FORSYTH BARR

Forsyth Barr Investment Funds

Investment Statement

Forsyth Barr New Zealand Equities Fund
Forsyth Barr Australian Equities Fund
Forsyth Barr Trans-Tasman Equities Fund
Forsyth Barr Global Equities Fund
Forsyth Barr NZ Fixed Interest Fund
Forsyth Barr Local Authority Fund
Forsyth Barr Premium Yield Fund
Forsyth Barr Listed Property Fund
Forsyth Barr Socially Responsible Investment Fund

Important information

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

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

Choosing an investment

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

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

Engaging an Investment Adviser

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

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

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

- relevant experience and qualifications, and whether dispute resolution facilities are available to you;
- what types of investments the adviser gives advice about;
- whether the advice is limited to investments offered by 1 or more particular financial institutions;
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

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

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

The following is an investment statement for the purposes of the Securities Act 1978 and has been prepared in accordance with the Securities Regulations 1983. This Investment Statement contains information about investments in the Forsyth Barr Investment Funds. This Investment Statement is dated 19 September 2008.

Forsyth Barr Investment Funds

Forsyth Barr Funds Management Limited provides investors with access to nine Investment Funds:

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Forsyth Barr New Zealand Equities Fund containing a portfolio of New Zealand equities	**4**
Forsyth Barr Australian Equities Fund containing a portfolio of Australian equities	**5**
Forsyth Barr Trans-Tasman Equities Fund blending a portfolio of New Zealand and Australian equities	**6**
Forsyth Barr Global Equities Fund blending a portfolio of international equities	**7**
Forsyth Barr NZ Fixed Interest Fund containing a range of interest rate securities	**8**
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Forsyth Barr Listed Property Fund blending a portfolio of select New Zealand and Australian listed property securities	**11**
Forsyth Barr Socially Responsible Investment Fund containing a portfolio of equity securities consistent with socially responsible investment principles	**12**

Tererehaupa Falls, Matemateonga Ranges, Taranaki

Forsyth Barr Investment Funds

Whether you are an experienced investor or just starting out, Forsyth Barr Investment Funds can be used as a complement to, or the beginnings of, your investment program.

Forsyth Barr Investment Funds provide the following:

- The funds seek to maximise returns from investing in quality portfolios of equities, property and interest rate securities.
- Research-driven investment decisions.
- Active management of your investment by a professional fund manager selected by the manager.
- PIE regime compliant funds providing significant tax advantages to investors relative to direct individual investing.
- The ability to invest lump sums or make regular contributions.
- Quick and convenient access to your investment if your circumstances change, subject to prevailing market conditions.
- Standing redemptions for investors seeking regular cashflows.
- The assurance of an independent trustee.

Investment Style

We believe many funds serve their investors poorly, rigidly adhering to constrained investing based around an index.

Forsyth Barr Investment Funds will invest in quality securities irrespective of their size in applicable indices. This approach best replicates the style of investing favoured by most individuals.

Investment Philosophy

This emphasis on active investment selection is underpinned by our investment philosophy, which demands a well-researched and disciplined investment approach, consistent application of investment policies, clearly defined investment objectives and a robust fund structure.

Benefits of Portfolio Investment Entity (PIE) Regime

Being PIE regime compliant Funds, the capital gains made on investments in New Zealand shares and most Australian shares will not be taxable to the Fund (or the investor), irrespective of the level of trading undertaken.

In addition, investors choose the marginal tax rate applicable to their circumstances, but with the maximum tax rate paid on income received by the Funds set at the corporate tax rate of 30%. No other tax is payable by individual Fund investors on PIE income. This presents significant tax advantages to investors on higher marginal tax rates.

Simplicity and Flexibility

Forsyth Barr Investment Funds provide investors with the flexibility to invest lump sums or organise a regular savings plan, with low minimum deposits enabling you to achieve a diversified investment portfolio.

We recognise that circumstances can change rapidly and quick and convenient access to your investment may be required. Investors can generally access all or part of their investment simply by providing the Manager with a withdrawal notice.

Our Credentials

Forsyth Barr is one of the best known, most trusted and highly respected names in the New Zealand financial services industry. With a history spanning over 70 years, we have a long history of managing funds designed to assist investors achieve the best mix of investments for their lifestyle today... and tomorrow.

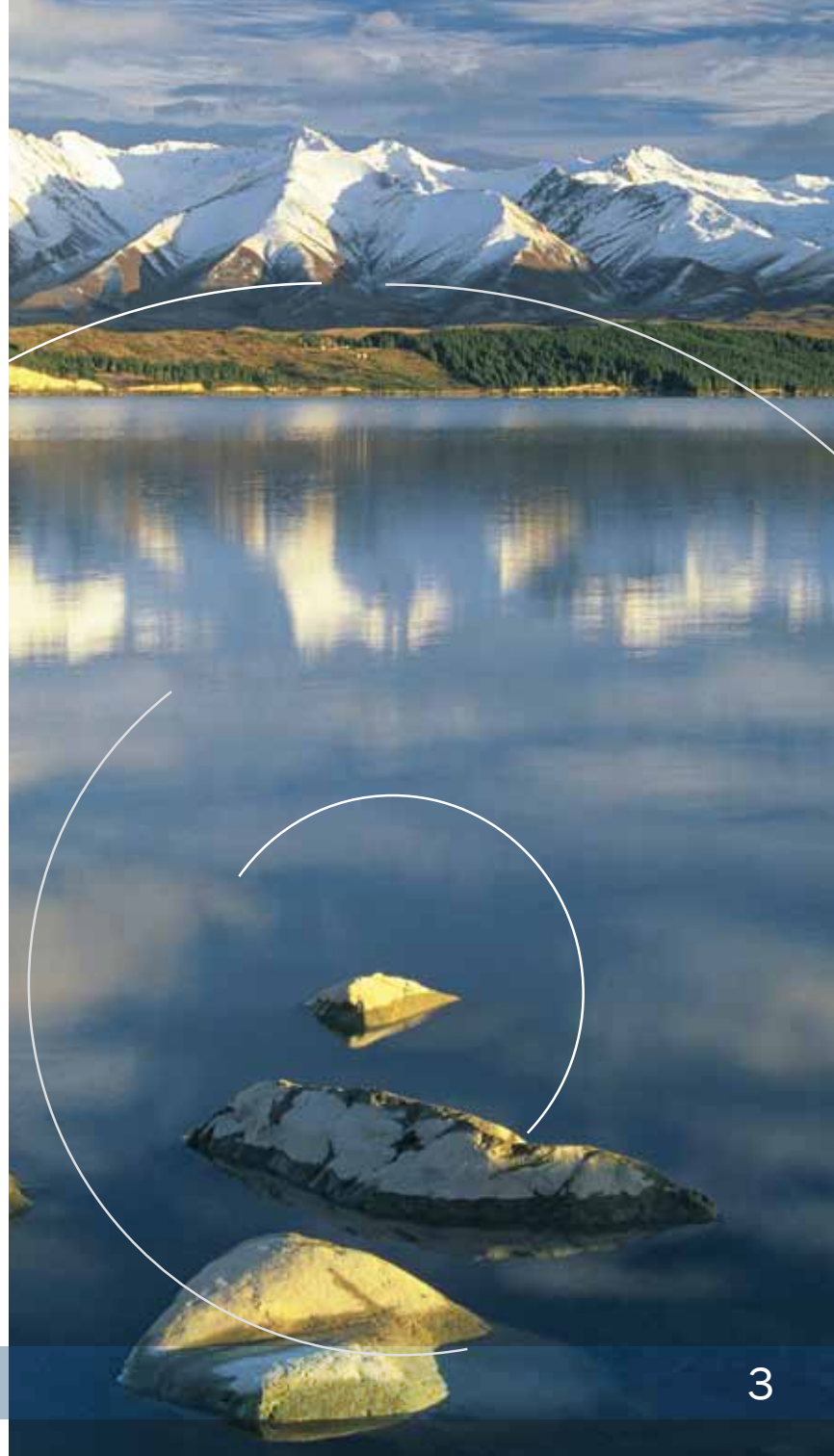
Our experienced investment managers access the wider capabilities and connections of Forsyth Barr. This includes utilising the research and analysis from our highly regarded research team and international affiliates.

