

Prospectus

Gareth Morgan KiwiSaver Scheme

Dated 18 February 2010

Prospectus
Gareth Morgan KiwiSaver Scheme
dated 18 February 2010

This Index is in accordance with Schedule 3C of the Securities Regulations 1983

1. Description of scheme	1
2. Superannuation trustee.....	1
3. Managers, promoters, auditors, and advisers.....	2
4. Description of scheme and its development	3
5. Summary of financial statements	18
6. Guarantors	20
7. Acquisition of business or equity securities	21
8. Interested persons	21
9. Material contracts	23
10. Pending proceedings.....	23
11. Other terms of offer and scheme	23
12. Financial statements and auditor's report	24
13. Places of inspection of documents	24
14. Other material matters.....	24
15. Superannuation trustee's statement.....	31

This Prospectus is dated 18 February 2010. A signed copy of the Prospectus together with copies of the documents required by section 41 of the Securities Act 1978 was delivered to the Registrar of Companies for registration under section 42 of the Securities Act 1978.

In accordance with Regulation 52 of the Securities Regulations 2009, the Trustee has elected that the Securities Regulations 1983 apply to the offer contained in this Prospectus.

1. Description of scheme

The name of the Scheme is the Gareth Morgan KiwiSaver Scheme (**Scheme**). It was established on 2 April 2007 in Wellington.

The Scheme operates as a KiwiSaver scheme registered under the KiwiSaver Act 2006, as amended (**Act**). The Act can be viewed at www.legislation.govt.nz. The Scheme is a defined contribution scheme which is offered to natural persons who are eligible to join as individual members.

Membership of the Scheme is also available to employees of employers that have chosen the Scheme as their preferred KiwiSaver scheme.

2. Superannuation trustee

Public Trust (**Trustee**) is the trustee for the Scheme.

Public Trust became a New Zealand Crown Entity on 1 March 2002, under the provisions of the Public Trust Act 2001. The Trustee has more than 130 years' experience in a wide range of services as trustee, executor, manager and attorney. The Trustee currently administers estates, trusts, funds and agencies.

The Public Trust Board ("the Board") is responsible for the supervision and management of Public Trust.

The Chief Executive of Public Trust at the date of this prospectus is Grenville Barron Gaskell, Wellington.

As at the date of this Prospectus, the members of the Board and their places of residence are:

Donal Francis Curtin

Auckland

Candis Eileen Craven

Auckland

Rodger John Finlay

Christchurch

Robin Gilmer Hill

Wellington

Trevor David Janes

Auckland

Fiona Ann Oliver

Auckland

Hinerangi Ada Raumati

Hamilton

Sarah Mary Roberts

Auckland

The Trustee and members of the Board can be contacted at:

Public Trust
Level 10
141 Willis Street
WELLINGTON 6011

The members of the Board may change from time to time.

Under the Scheme's trust deed (**Trust Deed**), the Trustee is indemnified out of the Scheme's assets from and against any expense or liability incurred in connection with the Scheme including in prosecuting or defending any action or suit in respect of the provisions of the Trust Deed, except to the extent that any such expense or liability is attributable to the Trustee's own wilful or negligent act or default, breach of trust, the dishonesty of its Board members or officers or failure to show the degree of care and diligence required of the Trustee in its capacity as the trustee of the Scheme. Further, the Trustee is entitled to be indemnified out of the Scheme on the winding up of the Scheme for costs, charges, expenses, claims and demands incurred in connection with the Scheme or arising out of the liquidation of the Scheme.

The Trustee is independent of the manager, administration manager, investment manager, and promoters of the Scheme.

Neither the Trustee, nor any of its Board members, nor any other person, guarantees the performance of the securities offered in this Prospectus or the capital invested in those securities.

3. Managers, promoters, auditors, and advisers

Administration manager, investment manager, registrar and custodian

Gareth Morgan KiwiSaver Limited (**Manager**) has entered into a management agreement with the Trustee as referred to in section 9 below (**Management Agreement**). Under the Management Agreement the Manager has been appointed as the administration manager, investment manager, custodian and registrar of the Scheme. The Management Agreement sets out the obligations of the Manager and the management fees and other amounts payable to the Manager by the Trustee from the Scheme.

Under the Management Agreement the Manager has the power to delegate certain functions to other parties. The Manager has delegated the custody of the Scheme's assets to Portfolio Custodial Nominees Limited, a company owned by Gareth Morgan Investments Limited Partnership. The Manager has delegated the investment management of the Scheme to Gareth Morgan Investments Limited Partnership. Gareth Morgan Investments Limited Partnership acts within guidelines set by the Manager.

The Manager (as administration manager, investment manager, registrar and custodian of the Scheme) can be contacted at:

Gareth Morgan KiwiSaver Limited
Level 10
109 Featherston Street
PO Box 10 068
WELLINGTON 6143.

Promoters

Gareth Morgan KiwiSaver Limited and each of its directors namely Andrew Masters Gawith, Gareth Huw Thomas Morgan, Charles Andrea Purcell and Samuel Gareth Morgan are promoters of the Scheme. The promoters can be contacted at the office of the Manager detailed above.

Neither the Manager (as promoter and administration and investment manager of the Scheme) nor any of its directors have been adjudged bankrupt, convicted of any crime involving dishonesty, or prohibited from acting as a director of the company. The Manager has not been placed in statutory management or receivership.

Auditor

KPMG
10 Customhouse Quay
WELLINGTON 6011.

Solicitors

The solicitor for the Manager and Trustee is DLA Phillips Fox, who can be contacted at:
DLA Phillips Fox
TOWER Building
50-64 Customhouse Quay
WELLINGTON 6011.

4. Description of scheme and its development

The Scheme was established in Wellington, and the Scheme's current consolidated Trust Deed is dated 18 February 2010 (**Trust Deed**).

As Sponsor under the Trust Deed, Gareth Morgan KiwiSaver Limited has certain rights and obligations in respect of the Scheme as set out in the Trust Deed. The Trustee has also appointed Gareth Morgan KiwiSaver Limited as Manager of the Scheme.

Summary of the principal terms of the Trust Deed

Below is a summary of the principal terms of the Trust Deed not described elsewhere in this document. This is a summary only and a copy of the full Trust Deed is available on request - see section 13 below.

