Amounts

Justina invests $10,000 in the Fund with a Set Rate of 4.5% p.a. She is charged no establishment or contribution fees.

Justina therefore has a starting investment value of $10,000.

If the Fund generates a return of 4.6% p.a. (after management and administration charges) at the end of the period:

- the Set Rate of return for 30 days: $36.99 (before tax)

- the Fund return for 30 days: $37.81 (before tax)
- the excess return amount retained by Wedge: $0.82 (before tax)

Justina receives $10,036.99 less tax based on her PIR rate.

Wedge retains the excess amount of $0.82 as a performance-based fee. Management and administration charges and performance-based fees paid to Wedge do not reduce Justina's return at the Set Rate.

Top-Up Amounts

Justina invests $10,000 in the Fund with a Set Rate of 4.5% p.a. She is charged no establishment or contribution fees.

Justina therefore has a starting investment value of $10,000.

If the Fund generates a return of 4.4% p.a. (after management and administration charges) at the end of the period:

- the Set Rate of return for 30 days: $36.99 (before tax)
- the Fund return for 30 days: $36.16 (before tax)
- the top-up amount paid by Wedge: $0.82 (before tax)

Justina receives $10,036.99 less tax based on her PIR rate.

Wedge pays the deficit of $0.82 as a top-up to the Fund and does not receive a performance-based fee for that month. Management and administration charges and top-up amounts paid by Wedge do not reduce Justina's return at the Set Rate.

3. More about your investment options

Policy on Responsible Investment

As an active fund manager driven to lift the wealth and wellbeing of New Zealanders, Wedge has adopted a Responsible Investment Policy (**RI Policy**), addressing how we incorporate responsible investment considerations, weigh environmental, social and governance (**ESG**) factors, and integrate our values into the investment decisions we make in accordance with the Scheme's SIPO. Our RI Policy sets out our approach to responsible investment, including a commitment to:

- incorporating ESG considerations into our investment process, and the fundamental research we undertake on our portfolio holdings;
- actively engaging with portfolio companies about their practices when they do not align with our values and beliefs;
- following the United Nations Principles of Responsible Investment, which we consider encapsulate responsible investment best practice and allow strong alignment between investment objectives and today's society.

The integration of non-financial factors, such as ESG considerations, into the Wedge investment process can have both positive and negative implications for financial performance.

On the negative side, incorporating non-financial factors will reduce the investible universe by excluding entities that do not meet specific ESG criteria. This restriction could lead to a slightly less diversified portfolio, potential opportunity costs, and a deviation from purely quantitative financial analysis that prioritises return maximisation. Additionally, the integration of ESG considerations may create analytical complexities, as non-financial metrics are often qualitative, less standardised, and subject to evolving regulatory and industry expectations.

Conversely, on the positive side, incorporating non-financial factors can enhance risk management by identifying material ESG risks that may not be captured by traditional financial analysis. Entities with strong ESG profiles may demonstrate better governance, lower regulatory risk, and enhanced long-term resilience, potentially leading to superior risk-adjusted returns. Furthermore, investor demand for sustainable assets and regulatory support for ESG integration can create valuation premiums for entities with strong ESG credentials, driving long-term value creation.

The summary above does not provide the full detail of our RI Policy. More detail can be found in the SIPO for the Scheme and Wedge's RI Policy which can be found on our website at www.wedgemoney.co.nz and on the Disclose Register for the offer at www.companiesoffice.govt.nz/disclose.

4. More about risks

All investments involve some form of risk. The general risks of investing in the Fund as noted in the PDS (which may affect the Fund's investment returns) are:

- Asset class risk
- Manager risk
- Market risk
- Interest rate risk
- Credit risk

Other risks specific to investing in the Fund as noted in the PDS are:

- Payment risk (the Fund's inability to meet its obligations under the Swap Arrangement)
- Liquidity risk
- System risk

The following risks are in addition to the above risks set out in the PDS:

- Counterparty risk
- Concentration risk
- Currency risk
- Tax risk
- Borrowing risk
- Administrative risk
- Responsible investing policy risk
- Third party risk
- Regulatory risk
- Suspension of payments risk
- Wind up risk

Counterparty risk

There is a risk that a party to an investment contract may not honour their obligations, or fail to complete a transaction, or may become insolvent.