For further details regarding our investment track record and the credentials of the individual fund managers, please ask your Investment Advisor.

The independent Trustee, Perpetual Trust Limited, has responsibility for monitoring our management and administration of the Funds covered in this Investment Statement.

Contact Us

To find out how you can earn competitive returns on your investments, please contact us toll free on **0800 Forbar (0800 367 227).**



Ben Ohau Range and Lake Pukaki, Mackenzie Basin

Forsyth Barr New Zealand Equities Fund

Fund Objectives and Strategy

To maximise the capital returns available from investing in New Zealand listed shares by targeting absolute returns.

This is a high conviction, "benchmark unaware" Fund. Stock selection will be influenced by the research screens developed by the Forsyth Barr Research team with portfolio stock selections revolving around securities the Manager chooses to own rather than what is prescribed by any particular index.

The portfolio will be actively traded as appropriate given the tax free status of trading under the PIE regime.

The Fund will be fully invested with cash holdings limited to 10% of the Fund or that required for transactional purposes.

Minimum Recommended Investment Time-frame

Investors should regard this as a medium to long–term investment of three to five years.

Currency

The Fund will be priced in New Zealand dollars. All applications and redemptions will be in New Zealand dollars.

Unit Pricing

Daily. Your Investment Advisor can provide you with details of the latest unit price for the Fund.

Authorised Investments

New Zealand listed shares, unit trusts, investment trusts, equity hybrid securities and cash. The Fund may also invest in shares intended to be listed on the New Zealand Exchange (NZX) within 12 months of investment and may participate in underwriting and sub-underwriting agreements.

Cash may be held in Registered Banks (rated A-1 or higher by S&P), or the Forsyth Barr Cash Management Trust.

The Fund is permitted to use derivatives. Derivatives, however, cannot be used to lever the Fund in any manner, nor create a contingent liability for the Fund.

Management and Performance Fee

In addition to the annual base management fee of 1.25%, the Manager is entitled to a performance fee equal to 10% of the Fund's trust fund value plus GST where the Fund's performance exceeds the benchmark hurdle rate, which is currently 10% per annum calculated on each business day on a compounded basis, over the previous financial year of the Fund (performance criteria).

Any performance fee will be calculated on each business day and paid in arrears at the end of each financial year of the Fund.

The performance fee is cumulative, and is accrued in the calculation of the trust fund value of the Fund, and paid from the assets of the Fund.

If the Fund does not meet the performance criteria then a performance fee will not be payable to the Manager, and there will be no impact on the trust fund value. The formula for calculating the performance fee is set out in the Establishment Deed for the Fund.

Performance fees are paid annually in arrears.

Entry Fee

1% of each contribution.

Exit Fee

On standing redemptions, an exit fee of 1% on the amount withdrawn will apply. The Manager has the discretion to waive this.

Further detail relating to each of the Forsyth Barr Investment Funds is set out in the product summary for each Fund which is available from the Manager on request.

Forsyth Barr Australian Equities Fund

Fund Objectives and Strategy

To maximise the capital returns available from investing in Australian listed equities by targeting absolute returns.

This is a high conviction, "benchmark unaware" Fund. Stock selection will be influenced by the research screens adopted by the Manager with portfolio stock selections revolving around securities the Manager chooses to own rather than what is prescribed by any particular index.

The portfolio will be actively traded as appropriate given the tax free status of trading under the PIE regime.

The Fund will be fully invested with cash holdings limited to 10% of the Fund or that required for transactional purposes.

Minimum Recommended Investment Time-frame

Investors should regard this as a medium to long-term investment of three to five years.

Currency

The Fund will be priced in New Zealand dollars. All applications and redemptions will be in New Zealand dollars.

Unit Pricing

Daily. Your Investment Advisor can provide you with details of the latest unit price for the Fund.

Authorised Investments

Australian listed shares, unit trusts, investment trusts, equity hybrid securities and cash. The Fund may also invest in shares intended to be listed on the Australian Securities Exchange (ASX) within 12 months of investment and may participate in underwriting and sub-underwriting agreements.

Cash may be held in Registered Banks (rated A-1 or higher by S&P), the Forsyth Barr Cash Management Trust in New Zealand dollars or the Forsyth Barr Cash Management Fund in Australian dollars.

The Fund is permitted to use derivatives. Derivatives, however, cannot be used to lever the Fund in any manner, nor create a contingent liability for the Fund.

Management and Performance Fee

In addition to the annual base management fee of 1.25% p.a. of the Fund's assets, the Manager is entitled to a performance fee equal to 10% of the Fund's trust fund value plus GST where the Fund's performance exceeds the benchmark hurdle rate, which is currently 10% per annum calculated on each business day on a compounded basis, over the previous financial year of the Fund (performance criteria).

Any performance fee will be calculated on each business day and paid in arrears at the end of each financial year of the Fund.

The performance fee is cumulative, and is accrued in the calculation of the trust fund value of the Fund, and paid from the assets of the Fund.

If the Fund does not meet the performance criteria then a performance fee will not be payable to the Manager, and there will be no impact on the trust fund value. The formula for calculating the performance fee is set out in the Establishment Deed for the Fund.

Performance fees are paid annually in arrears.

Entry Fee

1% of each contribution.

Exit Fee

On standing redemptions, an exit fee of 1% on the amount withdrawn will apply. The Manager has the discretion to waive this.

Further detail relating to each of the Forsyth Barr Investment Funds is set out in the product summary for each Fund which is available from the Manager on request.

Forsyth Barr Trans-Tasman Equities Fund

Fund Objectives and Strategy

To deliver investors the benefits of prudent investing into an actively managed portfolio of Trans-Tasman equities.

The Manager's strategy is to identify mispriced opportunities in underpriced or overpriced sectors from which superior returns can be generated, over the medium-term.

Whilst the Manager will be mindful of the relevant benchmark compositions, the Fund will be "benchmark unrestricted" in terms of stock selection. At times the portfolio composition will reflect substantial departures from the theoretical benchmark composition.

The Fund will also employ a currency hedging policy to hedge Australian assets back into New Zealand dollars.

The Fund will be fully invested with cash holdings limited to 10% of the Fund or that required for transactional purposes.

Minimum Recommended Investment Time-frame

Investors should regard this as a medium to long–term investment of three to five years.

Currency

The Fund will be priced in New Zealand dollars. All applications and redemptions will be in New Zealand dollars.

Unit Pricing

Daily. Your Investment Advisor can provide you with details of the latest unit price for the Fund.

Authorised Investments

New Zealand and Australian listed shares, unit trusts, investment trusts or similar investment vehicles, warrants, rights, contributory shares, equity hybrid securities and cash. The Fund may also invest in shares intended to be listed on the New Zealand Exchange (NZX) or Australian Securities Exchange (ASX) within 12 months of investment and may participate in underwriting and sub-underwriting agreements up to 10% of the Fund value in total.

Cash may be held in Registered Banks (rated A-1 or higher by S&P), or the Forsyth Barr Cash Management Trust in New Zealand dollars or the Forsyth Barr Cash Management Fund in Australian dollars.

The Fund is permitted to use derivatives. Derivatives, however, cannot be used to lever the Fund in any manner, nor create a contingent liability for the Fund.

Management Fee

An annual management fee of 1.50% p.a. of the Fund's assets is payable to the Manager.

Entry Fee

1% of each contribution.

Exit Fee

On standing redemptions, an exit fee of 1% on the amount withdrawn will apply. The Manager has the discretion to waive this.