The Trust Deed establishes the Scheme and sets out the terms and conditions that govern the operation of the Scheme. The Scheme provides for membership by natural persons who are eligible to apply to join as individual members. Membership of the Scheme is also available to employees of employers that have chosen the Scheme as their preferred KiwiSaver scheme.

The Trustee

The Trustee will exercise due care and skill in carrying out its duties and obligations under the Trust Deed and shall at all times act in the interests of the members.

The Trustee shall not be liable for any loss or liability except those arising from its own wilful or negligent act or default, breach of trust, or the dishonesty of its Board members or officers. Additionally, the Trustee shall not be liable for the neglect or default of any professional adviser or other agent engaged in good faith by the Trustee.

Unless the Trustee is liable under the above paragraph, the liability of the Trustee shall at all times be limited to the assets of the Scheme.

Except as expressly provided in the Trust Deed, any agent of the Trustee, including the Manager, acting for or on behalf of the Trustee shall have the benefit of any exclusions or indemnities given to the Trustee in the Trust Deed.

The Trustee will be paid a reasonable annual fee in respect of each member for the routine duties and responsibilities it performs in respect of the Scheme as agreed between the Trustee and the Sponsor from time to time. The Trustee may reimburse itself from each member's account for its fee and the Manager's fee payable pursuant to the Management Agreement referred to in section 9 of this Prospectus. The annual amount the Trustee will be paid to cover the Trustee's annual fee and to pay the Manager's fee in respect of each member is, subject to a minimum annual fee of \$50, 1% per annum of the value of that member's account. The 1% annual fee will be calculated, charged and deducted directly from members' accounts at the end of each month.

Under the terms of the Scheme's Trust Deed, the 1% fee level stated above can be increased up to a maximum of 2% of the value of a member's account where the Manager and the Trustee agree to increase the fees to a level that will cover additional costs. The Manager has made a commitment not to increase the 1% fee level before 1 July 2012 at the earliest.

In addition to the fees stated above, the Trustee may authorise the Manager to charge a \$50 fee for performing the following duties:

- A member withdrawing from the Scheme;
- A member transferring to or from the Scheme;
- Switching of a member's investment direction (a fee will not be charged in respect of a member's first switch each Scheme Year as defined by the Trust Deed¹).

The Manager will not charge a fee for processing the transfer of any UK Pension funds to the Scheme. However, members may incur bank charges associated with transferring the funds and may be required to pay fees under the relevant UK Pension plan charge prior to the transfer of the funds (see section 14 "Other material matters" for more information on the transfer of UK Pension plan funds to the Scheme).

Such fees will be deducted from the account of the member in respect of whom the fees were incurred. The Manager will not charge these fees before 1 July 2012 at the earliest. After 1

¹ Under the terms of the Trust Deed, a scheme year means a period commencing on 1 April of one year and ending on 31 March of the next year (**Scheme Year**).

July 2012, the Manager may charge these fees if it has given at least 3 months' notice to members. Under the terms of the Trust Deed, the Trustee may also authorise the Manager to charge a \$50 fee in respect of processing a member's financial hardship, serious illness or first home withdrawal. This fee may only be charged to Members who joined the Scheme after 18 February 2010. As at the date of this Prospectus, there is no intention to charge this fee.

The fees stated in dollar amounts above may be indexed by the Trustee, upon the recommendation of the Manager, every three years using Statistics New Zealand's Consumers Price Index and therefore may increase.

The Trustee shall also be reimbursed, in addition to the fees stated above, for all other costs, charges and expenses properly incurred by it in connection with or in relation to the Scheme where the following apply:

- The Trustee has consulted with the Manager prior to incurring such cost, charge or expense; and
- A prudent professional trustee would consider it reasonable to incur such cost, charge or expense in order to assist the Trustee or the Scheme to comply with its obligations and duties under the Trust Deed and at law.

For the avoidance of doubt, neither the Trustee nor the Manager will be reimbursed for any additional ordinary costs, charges and expenses incurred in the management and administration of the Scheme.

Please refer to section 8 of this Prospectus below entitled "Interested persons" for a more detailed description of fees payable by members.

The Trustee may, with the Sponsor's consent, charge any member, or any group of members, fees at a lower rate or amount than what is expressed in this Prospectus, or waive or rebate such fees to such members.

GST on fees - all fees are stated on a GST exclusive basis. Under current law some fees are wholly or partially exempt from GST. If GST is payable on any of the fees, then the GST component is payable in addition to the fee stated.

Appointment and removal of Trustee

If the office of the Trustee becomes vacant, or the Trustee is removed from office, Gareth Morgan KiwiSaver Limited as Sponsor shall appoint a new trustee by deed. The Trustee may not retire or be removed from office until a new trustee has been appointed.

The Trustee may be removed from office as trustee by Gareth Morgan KiwiSaver Limited as Sponsor. The Trustee must be given at least 90 days' written notice before removal.

The office of the Trustee shall become vacant if an order is made or an effective resolution is passed for the winding up of the Trustee or it is placed in liquidation, receivership or statutory management. The office of trustee of the Scheme will also become vacant if the Trustee resigns from office by giving 90 days' notice in writing to Gareth Morgan KiwiSaver Limited as Sponsor of its intention to retire.