Concentration risk

The risk that the performance of one or a small number of securities will have a large impact on the performance of a fund.

Currency risk

Where an Underlying Fund invests in international assets, currency movements may adversely affect the value of those investments. The New Zealand dollar value of a foreign asset can change (up or down) when there are movements in the exchange rate between the New Zealand dollar and the foreign currency.

Tax risk

There is a risk that the Fund loses its portfolio investment entity (**PIE**) status. If this occurred, the Fund would be taxed at the corporate rate of 28% instead of the prescribed investor rate (**PIR**) of individual members. This could affect the after-tax returns to members. We have processes in place to monitor the Fund's on-going PIE eligibility.

There is a risk that we either over or under pay tax within the Scheme on behalf of you as a result of you providing us with the wrong PIR or not advising us to change your PIR when it needed to be changed. If there is an underpayment of tax, you will be obliged to pay additional tax (and potentially penalties or interest) to Inland Revenue. If your PIE income is taxed at a higher PIR and you are eligible for a lower PIR, but have not advised us of this, then any additional tax paid on your behalf may reduce your income tax liability for that income year, and that you may receive a refund via Inland Revenue.

Borrowing risk

The Fund is permitted under the Governing Document to enter into borrowing arrangements (whether secured or unsecured), subject to certain limitations including that the total principal amount of any borrowing (whether secured or unsecured) in relation to the Fund to no more than 40% of the Fund’s Net Asset Value.

The Manager intends to maintain an overdraft or similar credit facility to provide liquidity to fund redemptions and facilitate settlements. The Fund may also borrow through the use of repurchase agreements for the purposes of managing cash flows and optimising returns.

The Manager will manage the Fund’s assets to liabilities ratio in accordance with good prudential management, and in accordance with the SIPO and Governing Document.

Administrative risk

Administrative risk is the risk of a technological or other failure impacting on the Fund, Underlying Funds or financial markets in which the Underlying Funds invests.

Responsible investing policy risk

Our approach to responsible investing can impact investment returns, because there is a reduced universe of investments to choose from, which could lead to forgoing some financially profitable investment opportunities and a slightly less diversified portfolio. However, we believe that adopting a responsible approach to investing that includes some non-financial factors can enhance Fund resilience by identifying material ESG risks that may not be captured by traditional financial analysis. Investing in entities with strong ESG profiles can also help us prioritise the preservation of our member’s capital while pushing for a fairer more sustainable world. Refer to section 3 (*Wedge’s Policy on Responsible Investment)* for more information.

Third party risk

Third party risk is the risk that a third party that is involved in the operation of the Fund fails to meet their obligations to provide contracted services. We monitor this risk by requiring the provision of regular reports and information from our third party service providers, confirming compliance with their contractual obligations.

Regulatory risk

Regulatory risk is the risk of future changes to tax, securities or any other applicable legislation which could affect the operation of the Scheme or Fund or members’ interests in the Scheme or Fund, or of the Governing Document being amended as required or permitted by law in a manner that may reduce members’ interests in the Scheme or Fund.

Suspension of payments risk

The Governing Document allows Wedge to temporarily suspend withdrawals, if for any good reason reasonably determined by Wedge, we form the opinion that it is not desirable, or would be prejudicial to the interests of members in the Fund, or the Scheme as a whole, for Wedge to process withdrawals, or would threaten the Fund’s eligibility for PIE status. Any suspension of greater than 90 business days requires the supervisor’s approval. You will be notified if we suspend or delay paying you a withdrawal. We would only do this in accordance with the Governing Document.

We actively monitor the Fund to maintain enough liquidity (assets that can easily be turned into cash) to meet forecasted withdrawals and reduce the chance of needing to suspend withdrawals.

Wind up risk

We may decide to wind up the Fund. If we decided to wind up the Fund, we would let you know. On wind-up, you may receive less returns than expected and incur reasonable costs and fees as a result of the wind-up. No investments or withdrawals would be able to be made while the Fund is in wind up.

If any of these or other risks eventuate, this could mean you lose some or all of your investment in the Fund.