Further detail relating to each of the Forsyth Barr Investment Funds is set out in the product summary for each Fund which is available from the Manager on request.

Forsyth Barr Global Equities Fund

Fund Objectives and Strategy

To maximise the capital returns available from investing in internationally listed equities. The Fund will typically invest via a number of international equity managers.

Performance will be driven by stock selection which in turn will be influenced by the proprietary research capabilities of each of the selected international equity managers.

The managers selected will be expected to actively manage their portfolios although all managers will take a medium to long-term view in their investment outlook.

The Fund will be partially hedged back into New Zealand dollars with a benchmark of 50% hedging.

The Fund will be fully invested with cash holdings limited to 10% of the Fund or that required for transactional purposes.

Minimum Recommended Investment Time-frame

Investors should regard this as a medium to long–term investment of three to five years.

Currency

The Fund will be priced in New Zealand dollars. All applications and redemptions will be in New Zealand dollars.

Unit Pricing

Daily. Your Investment Advisor can provide you with details of the latest unit price for the Fund.

Authorised Investments

Selected international equity managers may invest in (or have their funds limited to investing in) international listed shares, unit trusts, investment trusts, equity hybrid securities, cash and shares intended to be listed on a recognised international stock exchange within 12 months of investment.

Cash may be held in Registered Banks (rated A-1 or higher by S&P), or the Forsyth Barr Cash Management Trust.

The Fund may use derivatives to establish an exposure to a market, or to increase or decrease the exposure created through physical investments. Derivatives, however, cannot be used to lever the Fund in any manner, nor create a contingent liability for the Fund.

Management Fee

An annual management fee of up to 1.50% p.a. of the Fund's assets is payable to the Manager where the Manager is directly responsible for the investment of the Fund's portfolio.

An annual management fee of up 0.5% p.a. of the Fund's assets is payable to the Manager where the Manager outsources the investment of the Fund's portfolio to external international equity managers.

Entry Fee

1% of each contribution.

Exit Fee

On standing redemptions, an exit fee of 1% on the amount withdrawn will apply. The Manager has the discretion to waive this.

Further detail relating to each of the Forsyth Barr Investment Funds is set out in the product summary for each Fund which is available from the Manager on request.

Forsyth Barr NZ Fixed Interest Fund

Fund Objectives and Strategy

To provide a gross return above the NZX Government Stock Index return, on a rolling 12 month basis.

Duration, yield curve and credit strategies will be employed to achieve this objective.

Minimum Recommended Investment Time-frame

Investors should regard this as a medium to long–term investment of three to five years.

Currency

The Fund will be priced in New Zealand dollars. All applications and redemptions will be in New Zealand dollars.

Unit Pricing

Daily. Your Investment Advisor can provide you with details of the latest unit price for the Fund.

Authorised Investments

The Fund may invest in New Zealand Government Stock, New Zealand denominated securities of overseas Governments and international institutions, New Zealand Local Authority Stock, New Zealand State Owned Entities Securities, Investment Grade Corporate Securities, Floating Rate Notes, Fixed-rate Securities, Asset Backed Securities, New Zealand Registered Bank Short -Term Securities and cash.

The Fund may invest in the Forsyth Barr Cash Management Trust.

The Fund is permitted to use derivatives. Derivatives, however, cannot be used to lever the Fund in any manner, nor create a contingent liability for the Fund.

Management Fee

An annual management fee of 0.75% p.a. of the Fund's assets is payable to the Manager.

Entry Fee

1% of each contribution.

Exit Fee

On standing redemptions, an exit fee of 1% on the amount withdrawn will apply. The Manager has the discretion to waive this.

Further detail relating to each of the Forsyth Barr Investment Funds is set out in the product summary for each Fund which is available from the Manager on request.

Forsyth Barr Local Authority Fund

Fund Objectives and Strategy

To provide a gross return of 0.50% above the NZX Local Authorities Index return, on a rolling 12 month basis.

Duration, yield curve and credit strategies will be employed to achieve this objective.

Minimum Recommended Investment Time-frame

Investors should regard this as a medium to long–term investment of three to five years.

Currency

The Fund will be priced in New Zealand dollars. All applications and redemptions will be in New Zealand dollars.

Unit Pricing

Daily. Your Investment Advisor can provide you with details of the latest unit price for the Fund.

Authorised Investments

The Fund invests in New Zealand Government Stock or New Zealand Government Treasury Bills, New Zealand Local Authority Stock, Registered Bank Short Term Securities, promissory notes, securities whose direct credit risk is directly or indirectly that of a New Zealand Local Authority and cash.

The Fund is permitted to use derivatives. Derivatives, however, cannot be used to lever the fund in any manner, nor create a contingent liability for the Fund.

Borrowing by the Fund is not permitted.

Management Fee

An annual management fee of 0.75% p.a. of the Fund's assets is payable to the Manager.

Entry Fee

1% of each contribution.

Exit Fee

On standing redemptions, an exit fee of 1% on the amount withdrawn will apply. The Manager has the discretion to waive this.

Transaction Fee

The Manager may apply a Transaction Fee to any purchase or sale of units in the Fund to cover the consequential costs of the sale or purchase of the underlying assets in the Fund. The transaction fee is the average cost of buying or selling the underlying assets (as determined by the Manager) and applied pro rata, based on the number of units being bought or sold. The Manager may apply a higher transaction fee than the average costs of transactions where the nature of the specific sale or purchase in question means the actual costs of the transaction would not be met if the average transaction costs were charged.

Further detail relating to each of the Forsyth Barr Investment Funds is set out in the product summary for each Fund which is available from the Manager on request.

Forsyth Barr Premium Yield Fund

Fund Objectives and Strategy

To provide a gross return 1.5% above the NZX 90 Day Bank Bill Return on a long-run compound average basis.

The Fund will invest into a diversified portfolio of higher performing global fixed interest securities.

The Fund shall have a disciplined investment approach as reflected in the Authorised Investments.

Fund outperformance opportunities will arise from a combination of capturing attractive credit margins, providing global credit conditions are generally supportive, along with more defensive positioning in more risk adverse conditions. Total exposure limits to individual issuers will be prudently managed as per the investment guidelines.

Minimum Recommended Investment Time-frame

Investors should regard this as a medium to long–term investment of three to five years.

Currency

The Fund will be priced in New Zealand dollars. All applications and redemptions will be in New Zealand dollars.

Where possible, each underlying security will be priced in New Zealand dollars. However, where it is advantageous to price an asset in another currency, and swap the proceeds into New Zealand dollars, then this will occur.

Unit Pricing

Daily. Your Investment Advisor can provide you with details of the latest unit price for the Fund.

Authorised Investments

The Fund may invest in a diversified portfolio of global fixed interest securities, which may extend across AAA rated Sovereign Debt of major countries, Emerging Market Sovereign Debt, single name High-Yielding Corporate Debt, Collateralised Loan Obligations (CLOs), Credit Opportunity Funds (COFs) and Collateralised Debt Obligations (CDOs), where the underlying security or collateral are either senior secured loans of established companies or synthetically generated exposure to the same.

Other assets may consist of New Zealand dollar cash deposits, registered bank certificates of deposit, bonds, commercial paper, New Zealand dollar floating rate notes (FRNs), loans, convertible securities, reset securities, hybrid debt/equity securities, structured credit FRNs, credit linked securities, index linked notes, preference shares, high yielding bonds/notes and other evolving structured credit instruments.

The Fund may invest up to 30% of the Fund's assets in sovereign debt of emerging markets, and up to 90% of the Fund's assets in sovereign debt issued by any major economy.

There will be no retail generated Asset Backed Securities (ABSs) in the portfolio, no pooled retail receivables such as mortgages, hire purchase, car loans, credit card or other retail consumer credit facility forms.