Powers and duties of Trustee

The Trustee shall have all the powers in respect of the Scheme and its assets which the Trustee could exercise if the Trustee was the absolute owner of the Scheme's assets and shall have total discretion in the exercise of the trusts, authorities, powers and discretions conferred on it by the Trust Deed. Without limitation, the Trustee may:

- employ or contract with any investment manager, administration manager, custodian, manager or agent on terms and conditions as the Trustee considers expedient;
- delegate any of its duties, powers or discretions under the Trust Deed to any person the Trustee appoints to manage the Scheme or any assets of the Scheme ;
- after consultation with the Sponsor, act on the advice or opinion of any accountant, actuary, barrister, solicitor, stockbroker, consultant, medical practitioner, investment adviser, auditor or other professional person or expert (the Trustee will not be responsible for any loss occasioned by so acting);
- rely upon entries in the register being correct. Neither the Trustee or any of the Trustee's agents, except the Manager, shall incur any liability or responsibility on account of any mistake in respect of the register;
- determine whether there are any reasonable costs, expenses or charges incurred by the Scheme that are required to be apportioned between any two or more accounts of the Scheme. Any determination will be final and binding on all members;
- enter into such agreements with the Manager as the Trustee considers necessary or desirable and agree to pay management fees and other amounts to the Manager on the terms contained in the Trust Deed or on such other terms as to payment of fees and charges as agreed between the Trustee and the Manager;
- if obliged by law, deduct from any beneficiary's benefit or from the relevant member account, the amount of any tax assessed against or payable by or in respect of the beneficiary with the beneficiary's interest in the Scheme;
- realise investments to the extent necessary to make payment of any tax; and
- deduct from the member account of any member any other fees, costs, expenses or liabilities payable in respect of that member under the Trust Deed.

The Trustee will ensure proper accounts and records are kept in respect of the Scheme with annual financial statements prepared and audited in accordance with the Act.

Related party transactions

The Trustee or its agent shall not purchase, invest in or otherwise acquire any asset on account of the Scheme that comprises any type of interest in the Sponsor, the Trustee or any related person or related company of the Sponsor or Trustee. Nor shall the Trustee or its agent cause any assets of the Scheme that comprise cash to be invested or lodged with the Sponsor, the Trustee or any related person or related company of the Sponsor or Trustee.

None of the Manager, Trustee or any related company or related person of Gareth Morgan KiwiSaver Limited shall be liable to account to the Scheme or any member of the Scheme for any profit or loss arising from the Management Agreement referred to in section 9 of this

Prospectus or where the Manager has delegated its duties under the Management Agreement to a related party.

Removal and retirement of Manager

The Manager will cease to hold office as manager of the Scheme if the Scheme is wound up in accordance with the Trust Deed, or upon the Manager's appointment being lawfully terminated in accordance with the Trust Deed.

The Manager shall be automatically removed if an order is made or an effective resolution is passed for the winding up of the Manager or it is placed in liquidation, receivership or statutory management.

The Trustee may remove the Manager of the Scheme where the Trustee has given written notice to the Manager of a material or persistent breach of the Manager's obligations under the Trust Deed and the Manager has not rectified that breach within 30 days of receipt of such notice.

The Manager may, with the Trustee's consent, assign its rights and be discharged from its obligations and duties under the Trust Deed to a person of creditworthiness and competence at least similar to the Manager on the fulfilment of certain conditions and on at least 90 days' prior written notice to the Trustee. The Trustee will not unreasonably withhold consent to such a transfer.

Investment

All money belonging to the Scheme and available for investment shall be invested in accordance with the provisions of the Trustee Act 1956 as to the investment of trust funds. The Trustee and the Manager or any investment manager of the Scheme shall, in exercising their power of investment, exercise the care, diligence and skill required by section 13B or section 13C of the Trustee Act 1956 notwithstanding anything to the contrary in section 13D(1) of that Act.

The Manager will, on behalf of the Trustee operate separate investment portfolios on terms and conditions the Trustee prescribes from time to time with approval of the Sponsor. Each investment portfolio will consist of such asset classes as agreed between the Trustee and the Manager from time to time.

Member contributions and other contributions in respect of members are credited to each member's account in the name of each member. Contributions are then invested in one or more investment portfolios in accordance with the member's investment direction.

All profits and losses of any investment portfolio will belong to members who invested in that investment portfolio. The Manager, on behalf of the Trustee, will maintain records in respect of each investment portfolio that enables the interests of each member who invests their contributions in that investment portfolio to be identified.

Every member shall provide the Manager, as agent for the Trustee, with an investment direction specifying which of the following investment portfolios the member's account will be invested in. The investment portfolios available at the date of this Prospectus are:

- Conservative
- Balanced (this is the default investment portfolio)

- Growth.

If a member does not provide an investment direction when joining the scheme, that member's contributions will be invested in the default investment portfolio, which is the Balanced investment portfolio, as indicated above.

Members may give a blended investment direction that specifies the proportion or mix of the three investment portfolios listed above that their account will be invested into. Where any blended investment direction is given, the mix of investment portfolios provided must be stated in multiples of 5% otherwise the Manager, on behalf of the Trustee, shall have the power to round the proportions specified in the investment direction to the nearest 5% as the Manager in its sole discretion shall determine.

A member may once during each Scheme Year, free of charge, amend his or her investment direction for the investment of future contributions in a form prescribed by the Trustee. Members may only change their investment directions a maximum of three times each Scheme Year. If a member wishes to amend their investment direction more than once during a scheme year the Trustee may charge a fee of \$50. This fee will be deducted from the member's account. This fee will not be charged before 1 July 2012 at the earliest. After 1 July 2012, the Manager may charge this fee if it has given at least 3 months' notice to members. This fee may be indexed by the Trustee, upon the recommendation of the Manager, every three years using Statistics New Zealand's Consumers' Price Index and therefore may increase.

While in normal circumstances profit and loss will be maintained in each portfolio, in the unlikely event of insolvency or liquidation of the Scheme the assets of one portfolio may be used to meet the liabilities of the other.

Amendment to the Trust Deed

The Trustee may vary the Trust Deed at any time with the consent of Gareth Morgan KiwiSaver Limited as Sponsor, provided that the requirements as to amendments in the KiwiSaver Act are complied with.

Winding up

The Scheme will be wound up if:

- Gareth Morgan KiwiSaver Limited as Sponsor notifies the Trustee in writing that the Scheme is to be wound up;
- the Trustee is of the opinion that the Scheme is, or will be, unable to fulfil its purpose and resolves that the Scheme should be wound up;
- the Scheme ceases to have any beneficiaries and the Sponsor resolves that the Scheme be wound up;
- the Government Actuary orders the Scheme be wound up; or
- the winding up of the Scheme is otherwise required by law and the Trustee accordingly resolves that the Scheme should be wound up.