5. More about fees

The Manager does not charge members a management fee for investing in the Fund. However, the Fund will incur administration charges[1]. These charges will not affect your returns at the Set Rate. More information about these charges is set out in the PDS.

The excess returns payable to the Manager

As explained in section 2 (*More about how this investment works)*, under *The Set Rate and Swap Arrangement*, the Manager is entitled to be paid the amount of any excess returns (after management and administration charges[1]) generated by the Fund in any month where the total of the Daily Excess Return Amounts is more than the total of the Daily Top-Up Amounts for that month.

The amount of any such excess returns is regarded as a performance-based fee under the FMC Act. The amount of the fee (payable monthly) is the amount of those excess returns (if any).

This performance-based fee is not based on the performance of the Fund relative to a market index. Rather, it is calculated in accordance with the Swap Arrangement set out in Schedule 3 of the Governing Document.

In addition, the Fund does not apply a “high water mark” (that is, the value a fund must reach before the manager can charge a performance-based fee). Typically, managers who apply a high-water mark must ensure the relevant fund’s value is at least equal to the high water mark the last time they charged performance-based fees. If a fund loses value, the manager must ensure the value of the fund increases above the high-water mark before being able to charge further performance-based fees).

A high-water mark is not necessary or applicable in the context of the Swap Arrangement under which the Manager is entitled to be paid the amount of any excess returns over the Set Rate. This is because the returns offered to members in the Fund are set at the Set Rate. Where the Fund does not generate a sufficient return to meet the Set Rate payable on members’ account balances, the Manager does not receive any payment, and instead, must make a top-up payment to the Fund, so that the Fund has sufficient income to pay the Set Rate on members’ account balances for that month.

Basis for estimate of management and administration charges

The Fund’s management and administration charges may vary from year to year. We have estimated these charges (including any costs and expenses of the Underlying Funds) as a percentage of the Fund’s net asset value, based on the expected set up costs for the Scheme and the Fund, which will be reimbursed to the Manager as the Fund grows, and the expected fees and expenses of the Fund’s service providers, including the Supervisor, the Fund Administrator, the Fund’s IT service providers, auditors and legal service providers.

We will review this estimate on an annual basis.

Basis for estimate of performance-based fee

We have estimated the performance-based fee referred to in the PDS based on the assumption that the Fund will charge the same fee incurred in the previous year to 30 April 2026. The actual performance-based fees may be more or less than this estimate.

Wedge will review this estimate on an annual basis.

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[1] Any one-off fees charged to members and any extraordinary costs, expenses or fees incurred by the Fund that are passed on to members will reduce your expected returns.

Individual action fees

There are currently no contribution, establishment, termination or withdrawal fees. However, Wedge may charge other fees on an individual basis for member-specific decisions or actions.

For example, Wedge may charge an administration fee if it is deemed that the member's request falls outside of the standard account servicing functions Wedge provides for members. Such fees may be a fixed dollar amount or a percentage of the member's account balance. There is no minimum or maximum amount of such fee. Members will be given prior notice if any such fee is likely to be charged. Any such one-off fees charged to you will reduce your returns.

6. More about tax

The information in this section is intended as general guidance only in relation to the relevant New Zealand tax consequences and is based on legislation in effect at the date of this document. However, those laws may change at any time and such changes may mean the summary is no longer accurate.

Members should seek professional tax advice regarding their individual circumstances prior to investing in the Fund. Members should also periodically monitor the tax implications of investing in the Fund and should not assume that the position will always remain the same as it was when they started investing.

The Fund is a PIE. The amount of tax you pay is based on your PIR which may be lower than your personal marginal tax rate. If you pay income tax at the top rates of 30%, 33%, or 39%, you may pay less tax on your returns from the Fund because the maximum PIR is 28%.

If you are a tax resident in a jurisdiction other than New Zealand, your situation may be different.

Your personal circumstances may affect the tax you will pay, we recommend you seek your own independent tax advice if you are unsure.