Cash may be held in Registered Banks (rated A-1 or higher by S&P), or the Forsyth Barr Cash Management Trust in New Zealand dollars or the Forsyth Barr Cash Management Fund in Australian dollars.

Management Fee

An annual management fee of 1.25% p.a. of the Fund's assets is payable to the Manager.

Entry Fee

1% of each contribution.

Exit Fee

If lump sum withdrawals are made during the first 24 months, an exit fee of 1% may be charged. This is at the Manager's discretion. Thereafter, no exit fees will apply for lump sum withdrawals. On standing redemptions, an exit fee of 1% on the amount withdrawn will apply. The Manager has the discretion to waive this.

Further detail relating to each of the Forsyth Barr Investment Funds is set out in the product summary for each Fund which is available from the Manager on request.

Forsyth Barr Listed Property Fund

Fund Objectives and Strategy

To provide long-term capital growth through investing in a diversified portfolio of listed New Zealand and Australian property securities.

Stock selection will be influenced by the research screens adopted by the Manager with portfolio stock selections revolving around securities the Manager chooses to own rather than what is prescribed by any particular index.

The portfolio will be actively traded as appropriate given the tax free status of trading under the PIE regime.

The Fund will be fully invested with cash holdings limited to 10% of the Fund or that required for transactional purposes.

Minimum Recommended Investment Time-frame

Investors should regard this as a medium to long–term investment of three to five years.

Currency

The Fund will be priced in New Zealand dollars. All applications and redemptions will be in New Zealand dollars.

Unit Pricing

Daily. Your Investment Advisor can provide you with details of the latest unit price for the Fund.

Authorised Investments

Listed securities of companies, unit trusts, investment trusts, equity hybrids in the NZX Property or ASX300 Property Index, and cash.

The Fund may also invest in property securities intended to be listed on the Australian or New Zealand Stock Exchange within 12 months of investment and may participate in underwriting and sub-underwriting agreements.

Cash may be held in Registered Banks (rated A-1 or higher by S&P), or the Forsyth Barr Cash Management Trust.

The Fund is permitted to use derivatives. Derivatives, however, cannot be used to lever the Fund in any manner, nor create a contingent liability for the Fund.

Management Fee

An annual management fee of 1.25% p.a. of the Fund's assets is payable to the Manager.

Entry Fee

1% of each contribution.

Exit Fee

On standing redemptions, an exit fee of 1% on the amount withdrawn will apply. The Manager has the discretion to waive this.

Further detail relating to each of the Forsyth Barr Investment Funds is set out in the product summary for each Fund which is available from the Manager on request.

Forsyth Barr Socially Responsible Investment Fund

Fund Objectives and Strategy

To maximise the capital returns available from investing in international and domestic equity securities of entities that operate in accordance with socially responsible principles and social values.

Examples of entities the Fund will not invest into include entities with material exposure (defined as 10%) to:

- Tobacco
- Uranium
- Armaments
- Alcohol
- Pornography
- Gambling

The Fund provides investors with access to a multi-manager approach to integrate socially responsible principles and long-term investment objectives.

The Manager can elect to invest the Fund's assets in its own capacity and will be responsible for selection of country or individual market exposures, and for investments into New Zealand and Australian equity securities.

The Fund will typically invest with a number of international equity managers, each of whom will have an established track record of applying a socially responsible approach to screening and selecting stocks for investment portfolios.

The Fund will be fully invested with cash holdings limited to 10% of the Fund or that required for transactional purposes.

Minimum Recommended Investment Time-frame

Investors should regard this as a medium to long–term investment of three to five years.

Currency

The Fund will be priced in New Zealand dollars. All applications and redemptions will be in New Zealand dollars.

Unit Pricing

Daily. Your Investment Advisor can provide you with details of the latest unit price for the Fund.

Authorised Investments

The Fund may be invested across a number of international equity managers selected by the Manager. The Fund may invest in listed shares, unit trusts, investment trusts, equity hybrid securities and cash.

Cash may be held in Registered Banks (rated A-1 or higher by S&P), or the Forsyth Barr Cash Management Trust.

The Fund may use derivatives to establish an exposure to a market, or to increase or decrease the exposure created through physical investments.

There are no geographical or other sector constraints on where the Fund may invest.

Management Fee

An annual management fee of up to 1.50% pa of the Fund's assets is payable to the Manager where the Manager is directly responsible for the investment of the Fund's portfolio.

An annual management fee of up to 0.5% pa of the Fund's assets is payable to the Manager where the Manager outsources the investment of the Fund's portfolio to external international equity managers.

Entry Fee

1% of each contribution.

Exit Fee

On standing redemptions, an exit fee of 1% on the amount withdrawn will apply. The Manager has the discretion to waive this.

Further detail relating to each of the Forsyth Barr Investment Funds is set out in the product summary for each Fund which is available from the Manager on request.

Forsyth Barr Investment Funds

The information on pages 13 to 16 refers to all nine Investment Funds.

What sort of investment is this?

This Investment Statement is for a variety of unit trusts (referred to as the "Funds"), each of which is a unit trust within the master unit trust known as Forsyth Barr Investment Funds.

Who is involved in providing it for me?

Units in the following Funds within Forsyth Barr Investment Funds are being offered in this Investment Statement. The Forsyth Barr Investment Funds are a number of separate unit trusts under the Unit Trusts Act 1960 and established pursuant to a Master Trust Deed (the "Trust Deed") dated 27 September 2007. Together these unit trusts are referred to as the Forsyth Barr Investment Funds (the "Funds"). The Funds offered in this Investment Statement and the dates on which they were established are as follows:

Forsyth Barr New Zealand Equities Fund	27 September 2007
Forsyth Barr Australian Equities Fund	27 September 2007
Forsyth Barr Trans-Tasman Equities Fund	27 September 2007
Forsyth Barr Global Equities Fund	27 March 2008
Forsyth Barr NZ Fixed Interest Fund	27 March 2008
Forsyth Barr Local Authority Fund	27 November 2009
Forsyth Barr Premium Yield Fund	27 March 2008
Forsyth Barr Listed Property Fund	27 March 2008
Forsyth Barr Socially Responsible Investment Fund	27 March 2008

The Funds within Forsyth Barr Investment Funds provide for investors to pool their funds and access investment markets with professional investment management.

Manager

The Manager (and 'Issuer' for the purposes of the Securities Act 1978) of the Forsyth Barr Investment Funds is Forsyth Barr Funds Management Limited (the Manager), part of the Forsyth Barr Group of companies. **Forsyth Barr is one of the best known, most trusted and highly respected names in the New Zealand financial services industry.**

The Manager's address is:
Forsyth Barr Funds Management Limited
Forsyth Barr House, The Octagon
Private Bag 1999
Dunedin 9054

Administration Managers

Forsyth Barr Limited has been appointed Administration Manager in respect of the day-to-day management of the Funds.

Forsyth Barr Limited's address is:
Forsyth Barr House, The Octagon
Private Bag 1999
Dunedin 9054

MMc Limited has been appointed the Administration Manager in respect of the unit pricing and accounting of the Funds.

MMc Limited's address is:
Level 13, 23 Customs Street
PO Box 106039, Auckland City
Auckland 1143

Trustee

The Trustee of the Forsyth Barr Investment Funds is Perpetual Trust Limited. The Trustee is appointed under the Trust Deed to oversee the management and administration of the Funds within the Forsyth Barr Investment Funds. The Trustee provides a wide range of trustee services to personal and corporate clients throughout New Zealand.

The Trustee's address is:
Perpetual Trust
233 Cambridge Terrace
PO Box 112, Christchurch Mail Centre
Christchurch 8140

None of the Manager, the Trustee, the Administration Managers, or any other person guarantees the units, or any returns from the units, offered in these Funds.

How much do I pay?