Immediately after the winding up date, no further persons will be admitted as members to the Scheme, and no further contributions will be received, except those that accrued before the winding up date. Gareth Morgan Investments Limited Partnership, on behalf of the Trustee, will

realise the assets of the Scheme as soon as practicable, applying reasonable commercial commonsense, and will apply the proceeds from realising those assets in the following order of priority:

- first, in allowing for all reasonable costs, fees, liabilities and expenses that have or will accrue in accordance with the Trust Deed in the winding up of the Scheme and the administration of the Scheme up to the winding up date and any tax of the Scheme or of the members;
- secondly, in providing for benefits payable under the Trust Deed which had become payable prior to the Winding Up Date and then remain unpaid;
- thirdly, in respect of each member who at the winding up date has any sum in their member account, the transfer of a benefit equal in value to this sum to another KiwiSaver scheme in accordance with the Act.

If, in following the above priorities of payment, there are insufficient monies to satisfy all the obligations, the amount of each benefit will be reduced equitably and proportionately among all members entitled to the benefits.

No assets of the Scheme will revert to any employer on a winding up of the Scheme.

Member Account

When a member joins the Scheme the Trustee will open a member account. Members' accounts comprise both money and investments in investment portfolios (made in accordance with members' investment directions). As the value of investments made by an investment portfolio rise or fall in value, so too does the value of members' investments in that investment portfolio.

A member account at any given date lists all money held in that account and all investments made in investment portfolios from money held in that account. Money comes to a member's account and is increased by:

- contributions paid by the member or in respect of the member by the member's employer that have not yet been used by way of acquisition of investments in an investment portfolio; plus
- amounts transferred into the Scheme from any other superannuation scheme or KiwiSaver scheme that have not yet been used by way of acquisition of investments in an investment portfolio;
- amounts received following the realisation of investments in an investment portfolio;
- any amounts received from the Government or other amounts received under the Act that have not been used by way of acquisition of investments in an investment portfolio; and
- cash returns on investments in an investment portfolio and on money in the member's account, not yet invested;

less

- any withdrawal and benefit payments made to a member;

- benefits transferred from the Scheme to another KiwiSaver scheme;
- amounts paid in the acquisition of investments in an investment portfolio;
- fees charged by the Trustee that are to be paid by the member and deducted from the member account;
- payment of the member's share of any other fees, costs, expenses, liabilities or tax which are to be payable by the member and deducted from the member account;
- the payment of any amount required by the Act; and
- payment of any tax payable under the Trust Deed.

Transfers

Subject to the Act, if a member becomes a member of another KiwiSaver scheme, the Manager, on behalf of the Trustee, shall, at the member's request, or if the Act requires it, transfer to the other scheme an amount equal in value to the member's account. Members in respect of whom a transfer is made shall not be entitled to any other benefit under the Scheme following such a transfer. The receipt from an authorised person for the transferee scheme shall be a complete discharge to the Trustee.

For the Trustee to effect such a transfer, members need not cease employment with their employer. Following such a transfer, members will cease to be a member of the Scheme.

The Manager as agent for the Trustee shall accept a transfer amount from any other superannuation scheme or KiwiSaver scheme that a member may be entitled to receive a benefit from. Any transfer amount will be paid into the Scheme to the relevant member's account.

Unclaimed benefit

Section 77 of the Trustee Act 1956 applies in relation to a member's interest in the Scheme held by, or in control of the Trustee only if, at the time that section is applied, all of the following apply:

- The member is able to be identified, according to the information held by or available to the Trustee, as being at least 5 years older than the date on which a withdrawal is permitted under clause 4 of the KiwiSaver scheme rules (KiwiSaver end payment date withdrawal); and
- The Trustee has made reasonable efforts to locate the member but the member is unable to be found; and
- There has been no contribution made to the member's account in the preceding 5 years, excluding any Government contribution.

Payment of benefits on death

If a member dies the Trustee must pay that member's benefits in accordance with the KiwiSaver Act.

The Trustee is entitled to insist on receiving death certificates, probate, letters of administration or any other information they may require before making payment of a death benefit.

Benefits not assignable

The benefits and rights under the Scheme belong only to the member. No member or beneficiary may, assign, charge, pass to any other person, or mortgage their benefits in any way.

Bankruptcy of beneficiary

To the maximum extent permitted at law, where the Trustee has reason to believe a member is likely to or has committed an act of bankruptcy the member shall forfeit entitlement to all that member's benefits under the Trust Deed. The Trustee shall hold and may apply the benefits which would otherwise have been payable to the member for the benefit of the member or any dependants of the member in such manner as it thinks fit (or as otherwise required under the Act).

Minority or incapacity of beneficiary

If any benefit is for a beneficiary who is a minor, under a legal incapacity, or in the opinion of the Trustee incapable of managing their own affairs, the Trustee may pay the benefit to another person for the benefit of that beneficiary on the terms the Trustee thinks appropriate.

Relationship property

The Trustee will give effect to any court order or agreement entered into by a member to make a relationship property settlement with his or her spouse, civil union partner or de facto partner upon documentation required by the Trustees being provided. The Trustee shall not pay an amount to the member and/or his/her partner which would be greater in value than the benefits to which the member would have been otherwise entitled to receive. In the case of a relationship property agreement, the Trustee shall give effect to such an agreement only if the Trustee is satisfied that the agreement has been approved by the Court as meeting the requirements of the Property (Relationships) Act 1976.

Eligibility

Natural persons

Any natural person may apply to join the Scheme as a member by completing an application in such form as prescribed by the Trustee.

The Trustee or Manager may refuse any application without giving a reason.

A natural person will become a member of the Scheme where the Manager (on behalf of the Trustee) accepts such application for membership.

Employer choice of scheme

Any employer may select the Scheme as its preferred Scheme under the KiwiSaver Act by:

- agreeing with the Manager (on behalf of the Trustee) that the Manager will provide access to the Scheme for the employer's employees; and
- by giving notice to the Commissioner of Inland Revenue of the name, address, and tax file number of the employer, the Manager and the Scheme.

Where an employer's choice of the Scheme as its preferred KiwiSaver scheme is effective under the KiwiSaver Act, any employee of that employer who is subject to automatic enrolment,

or who has given the employer a KiwiSaver deduction notice, will be deemed by the KiwiSaver Act as having offered to become a member of the Scheme and as having subscribed for securities in the Scheme, unless the employee chooses their own Scheme within three months of the Commissioner of Inland Revenue receiving the first contribution made in respect of that employee. The Manager (on behalf of the Trustee) shall accept the deemed offer for membership by such employee and allot securities in the Scheme to that employee, as if an application was made by that employee and accepted by the Manager.