As a PIE, the Fund:

- attributes to you a proportionate share of the Fund's taxable income or tax credits;
- calculates tax, or a tax credit, on that proportion based on the most recent PIR that you or Inland Revenue have notified to us or the default rate (currently 28%) if no PIR has been notified (see below);
- pays this tax (PIE tax) or receives a PIE tax credit; and
- adjusts either your account balance or a withdrawal amount to reflect PIE tax paid or a refundable PIE tax credit received.

Members with a PIR of more than 0% (PIR Members)

Your after-tax rate of return on your investment in the Fund each day is equal to the daily equivalent of the Set Rate applied to your units less any one-off or extraordinary expenses or fees allocated to you and less any PIE tax calculated at your PIR, provided that the correct PIR has been applied on the relevant day (the **Expected After Tax Rate of Return**).

If you do not notify us of your correct PIR you may be subject to an additional tax liability or refund in your tax assessment for the year as a result of having your correct PIR applied to your PIE income (**PIE tax square up**). The Expected After Tax Rate of Return you will receive from the Fund is based on the PIR notified to us on the relevant day (the notified investor rate). If you are required to pay an additional amount of tax under a PIE tax square up then your after-tax rate of return will be different to your Expected After Tax Rate of Return.

The Set Rate is a "reference rate" only. This means that your total gross (before tax) return may include withholding tax credits (including tax credits for foreign withholding taxes). If you have been attributed foreign tax credits that cannot be utilised, Wedge will ensure you receive the Expected After Tax Rate of Return on your units by attributing an additional amount to you on account of unutilised tax credits. Similarly, if you have had unutilised tax credits attributed to you on a prior day that are able to be fully utilised to reduce your PIE tax liability on a subsequent day then your gross return may be reduced downwards on account of the additional tax credits available to you in order to ensure you receive the Expected After Tax Rate of Return on your units. Wedge expects that foreign withholding taxes (if any) will not be material.

If there are any one-off or extraordinary expenses or fees allocated to you, these amounts will reduce the before tax rate of return on your investment in the Fund below the Set Rate.

Zero-rated members

Zero-rated members (being a New Zealand tax resident investor that is either a company, charity, PIE or PIE investor proxy, superannuation fund, or trust that does not choose a PIR of more than 0%) will be allocated a return equal to the Set Rate on their units less any one-off or extraordinary expenses or fees allocated to them.

Zero-rated members must account for their own taxes payable on their investment in the Fund. The total gross return of a zero-rated member may include withholding tax credits (including tax credits for foreign withholding taxes). Wedge does not guarantee that zero-rated members will be able to fully utilise any tax credits attributed to them and any amount of foreign withholding taxes attributable to a zero-rated member will reduce the member's account balance in the Fund. Wedge expects that foreign withholding taxes (if any) will not be material.

If there are any one-off or extraordinary expenses or fees allocated to you, these amounts will reduce the before tax rate of return on your investment in the Fund below the Set Rate.

Inland Revenue may direct us to change your PIR

Inland Revenue may instruct us to change a member's PIR rate if:

- Inland Revenue considers that the member's notified PIR is incorrect and Inland Revenue holds sufficient information about the member to determine the correct PIR; or
- the member has not notified us of their PIR.

If this happens, we are required to apply that PIR as soon as reasonably practicable as if it was the most recently notified rate. If a member then notifies us of a different PIR rate, we will apply the new rate provided by the member.

Maintenance of PIE status

In order to maintain its status as a PIE, the Fund must meet certain requirements. This means that, where necessary, we may restrict or reduce an individual's holding or delay a withdrawal request at any time to ensure that this PIE status is maintained.

7. Who is involved in the Scheme

Manager

The manager of the Scheme is Wedge Management Limited.

Our address is St Kevins Arcade, Suite 26, Level 1, 183 Karangahape Road, Auckland Central 1010.

We have been granted a licence by the Financial Markets Authority under Part 6 of the FMC Act to act as a manager in respect of managed funds such as the Fund.

The conditions of our licence are published on www.fsp-register.companiesoffice.govt.nz

The names and brief biographies of our directors and senior managers are set out below. Directors and senior managers may change from time to time without notice.

Directors

David McLeish
Managing Director & Chief Investment Officer

David is a 25-year investment and funds management veteran.