You choose the amount you wish to invest. This must be $5,000 or more for your initial investment in a Fund. Additional lump sum investments must be a minimum of $1,000. Regular direct debit contributions must be for a minimum of $1,200 p.a., or at the Manager's discretion. Investments in the Fund(s) may be held in a bank account in the name of the Trustee and controlled by the Manager, prior to being invested. Monies in this account will not earn interest. After your initial investment you are not required to make further deposits.

The Manager may decline any application subject to the requirements of the Trust Deed.

You may make both regular and lump sum contributions by direct debit.

Payments by cheque are payable to Perpetual Trust Limited for "Forsyth Barr Investment Funds".

Send your cheque to:
Freepost 175
Forsyth Barr Investment Funds
Forsyth Barr Limited
Private Bag 1999
Dunedin 9054

or to your nearest Forsyth Barr branch, details of which are provided in the back of this Investment Statement.

Any units issued are void if the funds received to pay for those units are not cleared.

What are the charges?

Each Fund currently incurs charges for management, administration and various associated costs as set out below, which are deducted from the assets of each Fund.

The Manager is paid fees by each Fund as follows:

Name of Fund	Management fee % of the value of the Fund's assets per annum
Forsyth Barr New Zealand Equities Fund	1.25% p.a.
Forsyth Barr Australian Equities Fund	1.25% p.a.
Forsyth Barr Trans-Tasman Equities Fund	1.50% p.a.
Forsyth Barr Global Equities Fund	1.50% p.a. where the Manager is directly responsible for the investment of the Fund 0.50% p.a. where the Manager outsources the investment of the Fund*
Forsyth Barr NZ Fixed Interest Fund	0.75% p.a.
Forsyth Barr Local Authority Fund	0.75% p.a.
Forsyth Barr Premium Yield Fund	1.25% p.a.
Forsyth Barr Listed Property Fund	1.25% p.a.
Forsyth Barr Socially Responsible Investment Fund	1.50% p.a. where the Manager is directly responsible for the investment of the Fund 0.50% p.a. where the Manager outsources the investment of the Fund*

* The cost of the external manager will be passed on as an expense of the Fund. For more information on the external manager and any applicable fee from time to time please contact the Manager.

The Manager's fee with respect to all Funds is determined daily by the Manager and paid monthly in arrears.

The Manager's fee may be increased to any amount not exceeding 2% p.a. of the value of each Fund's assets. All investors of the Fund affected must receive at least one month's notice of any fee increase. The current entry and exit fees for the Funds are set out as follows:

Name of Fund	Entry fee % of issue price	Exit fee % of withdrawal (standing redemptions)	Exit fee % of lump sum withdrawal amount
Forsyth Barr New Zealand Equities Fund	1.00%	1.00%	Nil
Forsyth Barr Australian Equities Fund	1.00%	1.00%	Nil
Forsyth Barr Trans-Tasman Equities Fund	1.00%	1.00%	Nil
Forsyth Barr Global Equities Fund	1.00%	1.00%	Nil
Forsyth Barr NZ Fixed Interest Fund	1.00%	1.00%	Nil
Forsyth Barr Local Authority Fund	1.00%	1.00%	Nil
Forsyth Barr Premium Yield Fund	1.00%	1.00%	1.00%/Nil*
Forsyth Barr Listed Property Fund	1.00%	1.00%	Nil
Forsyth Barr Socially Responsible Investment Fund	1.00%	1.00%	Nil

* Investments in the Forsyth Barr Premium Yield Fund will incur a 1.00% exit fee if withdrawn within the first 24 months of investing, but will not incur an exit fee if withdrawn after a period of 24 months.

The Manager may in its sole discretion, waive any applicable exit fee from time to time.

In respect of both the Forsyth Barr New Zealand Equities Fund and the Forsyth Barr Australian Equities Fund, a performance fee of 10% of the Fund's trust fund value plus GST will be payable to the Manager where the Fund's performance exceeds the benchmark hurdle rate, which is currently a compounding 10% per annum calculated on each business day on a compounded basis, over the previous financial year of the Fund (performance criteria). Any performance fee will be calculated on each business day and paid in arrears at the end of each financial year of the Fund. The performance fee is cumulative and is accrued in the calculation of the trust fund value of the Fund, and paid from the assets of the Fund.

If the Fund does not meet the performance criteria then a performance fee will not be payable to the Manager and there will be no impact on the trust fund value. The formula for calculating the performance fee is set out in the Establishment Deeds for the Forsyth Barr New Zealand Equities Fund and the Forsyth Barr Australian Equities Fund. The Manager may change the basis or amount of the performance fee by giving one month's prior notice to investors of the relevant Fund or Funds.

The Manager will pay the Administration Managers a fee for undertaking management functions for the Funds. The Manager shall pay the Administration Managers' fees out of its own fee.

The Manager may be required to account for GST at the standard rate of 12.5% in relation to up to 10% of the management fee and performance fee (if any) charged to each Fund. The Manager is entitled, in addition to the fees shown above, to a payment from the Fund of an amount equal to that GST.

The Manager has the power to charge an entry fee up to 5% of the issue price and an exit fee up to 5% of the withdrawal amount.

The Trustee fee is calculated by reference to the total funds held by the Trustee in its capacity as Trustee of the Forsyth Barr Investment Funds. The Trustee fee is calculated daily and paid quarterly in arrears. The Trustee fee with respect to the Funds may be increased to any amount not exceeding 0.1% per annum of the value of each Fund's assets on giving all investors at least one month's notice. The Trustee is currently required to account

for GST at the standard rate of 12.5% in relation to 75% of the Trustee fees charged. An amount equal to (but not more than) the amount of that GST will be payable to the Trustee in addition to the Trustee fee.

The Trustee fee is currently:

Funds held under the Forsyth Barr Investment Funds ($ million)	Applicable % p.a. Trust Fund value*
First 25	0.050%
Next 50 (25 – 75)	0.030%
Next 50 (75 – 125)	0.025%
Next 100 (125 – 225)	0.015%
Subsequent funds held (225 +)	0.010%

*percentage of the total trust fund value of all funds under the Forsyth Barr Investment Funds

The Manager and Trustee are entitled to reimbursement of expenses incurred in respect of the Trust (including payment of custodian fees and expenses). There is no limit upon the amount of these expenses. At the date of this Investment Statement the Manager has agreed to pay out of its own management fee the day-to-day expenses of the Forsyth Barr Investment Funds.

This is at the Manager's discretion which is subject to change from time to time.

The Manager may apply a transaction fee to any purchase or sale of units in the Forsyth Barr Local Authority Fund to cover the consequential costs of the sale or purchase of the underlying assets in that Fund. The transaction fee is the average cost of buying or selling the underlying assets (as determined by the Manager) and applied pro rata, based on the number of units you are buying or selling. The transaction fee ensures other investors entering or exiting the Forsyth Barr Local Authority Fund do not adversely affect your investment. The Manager may apply a higher transaction fee than the average costs of transactions where the nature of the specific sale or purchase in question means the actual costs of the transaction would not be met if the average transaction costs were charged.

There are no fees for switching from one Fund to another (except in respect of switches to or from the Forsyth Barr Local Authority Fund, to which a transaction fee, as set out above, may apply). A switch from one Fund to another takes effect as a withdrawal from the Fund nominated and an application for units in the Fund to which funds are switched, and accordingly any entry or exit fees will apply.

Fees and expenses paid by a Fund are offset by a Fund against income allocated to investors under the PIE regime and cannot be claimed by investors personally.

What returns will I get?

Investors in each Fund receive the benefit of all investment returns generated by the underlying assets of each Fund (such as shares in companies, interest bearing securities and cash), less any taxes (refer to the Taxation section below), expenses and the fees set out above.