Contributions

The information in this section "Contributions" is a summary of the terms of the Trust Deed. Please refer to the information contained in section 14 of this Prospectus under the heading "Other material matters", for detailed and specific information regarding contributions. The detailed information on contributions is found under the heading "Other material matters" as it has been introduced by amending legislation and therefore does not form part of the "Summary of the principal terms of the Trust Deed" section of this Prospectus.

Each member will make contributions and may make additional contributions on the basis prescribed in the Act.

A member who is an employee and subject to having deductions of contributions made from his or her salary or wages as required by the Act must contribute to the Scheme at the rate of 2%, 4% or 8% of his or her gross salary or wages in respect of that employment. If the member was already contributing 4% or 8% prior to 1 April 2009, the member will retain their current contribution rate unless they elect otherwise. If the member starts new employment and does not specify their contribution rate to their new employer, the 2% contribution rate will apply.

Employers of employees who are members of the Scheme (including employers who have chosen the Scheme as their preferred scheme under the KiwiSaver Act) may contribute to the Scheme, in respect of the employee, such amounts (if any) as agreed between the employer and the employee. Before paying any contributions to the Scheme employers are required to deduct any withholding or other taxes or deductions required to be paid to any regulatory or Government authority (please refer to the information on page 31 under the heading "*Contributing to the Scheme - Employer Superannuation Contribution Tax (ESCT) exemption*" for more information regarding taxation of contributions).

Under the Trust Deed and subject to the Act the Trustee may set minimum contribution amounts. The Trustee has set the following minimum contribution amounts in respect of members whose employer's do not deduct contributions from their salary or wages or who make contributions directly to the Scheme. The minimum regular direct debit contribution (if any) is \$50 and minimum lump sum contributions are \$50 and are to be made in New Zealand dollars. These additional sums contributed will not give rise to any additional contribution entitlements from a member's employer.

Opting out

New employees of an employer who has selected the Scheme as the employer's chosen scheme will automatically become members of the Scheme unless the employee actively chooses another KiwiSaver Scheme provider within three months of joining KiwiSaver. New employee members may also choose to opt out of membership of the Scheme at any time from the 13th day to the 55th day after starting the new employment. A new employee wishing to opt out of the Scheme must give an opt out notice either to their employer or Inland Revenue in the form of the opt out

notice contained in the employee's KiwiSaver information pack or in any other form acceptable to Inland Revenue.

Contributions Holidays

A member who is an employee and subject to having deductions of contributions made from his or her salary or wages as required by the Act and who has not opted out of KiwiSaver may only stop making those contributions if he or she has applied to the Commissioner of Inland Revenue for a contributions holiday under the Act, and such contributions holiday has been granted by the Commissioner of Inland Revenue. The terms and conditions of the contributions holiday are subject to the requirements contained in the Act.

A member who is not subject to having deductions of contributions made from his or her salary or wages (if any) as required by the Act may on advising the Manager stop or recommence making contributions to the Scheme more than once for any period of time the member wishes.

When a member stops being a member all contributions cease.

Permitted withdrawals or benefits

The instances where a member may make a withdrawal are contained in the Act. In summary and subject to the Act, the withdrawals a member is permitted to make are detailed below.

KiwiSaver end payment date withdrawal

A member will be entitled to elect to receive the full value of their account on the "KiwiSaver end payment date" being the later of either the date the member has been a member of the Scheme for five years or the date the member reaches the New Zealand Superannuation qualification age (currently age 65).

The Act provides that a member is not required to withdraw from the Scheme when he or she reaches his or her KiwiSaver end payment date. Where a member chooses to leave his or her entitlement in the Scheme following their KiwiSaver end payment date, the Manager may place restrictions on minimum regular and irregular withdrawal amounts and the frequency of withdrawals.

Death

If a member dies the Trustee must on application by the member's personal representative, pay to that person an amount equal to the value of the member's account, at the date on which the application is accepted, as part of that member's estate.

If the requirements of section 65 of the Administration Act 1969 are met the Trustee may pay to the relevant person any sum authorised by that Act, without requiring administration of the estate of the deceased member. As at the date of this Prospectus the maximum sum payable under section 65 of the Administration Act 1969 is \$15,000.

Withdrawal for purchase of first home

A member may make a withdrawal of an amount no greater than the value of the member's account less the \$1,000 Government contribution and any Member Tax Credits, for the purpose of purchasing a first home where the member is in compliance with clause 8 of Schedule 1 of the Act.

A member may still be eligible to make a withdrawal for the purchase of a home as a "second chance" home buyer if Housing New Zealand notifies the Trustee that the member's financial position is what would be expected of a person who has never owned a home.

Withdrawal for significant financial hardship

A member may make a withdrawal of an amount up to the value of the member's account, less the \$1,000 Government contribution and the amount of any Member Tax Credits, where the Trustee is reasonably satisfied that the member is suffering from or is likely to suffer from significant financial hardship and in compliance with the requirements of clauses 10, 11 and 13 of Schedule 1 of the Act.

Withdrawal in cases of serious illness

A member may make a withdrawal of an amount up to the value of the member's account, where the Trustee is reasonably satisfied that the member is suffering from serious illness and in compliance with the requirements of clauses 12 and 13 of Schedule 1 of the Act.

Withdrawal or transfer to foreign scheme in cases of permanent emigration

A member may, on application to the Trustee, and subject to compliance with the requirements of clause 14 of Schedule 1 of the Act, withdraw an amount equal to the value of the member's account (excluding the amount of any Member Tax Credits), no earlier than 1 year after the member's permanent emigration from New Zealand. Alternatively, a member may, on application to the Trustee, at any time after the member's permanent emigration from New Zealand, and subject to compliance with the requirements of clause 14 of Schedule 1 of the Act, have the Trustee transfer an amount equal to the value of the member's account (excluding the amount of any Member Tax Credits), to a foreign superannuation scheme authorised for that purpose under regulations made under section 228 of the Act.