Prior to founding Wedge, David established and ran the highly awarded cash and fixed interest investment business at Fisher Funds Management Limited for more than 13 years. As Head of Fixed Income, David oversaw a period of extraordinary growth in this business, helping take assets under his team's management to over $10 billion at the time of his departure.

Prior to Fisher Funds, David held senior fixed income trading and sales roles at Goldman Sachs, UBS, and Morgan Stanley.

Andrew McLeish
Director & Chief Customer Officer

Andy is a highly respected marketing and strategy leader, a proven business owner, and experienced director.

For the past twelve years Andy has worked in the agency world, running strategy and planning departments, including five years as Head of Strategy at Colenso BBDO, where he helped many of New Zealand's largest and most successful companies shape their brands. Over that time, he was ranked in the top 3 strategists globally according to various global rankings reports.

In his most recent role as Partner and Chief Strategy Officer at Bastion Shine, Andy has worked with several of New Zealand's largest banks on their strategic planning initiatives, gaining a thorough understanding of the local banking industry with a particular focus the various financial journeys banks offer their customers.

Andy has also spent time as an independent consultant and advisory board member to businesses in the areas of innovation, strategy, brand, and purpose.

Senior managers

Angela Quirk
Head of Operations

Angela is a highly regarded 20+ year financial services professional.

Angela possesses an impressive depth and breadth of knowledge of the processes and functions required to establish and run a successful funds management business in New Zealand. Her experience includes cash and fixed income portfolio management, trade execution, compliance, settlements, regulation and systems development.

Angela is a highly strategic thinker and experienced people leader, having established and managed the centralised trading and administration business at Fisher Funds Management Limited for 9 years prior to joining Wedge in August 2024.

Supervisor

The supervisor of the Scheme is The New Zealand Guardian Trust Company Limited (**Supervisor**) and is independent of us. The Supervisor's address is Level 6, 191 Queen Street, PO Box 274, Auckland 1140.

The Supervisor has been granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed funds such as the Fund. A copy of its licence, including the conditions on the licence, can be obtained at the Financial Markets Authority's website, at www.fma.govt.nz.

Custodian

The custodian of the Scheme is Adminis NZ Limited (**Custodian**), which has been nominated by the Supervisor to act on its behalf as its nominee. The Custodian is independent from the Supervisor. The Supervisor may change the Custodian where it deems it appropriate or desirable to do so. The Custodian's address is Level 1, Inspire House, 125 Featherston Street, Wellington Central, Wellington 6011.

Auditor

The auditor of the Scheme is PwC New Zealand (**Auditor**). The Auditor is a registered audit firm under the Auditor Regulation Act 2011. The Auditor has no relationship with or interests in the Scheme other than in its capacity as auditor. The Auditor's address is PwC Tower, 15 Customs Street West, Auckland 1142.

Fund Administrator and Registrar

Adminis NZ Limited (**Adminis**) provides resourcing, fund administration, registry and management support to us and the Scheme.

8. Conflicts of interest and related parties

Conflicts of interest may arise where our duties or responsibilities as Manager of the Scheme could be seen to conflict with financial or other interests or obligations we, or our officers and employees, or persons associated with us, may have, and which could reasonably be expected to materially influence the investment decisions we make as Manager of the Scheme.

The FMC Act and the Governing Document require the Manager and the Supervisor of the Scheme to act honestly and in members' best interests, treat members equitably and not use Fund information for improper advantage or to cause detriment to members.

The FMC Act also includes provisions that impose restrictions on us as Manager, or any investment or administration manager or other party to whom we have contracted any of our functions as manager, from entering into arrangements that provide related party benefits, unless certain requirements are met (for example, that the transaction is on arm's length commercial terms and a certificate relating to that transaction certification is provided to the Supervisor).

The Manager and the Supervisor also have a duty to exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in those circumstances, when exercising any power or performing any duty as a manager or supervisor of a managed investment scheme.

We also have a Conflicts of Interest Policy and procedures for identifying and managing conflicts of interest in a manner that ensures the Manager is acting in the best interests of members.

Investment in Underlying Funds

The assets of the Fund are invested in the Underlying Funds, which are wholesale funds also managed by the Manager. A conflict may arise if the Manager charges fees to members in the Fund and also charges fees to the Fund's investments in the Underlying Funds.