Returns take the form of any changes in the value of units (which are priced gross of PIE tax) and any income distributions that may be made from time to time. You will receive the return from any changes in the value of units you hold when the relevant units are sold or redeemed and the proceeds paid to you. This will generally occur on the first business day following receipt of your request to withdraw units. The Manager will calculate the withdrawal amount based on the first valuation day following the day your withdrawal request is received. However if, in the opinion of the Manager, it is not practical to calculate the withdrawal amount as at that day, due to exceptional circumstances (such as those explained under suspension and moratorium later in this section) the Manager shall calculate the withdrawal amount on the first valuation day it considers practicable. The Manager can defer processing a withdrawal and cash payment by up to five business days in the event that the proceeds from the sale of investments are required to meet the required cashflow.

The Manager's current policy is not to distribute income of any Fund.

As a general rule, the Trustee, Perpetual Trust Limited, is legally liable to make payment of any returns, to the extent available, in respect of each Fund, following calculation of those returns by the Manager. You may also sell your units to a third party, in which case that person will be legally liable to pay your return.

No particular return has been promised. The performance of, or returns from the Funds, and the repayment of capital, is not guaranteed (in full or in part) by the Trustee, the Manager, the Administration Managers, or their respective directors or any other person.

The returns you get will depend primarily on the funds invested by you and the performance of the underlying assets selected for each Fund. This in turn depends upon economic and market conditions such as economic growth, technological progress, interest rates and exchange rates, which will affect the values of the various underlying investments in different ways and at different times. Neither the Trustee, the Manager nor the Administration Managers warrants, represents or guarantees in any way that your objectives will be achieved or that you will not suffer losses.

Details regarding the current strategy, authorised investments and recent performance of each Fund are available from your Investment Advisor, and contained in the Prospectus for the Forsyth Barr Local Authority Fund and the Prospectus for the other Forsyth Barr Investment Funds.

Both capital and income returns are reflected in unit prices, which are calculated on each business day. There are no specified dates or frequencies of payments of these returns - it is up to you to decide when you wish to exercise your withdrawal rights in respect of a Fund and your return at that time depends on the prevailing unit price and tax treatment.

The Manager will cancel units to fund tax payable on income allocated to investors as described in the Taxation section below. Tax may also be deducted from any payment made to an investor if required.

Withdrawals and switches in respect of the Funds may be suspended if, as a result of suspension of trading on any exchange, any political, financial or economic conditions, the nature of any investment or any other circumstance or event relating to the relevant Fund, the units in a Fund cannot be redeemed and the Manager believes that the units cannot be purchased. A suspension may last up to 90 days and may be extended with the consent of the Trustee. There is no limit upon the period by which the suspension may be extended with the consent of the Trustee.

If in the opinion of the Manager, it is likely that payment of any return in respect of any Fund is unable to be made on the due date, the Manager may declare a moratorium on payments in respect of that Fund for as long as the Manager considers necessary.

Taxation

The following statements in relation to taxation are of a general nature only and are based on current legislation which may change. The impact of taxation will vary depending upon each person's individual circumstances. It is important that you seek personalised tax advice from your taxation advisor. Neither the Manager, the Administration Managers, the Trustee, nor any of their respective directors, nor any other person takes any responsibility for the taxation liability of investors.

Each investor must notify the Manager of their IRD number and applicable Prescribed Investor Rate when they join the Funds and when these details change. Investors who do not notify both their IRD number and Prescribed Investor Rate will be taxed on income allocated to them by the Funds at the default rate of 30%. The Manager will seek reconfirmation of these details annually. The Prescribed Investor Rates are as follows:

19.5%: New Zealand resident individual investors have a 19.5% Prescribed Investor Rate on the PIE income allocated to them, provided both of the following conditions can be met in either of the two immediately preceding income years:

- their taxable income (excluding PIE income) did not exceed $38,000; and
- their combined taxable and PIE income did not exceed $60,000.

30%: this applies for all other individuals and nonresidents (and New Zealand resident trusts, (including superannuation schemes but excluding unit trusts) that have elected to be taxed at this rate). This is also the default rate where no election has been made or when an investor has elected 19.5% but not provided an IRD number.

0%: New Zealand resident entities such as companies, unit trusts, other PIEs, charities, superannuation schemes and trusts that have not elected the 30% rate and, nominee and wrap accounts have this rate. These entities must return the PIE income or loss allocated to them by the Funds and pay tax themselves.

NZ Resident Individuals

If your taxable income was...	And your taxable income plus your PIE income/loss was...	In the two income years before the relevant tax year for...	Your PIR is...
$0 - $38,000	$0 - $60,000	Either year	19.50%
$38,001 or more	Any	Each year	30%
Any	$60,001 or more	Each year	30%

- **Trusts** may elect 0%, 19.5% or 30%. Only 30% is a final tax. Elections of 0% or 19.5% will result in PIE income being allocated to the trust with a credit for any PIE tax paid.
- **Companies** and charities 0%. PIE income is allocated to these entities and treated as their income.
- **Non-residents** 30%

Changes applicable from 1 April 2010

A Tax Bill expected to become law before the end of the year proposes to change the rates from 1 April 2010 for New Zealand resident individuals as follows:

If your taxable income was...	And your taxable income plus your PIE income/loss was...	In the two income years before the relevant tax year for...	Your PIR is...
$0 - $14,000	$0 - $48,000	Either year	12.50%
	$48,001 - $70,000	Either year	21%
$14,001 - $48,000	$0 - $70,000	Either year	21%
$48,001 or more	Any	Each year	30%
Any	$70,001 and more	Each year	30%

Trusts (other than charities) will be able to select 0%, 21% or 30%. Testamentary trusts may select 12.5% as well. Only 30% will be a final tax for trusts.

Refer to *www.ird.govt.nz/toii/pir/workout* or select form/guide IR861 at the IRD website for guidance in selecting a Prescribed Investor Rate.

The Manager is required to provide every investor with an annual tax certificate, which will include the PIE income allocated to each investor and the amount of tax paid at their Prescribed Investor Rate. This information will be necessary when determining if a lower PIR rate can be selected in future.

Tax-paying investors

Investors with a Prescribed Investor Rate other than 0% are referred to as "tax-paying investors".

A Fund's tax liability on PIE income allocated to its tax-paying investors will be deducted at the earliest of the three following times in respect of each income year. Tax will be deducted by cancelling units equal to the value of the tax liability:

i) at the end of the relevant quarter (March, June, September and December);

ii) upon a full withdrawal or switch; or

iii) if at any time, especially on a partial withdrawal (including standing redemptions (if available)) or on a partial switch, the balance of the remaining units is, or could potentially become, insufficient to cover a Fund's accrued tax liability on income allocated to such an investor. In these circumstances, this will be deemed a full withdrawal and tax will be deducted on account of the accrued liability. The Manager will consider potential market movements when determining whether the remaining units are of sufficient value to cover the tax liability.

A refund of tax will be provided to the Funds to compensate for PIE tax losses or excess tax credits relating to tax-paying investors, which is then allocated to such investors by issuing additional units on a quarterly basis.

If the correct tax rate has been elected, the tax paid on income allocated to tax-paying investors will be a final tax and no obligation to file a tax return (in respect of this investment) will arise as a consequence. Nor will it impact on family assistance eligibility, student loan repayment obligations or child support payment obligations.

Tax-paying investors must advise the Manager if their Prescribed Investor Rate changes. Failure to advise, or providing a lower rate than that applicable, will mean the investor is personally liable to pay any resulting tax shortfall including penalties and interest and may be required to file a tax return.

Zero-rated investors

Investors with a Prescribed Investor Rate of 0% are referred to as "zero-rated investors".

These entities must return the PIE income/(loss) and pay tax themselves. These entities will have a tax liability in respect of the PIE income allocated to them, regardless of whether the Funds make any distributions to them.

A Fund will not cancel any units or otherwise adjust the interests of its zero-rated investors for PIE tax, as the Funds do not pay tax on the income allocated to such investors.