Release of funds required under other enactments

The Trustee must comply with any enactment requiring them to release funds from the KiwiSaver scheme, including a requirement to release funds by order of any court under any enactment (including the Property (Relationships) Act 1976).

Payment of permitted withdrawals

The Trustee must, at the member's request, pay a withdrawal permitted under the Act as a lump sum or as otherwise prescribed by the Act.

Changeover of Trustee

On 18 February 2010, in accordance with the Trust Deed, Perpetual Trust Limited was removed as trustee of the Scheme with Public Trust appointed by the Sponsor as the new trustee of the Scheme.

Investment objectives and policy

A description of the investment objectives and policy for the Scheme, and of the means by which changes can be made to those objectives and that policy, are set out below.

Objectives

The objectives of the Scheme's portfolios are to provide investors with access to low, medium and high risk diversified investment portfolios with an allocation of assets spread across local and international cash, fixed interest securities, shares and investment funds. Transparency is

provided with all online monthly member reporting showing the members' physical investment portfolio, and strategy review.

Philosophy

Gareth Morgan KiwiSaver Limited has delegated the investment management to Gareth Morgan Investments Limited Partnership. The general philosophy of Gareth Morgan Investments Limited Partnership is wealth protection foremost - wealth enhancement is a second-order goal. This applies to its growth focused products as well. The view is that people get rich through their jobs. Gareth Morgan Investments Limited Partnership role is to protect and enhance what they have accumulated.

The key strength of Gareth Morgan Investments Limited Partnership, and therefore the Gareth Morgan KiwiSaver Scheme, is in Gareth Morgan Investments Limited Partnership's economic know-how in relating global changes to positioning investment portfolios.

Gareth Morgan Investments Limited Partnership uses its own economic and investment expertise as well as input from national and global economic and broker research teams to make asset allocation decisions and select securities. The investment strategists engaged by Gareth Morgan Investments Limited Partnership have the responsibility to make decisions regarding asset allocation and security selection.

Gareth Morgan Investments Limited Partnership's in-house motto (on large signs around the office) is "don't lose the bloody stuff". That sums up the core responsibility of the business and its staff.

Responsible investment, including environmental, social and governance considerations, is taken into account in the investment policies and procedures of the Scheme as at the date of this Prospectus. An explanation of the extent to which responsible investment is taken into account in those policies and procedures can be obtained from the Scheme Investment Statement and on the Manager's website www.gmk.co.nz.

Investment Approach

Gareth Morgan Investments Limited Partnership's approach to portfolio management is to include a diversified range of securities within the asset class target bands dictated by the members' investment directions. Fixed interest investments include a diversified range of quality corporate bonds and short-term deposit securities, and cash (both New Zealand and global). As many issuers are unrated, it adopts its own in-house analysis of credit quality. Equities are listed, generally medium to large market capitalisation, liquid and well researched by the investment community.

When considering inclusion of a particular security within an asset class, Gareth Morgan Investments Limited Partnership gives priority to liquidity considerations and assesses credit risk. To help in this regard it uses the expertise of its consulting brokers as well as its own expertise on the strength of the economic sector the investment is in.

Investment concentrations

The Manager and Trustee have agreed investment guidelines that apply to each investment portfolio. Gareth Morgan Investments Limited Partnership conducts in-house monitoring of total exposures to ensure compliance. Further details on the investment guidelines are available on the Manager's website, which is www.gmk.co.nz.

Liquidity

Liquidity is important in determining any accurate market value of the security, and for this reason the Gareth Morgan Investments Limited Partnership ensures it can exit securities within a reasonable timeframe. Investments are generally listed shares and tradable corporate bonds which have good liquidity and can be exited within a week. From time to time however, in order to fully exit a security without causing an adverse price effect it may take several weeks and, depending on the amount involved, may take up to 6 months.

List of available investments

- Equity securities of companies
- Government agency or local authority bonds of any country
- Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured
- Bills of exchange, promissory notes and other forms of negotiable instruments
- Units, shares, interests or investments in any unit trust or in any other fund
- Underwriting or sub-underwriting contracts
- Foreign exchange and forward exchange contracts
- Any physical commodities

The Manager may review and revise the investment objectives.

The Scheme's returns will be measured against an appropriate blend of market indexes that correspond to the investment directions.

Investment Portfolios

There are three broad investment portfolios that help match members' risk tolerance with a suitable mix of investments. A member can choose any or a mix to these investment portfolios in their investment directions:

- **Conservative:** would suit savers with a 1-3 year investment timeframe or who are risk averse. The Portfolio holds at least 80% in cash, deposits, and fixed interest investments, and no more than 20% in shares;
- **Balanced:** would suit savers with an investment horizon of 3 to 10 years, or who have a moderate appetite for risk. The portfolio holds no more than 70% in yield and growth shares, with the balance in cash, deposits, and fixed interest investments. The Balanced portfolio is the default investment portfolio;
- **Growth:** would be suitable for people with more than 10 years until retirement and who are willing to tolerate declines in the member account balance from time-to-time. The portfolio can be fully invested in global growth shares.

The asset allocation ranges listed for the investment portfolios are set out in the table below. The asset allocations refer to the underlying exposure and not the vehicle by which the exposure is obtained. This means that the Manager may invest directly into the asset class, or

gain exposure to the asset class indirectly (e.g. through a unit trust or other type of managed fund).

Asset allocation ranges within portfolios:

	Conservative	Balanced	Growth
Equities	Up to 20%	Up to 70%	Up to 100%
Cash/fixed interest	balance	balance	Balance

Rebalancing of members' accounts

Members' accounts will be rebalanced by the Manager on a monthly basis in order to ensure that the accounts are administered in accordance with the asset allocation ranges set out above. Therefore it is possible that members' accounts will be outside these asset allocation ranges between the dates where the accounts are rebalanced.

The Scheme was established by Trust Deed dated 2 April 2007 and was approved by Inland Revenue and the Government Actuary in April 2007. The Scheme started taking member applications on 1 July 2007 and received its first funds from Inland Revenue and members on 1 October 2007. The transfer of funds from Inland Revenue to KiwiSaver providers coincided with a tempestuous period for investment markets, but as at the date of this Prospectus, over the period since commencement of the Scheme, the Scheme's funds have managed to outperform their respective benchmarks. To view the current benchmarks for the Scheme please visit the website at www.gmk.co.nz.