Because Wedge does not charge a management fee for members' investment in the Fund or for the Fund's investments in the Underlying Funds, there is no "double dipping" of management fees. The management and administration charges of both the Fund and the Underlying Funds are deducted in the calculation of any excess returns retained by the Manager under the Swap Arrangement referred to below.

Related party benefits under Swap Arrangement

The Swap Arrangement referred to in the PDS and sections 2 and 5 of this document provides the contractual mechanism to ensure the Fund has sufficient income to pay the daily Set Rate on members' account balances.

It also provides the mechanism by which we, as Manager, are entitled to receive and retain any return generated by the Fund's investments (after deducting management and administration charges) that is in excess of the monthly total of the daily Set Rate payable on members' account balances.

Our retention of such excess return is a related party benefit, and we must comply with the restrictions referred to above in relation to transactions that give rise to related party benefits.

Investment decisions and setting the Set Rate

As Manager, we set the Set Rate and make investment decisions for the Fund and the Underlying Funds into which the Fund invests. We must therefore manage this conflict of interest (in that the investment decisions of the Manager and our ability to set the Set Rate could be influenced by the Swap Arrangement) and our duty to members to act in their best interests.

We manage this conflict of interest by complying with the SIPO for the Fund and the Underlying Funds. The SIPO for the Fund outlines how the Fund's assets can be invested. We also have processes and controls in place to ensure we, as Manager, comply with the SIPO, and the restrictions on transactions involving related party benefits.

We also set the Set Rate based on a variety of factors including the Fund's return objective and expected returns on the Fund's investments, and the SIPO.

9. The Governing Document

The Governing Document contains the rules governing the management, administration and supervision of the Scheme and the Fund, as well as the Underlying Funds established under the Wedge Wholesale Scheme.

Wedge, as Manager, and the Supervisor must comply with our obligations under the Governing Document. It sets out how the Scheme, and the Fund were established, and the rules around issue, withdrawal or transfer of units. It also sets out how we and the Supervisor are appointed, removed or replaced, our powers, duties and functions, and how we are paid for our services, as well as rules governing the administration of the Scheme (and the Fund) and its winding up.

Under the terms of the Governing Document, we may make the changes to the Fund without requiring your prior consent, such as introducing new fees, expenses or charges, or changing the minimum investment amount and minimum account balance. We may change the SIPO (after providing the Supervisor prior notice), and you will be given notice of any material change to the SIPO.

Side-pocketing

The Governing Document provides that, subject to relevant law and with the approval of the Supervisor, Wedge can quarantine particular assets and liabilities of a Fund in a 'side-pocket' of the Fund.

Side-pocketing is intended to separate the Fund’s illiquid assets from more liquid assets. In these circumstances, members who withdraw from the Fund may not be able to redeem their units relating to side pocketed investments from the Fund immediately. Instead, members would receive any value from those assets at a later date when the assets are liquidated.

If side-pocketing occurs, we will give you written notice as soon as practicable.

Amendment of the Governing Document

We and the Supervisor may amend the Governing Document in certain circumstances where we believe this to be necessary or desirable. Any amendment will be carried out in accordance with the Governing Document and the FMC Act and members will be notified of such amendments in the Annual Report for the Scheme. For further information, please refer to the Governing Document.

Winding up the Fund and the Scheme

The Scheme can be wound up in accordance with the Governing Document. For further information, refer to the Governing Document.

A copy of the Governing Document is available at www.companiesoffice.govt.nz/disclose.

10. Material Contracts

Contracts not otherwise mentioned in this Other Material Information document include:

Fund Administration Agreement

Wedge has entered into an Administration & Registry Services Agreement with Adminis, under which Wedge has appointed Adminis to provide Scheme administration services, including for the Fund, including asset valuations, unit pricing, Swap Arrangement calculations and registry services. Adminis has also been appointed by the Supervisor to act as the custodian to hold Scheme assets.

Management Agreement

Wedge has entered into a Management Agreement with the Supervisor detailing the duties and obligations of the parties with regard to the operation of the Scheme and the Fund, Wedge's administration, investment management, and reporting obligations, and the Supervisor's supervisory obligations.

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