Zero-rated investors will be entitled to claim their share of excess credits or PIE tax losses directly and may claim a credit for any PIE tax paid on their behalf (for example where tax has been deducted at the default rate of 30% because no IRD number has been provided).

Joint investors

The Manager may in its sole discretion treat joint investors as separate investors (in shares reflecting their legal interests), or treat them as a single investor, with a Prescribed Investor Rate equal to the highest Prescribed Investor Rate of the joint investors if they are different or at the rate of one of the joint investors if they have the same rate. The Manager has exercised its discretion and will permit joint investors who have notified a 50/50 legal interest to be treated as separate investors. If no notice of election is received income will be allocated to the first named person at the default rate of 30%.

Calculation of income

Gains or losses made by the Funds on New Zealand resident companies or Australian resident listed companies on an approved index of the Australian Stock Exchange with franking accounts (other than certain stapled securities and certain Australian unit trusts) will not be taxable or deductible. The PIE regime is designed to pass through these benefits where Funds invest in unit trusts that are also PIEs. Dividends from such companies will be taxed.

Income from Australian shares not described above and other international shares are generally taxed under the Fair Dividend Rate method. Under this method, a Fund is deemed to derive taxable income equal to 5% of the average daily opening market value of such shares for the relevant tax year. Dividends are not taxed separately. Losses on such shares are not deductible but withholding tax credits may be available for offset against tax payable.

Offshore equities offering guaranteed or fixed rate returns, or redeemable shares, or holding assets of which 80% or more consist of fixed rate shares or financial arrangements that are either denominated in or hedged to New Zealand dollar, or determined by Inland Revenue to be debt in economic terms, are taxed under the Comparative Value method, i.e. annual change in market value plus distributions.

Debt securities held directly are taxed under the financial arrangement rules using the market valuation method or its equivalent under international accounting standards.

PIEs have restrictions on the percentage of units any one investor and associated parties holding interests of 5% or more can hold. The Manager may redeem or void units exceeding the permitted threshold so as to ensure PIE status can be maintained. If your units are voided you will receive a refund of your subscription monies but any additional compensation is at the discretion of the Manager.

Tax assets created from losses expected to be used in the foreseeable future may be included in the value of units. Details of the value of any unrecognised tax assets as at balance date are contained in the Forsyth Barr Investment Funds Annual Report.

Tax legislation and rates of tax may be subject to change. The impact of taxation may vary depending on the investor's individual circumstances. Investors are encouraged to seek professional tax advice. Neither the Manager, nor the Trustee, nor any other person takes any responsibility for the taxation liability of investors.

What are my risks?

All investments carry risk. There are risks associated with the Funds which could affect your ability to recover the amount of your investment or impact on the level of return or distributions (if any) payable from the Funds as described elsewhere in this Investment Statement.

The principal risks applying to the Funds that could affect returns are:

Investment risk: The risk of a result of negative returns on the Fund investments, or that the returns are insufficient to meet the applicable expenses. Risk and return are related. Generally, the greater the level of risk, the greater the expected return. As an investor, you need to determine your own level of risk tolerance before investing. You should seek advice from your Investment Advisor to determine your risk tolerance level.

Credit Risk: The risk of the Funds becoming insolvent and being placed into receivership, liquidation or statutory management or being otherwise unable to meet their financial obligations. The key circumstance in which this might occur is if there is a failure by a company, bank or other entity in which a Fund has invested.

Liquidity risk: The risk associated with an inability on the part of the Funds to meet monetary obligations in a timely manner. The Manager manages this risk by investing principally in investments which can normally be realised reasonably quickly.

Regulatory risk: The risk of future changes to tax or legislation or applicable regulations which could affect the operation of the Funds' or investors' distributions or the level or nature of returns from the Funds.

Administrative risk: The risk of technological or other failure by the Manager or Administration Managers impacting on the Funds or financial markets in which any of the Funds invest.

Currency risk: The risk associated with movements in foreign exchange rates impacting on offshore investments.

Tax rate risk: The risk of the Manager either over or under–paying tax within the Funds on behalf of an investor as a result of the investor providing the Manager with the wrong Prescribed Investor Rate or not advising the Manager to change that rate when it needed to be changed. An investor is personally liable for any shortfall of tax in such a situation and relevant penalties and interest (if any) and may be required to file a tax return. If a tax-paying investor advises a higher rate than that applicable, the excess tax cannot be claimed back, as PIE tax is a final tax.

Loss of PIE status: The risk of the Fund losing its status as a PIE and reverting to the tax status of a widely held unit trust taxed at 30% on income rather than at investors' Prescribed Investor Rates.

Required withdrawal to pay tax: Refer to the Taxation section on page 14 for details of the risk of a full withdrawal being required where the value of your remaining units is not regarded as sufficient to fund your tax liability.

Maintaining PIE status: PIEs have restrictions on the percentage of units any one investor and associated parties holding interests of 5% or more can hold. Generally no investor together with such associates can hold more than 20% of a Fund. The Manager may redeem or void units exceeding the permitted threshold so as to ensure PIE status can be maintained.

Trust electing 30%: A trust that elects a Prescribed Investor Rate of 30% will be unable to provide the PIE income to beneficiaries at rates lower than 30%.

Joint investor risk: Refer to the Taxation section on page 14 for details of the manner in which joint investors are allocated income to one investor only, which may impact on that investor's ability to retain a 19.5% Prescribed Investor Rate.

General Market Conditions: Conditions in the global credit and financial markets since mid 2007 have resulted in negative performance in many investment sectors and funds, including the sectors in which the Funds invest. For investors, this means the value of their investment may fluctuate and be less than their initial investment, and fluctuations may be material.

The impact that future economic conditions may have on the Funds cannot be predicted, be they positive or negative. It is not unexpected that there may be negative returns in the Funds from time to time and that negative returns may continue for a period of time. There can be no assurance that future economic conditions will not materially and adversely affect the Funds' investments. Investors are advised to consult an Investment Advisor before making a decision to invest.

In the event of insolvency

We are always concerned that the investments of those who place their trust with us are safeguarded. We have appointed an independent trustee, Perpetual Trust Limited, to supervise the management and administration of your funds on your behalf.

In the unlikely event of the insolvency of a Fund, you will not be liable to make any further contributions. In this situation, the assets would be realised and after allowing for all liabilities of the Fund (including expenses on winding up and any fees owed to the Trustee or Manager) the remaining funds would be distributed to investors and any equal ranking creditors.

Winding up or liquidation of a Fund

In the event that a decision is made to wind up or liquidate a Fund, you would be notified prior to the final closing date, after which no further contributions would be accepted.

The assets of the Fund would be realised and after allowing for all liabilities of the Fund (including expenses or winding up and any fees owed to the Trustee or Manager) the remaining funds would be distributed to investors and any equal ranking creditors.

Personal Liability

Tax-paying investors will have adjustments made to their units to reflect tax paid or payable on their behalf by the Funds and provide an indemnity for tax paid on PIE income allocated to them. This would only apply if the value of units was less than the PIE tax liability at the investor's Prescribed Investor Rate on income allocated to them. Other than in relation to personal tax obligations, there are no circumstances in which you will be obliged to pay any further money.

Can the investment be altered?

The Manager may:

- with the agreement of the Trustee, vary the authorised investments or any investment guidelines for a Fund, alter the dates for distribution of income (if any), vary the Trustee's or Manager's fee; or
- alter the minimum investment, transfer, withdrawal and account balance requirements ; or
- cease or suspend the issue of units.

The Trustee and the Manager may alter the Trust Deed in the following situations:

- if in the Trustee's opinion it is necessary to correct an error or where the amendment is of a formal or technical nature; or
- if in The Manager's opinion it is necessary or desirable in the interests of the Trust or investors generally and in the Trustee's opinion the amendment is not prejudicial to the interest of investors generally; or
- the amendment is authorised by an extraordinary resolution of investors; or
- the Manager gives investors in the relevant Fund one month's written notice of the amendment.