As at the date of this Prospectus the Scheme's investments are across a range of cash accounts, bonds, interests in fund managers, foreign currencies, currency forward contracts, and shares. The investments are simple, and the funds have predominantly been managed on an unhedged basis.

Change of investment objectives and policy

The Manager may vary its investment objectives and policies and the investment guidelines, and the asset allocation ranges of the three investment portfolios at any time in agreement with the Trustee. If the investment policies, objectives, guidelines and asset allocation ranges are altered the manager shall update its website, www.gmk.co.nz to advise the Scheme's members.

Any changes to the asset allocation ranges of the three portfolios will be communicated to members. Members with on-line access will receive e-mail notification a minimum of two weeks in advance of such update together with receiving an update to their monthly report. Members without on-line access will be sent a letter notifying them of any update a minimum of two weeks in advance of any change to asset allocation ranges.

Description of investment and other activities of the Scheme

Since the Scheme's establishment, the assets of the Scheme have been invested in accordance with the investment policies and objectives described in this prospectus.

Investment Returns for the period 1 October 2007 to 31 March 2008

The below performance figures represent the internal rate of return of fully invested funds for the period 1 October 2007 to 31 March 2008 for each of the three Scheme portfolios.

The performance is reported net of fees and tax (based on a 33% prescribed investor rate), and is compared against the relevant portfolio benchmark.

	Return to 31 March 2008	Benchmark	Outperformance
Conservative portfolio	0%	-2%	2%
Balanced portfolio	-2%	-10%	8%
Growth portfolio	-4%	-16%	12%

Investment Returns for the period 1 April 2008 to 31 March 2009

The below performance figures represent the internal rate of return of fully invested funds for the period 1 April 2008 to 31 March 2009 for each of the three Scheme portfolios. The performance is reported net of fees and tax (based on a 30% prescribed investor rate), and is compared against the relevant portfolio benchmark.

	Return to 31 March 2009	Benchmark	Outperformance
Conservative portfolio	1%	1%	0%
Balanced portfolio	-6%	-11%	5%
Growth portfolio	-13%	-22%	9%

Hedging

Under the terms of the investment management agreement referred to in section 9 below, Gareth Morgan Investments Limited Partnership is permitted to enter into foreign exchange and forward cover contracts in respect of the Scheme, any investment portfolio, or any part of them where it considers it is in the best interests of the Scheme and its members to enter into such contract. Under the terms of the Management Agreement, the Trustee and Manager may agree, from time to time, to place a limit on the size of the contracts. Any such limit will also apply to Gareth Morgan Investments Limited Partnership.

Liability of members

Members will not incur any liabilities (including contingent liabilities) in relation to the Scheme in respect of their contributions to the Scheme except to the extent that fees, costs, expenses and taxes are deductible from contributions. As the Scheme is a Portfolio Investment Entity (**PIE**), members are liable for any tax liability a member incurs personally as a result of advising the wrong tax rate or failing to advise the Trustee when the member's prescribed investor rate increases.

5. Summary of financial statements

Statement of Changes in Net Assets

	Dec-09 9 months \$ 000s	Mar-09 12 months \$ 000s	Mar-08 6 months \$ 000s
	Unaudited	Audited	Audited
<i>Investment activities</i>			
Income			
Distribution income/dividends	4,320		

		1,241	72
Interest income	3,621	2,918	611
Net changes in fair value of investment assets and liabilities	4,024	(11,962)	(304)
Net investment income	11,964	(7,803)	379
Expenses			
Management and general administration fees*	2,069	1,511	392
Miscellaneous transaction fees	4	1	-
Interest expense	-	5	-
Deductible brokerage fees	-	(61)	61
Total expenses	2,073	1,456	453
Net loss before membership activities	9,891	(9,259)	(74)

* The Manager incurs all Scheme trustee fees, audit fees, investment management fees and ordinary expenses on behalf of the Scheme. The Manager recoups these expenses through its management fee.

Statement of Changes in Member Funds	Dec-09	Mar-09	Mar-08
	9 months	12 months	6 months
	\$ 000s	\$ 000s	\$ 000s
	Unaudited	Audited	Audited
Net loss before membership activities	9,891	(9,259)	(74)
Total recognised income and expense	9,891	(9,259)	(74)
<i>Membership activities:</i>			
Contributions:			
- Inland Revenue Department:			
- Crown contributions	36,568	32,440	16,890
- Employer contributions	22,944	16,416	2,282
- Employee contributions	43,853	46,167	13,927
- Voluntary contributions	9,996	8,157	4,179
- Scheme transfers in	26,909	11,421	1,316
- Manager reimbursements	-	6	-
Withdrawals	(1,859)	(650)	(48)
Members' PIE tax for period	(18)	(936)	(76)
Net membership activities	138,392	113,021	38,470
Benefits accrued to members' accounts	148,283	103,762	38,396

Members' funds at beginning of the period	142,158	38,396	-
Members' funds at end of the period	290,441	142,158	38,396

Statement of Net Assets	Dec-09	Mar-09	Mar-08
	9 months \$ 000s	12 months \$ 000s	6 months \$ 000s
	Unaudited	Audited	Audited
Assets			
Cash and cash equivalents	47,998	12,016	5,412
Trade and other receivables	(794)	566	63
Investment assets	242,611	129,622	33,501
Tax credits receivable	453	155	13
Total assets	290,269	142,359	38,989
Less Liabilities			
Trade and other payables			
- Investments payable	-	(23)	(446)
- Management fees payable	(280)	(166)	(79)
- Members' PIE tax payable	452	(12)	(68)
Total Liabilities before Liability for members' funds	172	(201)	(593)
Liability for members' funds	(290,441)	(142,158)	(38,396)
Total liabilities	(290,269)	(142,359)	(38,989)

The summary of financial statements of the Scheme for the periods ending 31 March 2008 and 31 March 2009 have been taken from the unqualified audited financial statements for the Scheme as at 31 March 2009 and follow the prescribed format of Schedule 3C of the Securities Regulations 1983, excluding non applicable items. The interim summary of financial statements of the Scheme for period ending 31 December 2009 are unaudited and follow the prescribed format of Schedule 3C of the Securities Regulations 1983, excluding non applicable items.