You may:

- make one-off lump sum contributions; and
- alter a regular contribution amount; and
- suspend regular contributions; and
- make a partial or full withdrawal; and
- switch between Funds.

Refer to the Taxation section on page 14 for tax implications upon withdrawal or switching.

How do I cash in my investment?

Withdrawals must be for at least $1,000. You may usually withdraw part or all of your investment at any time, subject to maintaining

a minimum balance of $2,000 (subject to the restrictions on withdrawal described under the heading "What returns will I get?" on page 14).

Withdrawals are made by providing the Manager with a withdrawal notice which specifies the amount to be withdrawn from the Fund or Funds. The withdrawal value of a unit shall be the unit value on the valuation day of the relevant trust less transaction costs, adjusted to the extent appropriate to reflect an equitable proportion of the management fee, trustee fee and, if applicable, the performance fee. Payment is usually made on the next business day following receipt of a withdrawal notice. The Manager will calculate the withdrawal amount based on the first valuation day following the day your withdrawal request is received. However if, in the opinion of the Manager, it is not practical to calculate the withdrawal amount as at that day, due to exceptional circumstances (such as those explained under suspension and moratorium later in this section) the Manager shall calculate the withdrawal amount on the first valuation day it considers practicable. The Manager may defer processing and withdrawal for up to five days where it is necessary to realise investments to meet the withdrawal proceeds. A withdrawal notice must be in the form prescribed by the Manager (which may include a verbal communication) and may not be revoked once given. On receiving a withdrawal notice the Manager shall procure that the number of units having an aggregate unit value equal to the withdrawal amount are redeemed (after providing for any tax at the investor's Prescribed Investor Rate by way of deduction from monies payable or by cancelling units) and the investor is paid the withdrawal amount. The Manager does not intend to offer to repurchase units. Units redeemed are deemed to have been cancelled. To satisfy a redemption the Manager may either direct the Trustee to realise investments of the Fund or borrow on behalf of the Fund to provide monies to pay the amount withdrawn.

You may sell your investments to another person subject to maintaining the prescribed minimum balances and to some legal restrictions. If an investor transfers units, the transferor will bear the cost of any PIE tax on income allocated to all units from the beginning of the income year in which the transfer takes place to the date of transfer, regardless of whether all the transferor's units are being transferred and that tax will be deducted prior to the transfer taking effect.

Withdrawals in respect of a Fund may be suspended if as a result of suspension of trading on any exchange, any political, financial or economic conditions, the nature of any investment or any other circumstance or event relating to the relevant Fund, the units in a Fund cannot be redeemed and the Manager believes that the units cannot be purchased. A suspension may last up to 90 days and may be extended with the consent of the Trustee. There is no limit upon the period by which the suspension may be extended with the consent of the Trustee.

If, in the opinion of the Manager, it is likely that payment of any distribution or withdrawal is unable to be made on the due date, the Manager will declare a moratorium on payments for as long as the Manager considers necessary. The Manager may determine to wind up any Fund, if:

- following notice of the proposed winding up not more than 10% of the unitholders of the Fund object; or
- the winding up is approved by extraordinary resolution of unitholders of the Fund.

Who do I contact with enquiries about my investment?

All enquiries should in the first instance be directed to your Forsyth Barr Investment Advisor toll free on 0800 Forbar (0800 367 227). Forsyth Barr Investment Advisors can also be contacted at the address of The Manager, Forsyth Barr House, The Octagon, Private Bag 1999, Dunedin 9054 or alternatively you can email us at *mail@forbar.co.nz*.

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

In the first instance contact your Forsyth Barr Investment Advisor at:

The Manager
Forsyth Barr House
The Octagon
Private Bag 1999
Dunedin 9054
Phone 0800 Forbar (0800 367 227)

Or alternatively you can email us at *mail@forbar.co.nz*.

If you are unhappy with the outcome, address complaints to:

The Compliance Manager
Forsyth Barr Limited
Private Bag 1999
Dunedin 9054
Phone 0800 Forbar (0800 367 227)

Or the Trustee as follows:
The Corporate Services Manager
Perpetual Trust Limited
233 Cambridge Terrace
PO Box 112, Christchurch Mail Centre
Christchurch 8140
Phone (03) 379 8611

There is no Ombudsman to whom investment complaints in respect of these Funds can be made.

What other information can I obtain about this investment?

Current value and regular reports

You can obtain an estimate of the current value of your investment at any time by contacting your Forsyth Barr Investment Advisor.

You will receive statements on a quarterly basis, together with an annual tax summary reporting your investments in the Funds. You will also receive an Annual Report including Financial Statements for the Funds.

Registers

Registers of investors in the Forsyth Barr Investment Funds are maintained by the Manager. These are open for inspection by investors of the Forsyth Barr Investment Funds during normal business hours at the office of The Manager. You may request a copy of the register or your entry in it.

Prospectuses, Trust Deed and Financial Statements

Further detailed information about the Manager and the Funds can be found in the Prospectus for the Forsyth Barr Local Authority Fund and the Prospectus for the other Forsyth Barr Investment Funds, Master Trust Deed, Establishment Deeds and Financial Statements. These documents are available for inspection at Forsyth Barr offices. They can also be obtained free of charge from your Investment Advisor on request or from:

The Manager
Forsyth Barr House
The Octagon
Private Bag 1999
Dunedin 9054

Or alternatively you can email us at *mail@forbar.co.nz*.

Copies may also be viewed (on payment of any prescribed fee) on the Manager's file at the Companies Office website *www.companies.govt.nz*, or by telephoning the Companies Office Contact Centre on 0508 266 726 or 0508 COMPANIES.

Request Information

By calling the Manager on 0800 Forbar (0800 367 227) as an investor or a prospective investor, you can obtain the following information in respect of the Funds (free of charge):

- an estimate of the current value of your investment (if you are already an investor); and
- a copy of the most recent Annual Report; and
- a copy of the Master Trust Deed and Establishment Deeds; and
- a copy of the most recent Investment Statement; and
- a copy of the most recent Prospectus for the Forsyth Barr Local Authority Fund and the Prospectus for the other Forsyth Barr Investment Funds and Financial Statements and their respective associated documents; and
- a copy of the Product Summary.

Who can obtain personal information about me in connection with this investment?

The Trustee and the Manager will at all times respect and protect the confidentiality of all information received from and about you, not being publicly available information and will not disclose any of it without your prior written consent to any third party, except as is required by law or in order to obtain reductions in withholding or other taxes or to obtain other benefits for you. Such personal information is collected and held by the Manager at Forsyth Barr House, The Octagon, Private Bag 1999, Dunedin 9054.

Changes to personal details

Should your personal details change, for example, your tax rate, bank account details, address or name, you must advise us in writing and provide appropriate supporting documentation.

Directory

Issuer and Manager

Forsyth Barr Funds Management Limited
Forsyth Barr House
The Octagon
Private Bag 1999
Dunedin 9054

Board of Directors of Forsyth Barr Funds Management Limited

Neil Paviour-Smith
Michael Sidey
Shane Edmond

The Directors can be contacted at the address stated above.

Trustee

Perpetual Trust Limited
233 Cambridge Terrace
PO Box 112
Christchurch Mail Centre
Christchurch 8140

Accounting/Taxation Advisors

Deloitte
Otago House
481 Moray Place
Dunedin 9054

Solicitors

Kensington Swan
Level 9
89 The Terrace
PO Box 10246
Wellington 6143

Contact Us

We pride ourselves on maintaining strong and trusted relationships with our clients and on providing detailed information that is transparent and understandable. If there is anything about your investment that you do not understand, or if you have any queries, you are most welcome to contact us.

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Disclosure Statements for Forsyth Barr and any of its Investment Advisors are available on request and free of charge.

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