6. Guarantors

None of the Trustee, Manager or any of their respective directors, or any other person guarantees the repayment of members' interests in the Scheme or the payment of any earnings or returns on investment in the Scheme.

7. Acquisition of business or equity securities

No business or equity securities (not listed on a stock exchange) have been acquired by the Scheme for an acquisition price of more than 20% of the Scheme's total tangible assets in the 2 years prior to the date this Prospectus was delivered for registration.

8. Interested persons

Members of the Scheme pay a single fee to cover all regular ongoing Scheme costs and expenses. This fee is currently 1% per annum of the member account balance (subject to a minimum annual fee of \$50), calculated and deducted from the member account monthly by the Manager on behalf of the Trustee.

For the avoidance of doubt, this fee covers all regular ongoing Scheme costs and expenses including (but not restricted to) trustee services, administration, investment management, registry and custody costs, marketing, auditing, legal, printing and posting.

Other fees may be charged (see below) to the account of an individual member for services requested by that Member from the Manager or Trustee.

The minimum annual fee stated above may be indexed by the Trustee, upon the recommendation of the Manager, every three years using Statistics New Zealand's Consumers' Price Index. This means that this minimum annual fee may increase.

Under the terms of the Scheme's Trust Deed the 1% fee charged to cover all regular ongoing Scheme costs and expenses can be increased up to a maximum of 2% where the Manager and Trustee agree to increase the fees to a level that will cover additional costs that arise. The Manager has made a commitment not to increase the 1% fee level before 1 July 2012 at the earliest.

Trustee

The Trustee carries out the statutory functions of a trustee of a registered KiwiSaver scheme, including monitoring the Manager's compliance with the requirements of the Trust Deed and holding the Scheme's assets on behalf of members (via the nominee).

Out of the single fee stated above the Trustee will be paid up to 0.05% per annum of the value of a member's account for providing ordinary trustee services. The Manager will cover any shortfall in paying this minimum amount out of its own funds if the amounts deducted from members' accounts in the manner described above do not cover this minimum fee.

Manager

Pursuant to the Management Agreement, entered into between the Trustee and the Manager, described in section 9 of this Prospectus, the Manager is responsible for the administration of the Scheme and investment management and custody of the Scheme's assets.

The amount of the single fee remaining, after the Trustee has been paid up to 0.05% per annum for ordinary trustee services, will be paid to the Manager to cover all of the services that the Manager has assumed responsibility for under the Management Agreement.

Other Fees

Under the terms of the Trust Deed, the Trustee may authorise the Manager to charge and deduct a fee of \$50 each time the Manager carries out any of the following duties:

- A member entering the Scheme.
- A member withdrawing from the Scheme.
- A member transferring to or from the Scheme.
- Upon a member switching their investment direction more than once each Scheme year (the first switch is free).

Such fees will be deducted from the member account of the member in respect of whom the fees were incurred. The Manager will not charge these fees before 1 July 2012 at the earliest. After 1 July 2012 the Manager may charge these fees if it has given three months' notice to members.

The Trustee may also authorise the Manager to charge a \$50 fee in respect of processing a member's financial hardship, serious illness or first home withdrawal. This fee will only apply to members who joined the Scheme after 18 February 2010. As at the date of this Prospectus there is no intention to charge this fee.

These fees may be indexed by the Trustee, upon the recommendation of the Manager, every three years using Statistics New Zealand's Consumers' Price Index. This means that these fees may increase.

The Manager will not charge a fee for processing the transfer of any UK Pension funds to the Scheme. However, members may incur bank charges associated with transferring the funds and may be required to pay fees the relevant UK Pension plan charge prior to the transfer of the funds.

Extraordinary Fees

The Trustee is entitled to be reimbursed, in addition to the fees stated above, for all other costs, charges and expenses properly incurred by the Trustee in connection with, or in relation to, the Scheme where the following apply:

- the Trustee has consulted with the Manager prior to incurring such costs, charges and expenses; and
- a prudent professional trustee would consider it reasonable to incur such costs, charges and expenses in order to assist the Trustee or the Scheme to comply with its obligations and duties under the Scheme's Trust Deed and at law.

Such costs, charges and expenses will be deducted from the member account of the member in respect of whom they were incurred. If such costs, charges or expenses were incurred in respect of two or more members then the costs, charges or expenses will be apportioned between those members on an equitable basis.

Alteration of fees

Other than as stated above the Manager and Trustee have no ability to increase fees without obtaining the consent of all affected members.

GST on fees - all fees are stated on a GST exclusive basis. Under current law some fees are wholly or partially exempt from GST. If GST is payable on any of the fees, then the GST component is payable in addition to the fee stated. The Manager has agreed with the Trustee that, until further notice, the Manager will pay any required GST on behalf of members from the fee it receives from the Trustee.

The Trustee may, with the Sponsor's consent, charge any member, or any group of members, fees at a lower rate or amount than what is expressed in this Prospectus, or waive or rebate such fees to such members.

Interest in the Scheme – a Board member of the Trustee, a director of the administration manager, investment manager, custodian, or promoter of the scheme may be a member of the Scheme from time to time.

As at the date of this Prospectus, two directors of the Manager are members of the Scheme. No Board members of the Trustee are or intend to become members of the Scheme, but they are not precluded from joining and may do so in the future.

9. Material contracts

The following material contracts have been entered into within 2 years preceding the date of delivery of this Prospectus for registration:

On 23 October 2008, Gareth Morgan Investments Limited changed its name to GMI Trustee Limited and on 31 October 2008 it assigned its rights and obligations under the Investment Management Agreement above to Gareth Morgan Investments Limited Partnership.

By deed dated 18 February 2010, Gareth Morgan KiwiSaver Limited, as Sponsor, removed Perpetual Trust Limited as Trustee of the Scheme and appointed Public Trust as new trustee of the Scheme.

On 18 February 2010, Public Trust, as Trustee, entered into an amending and consolidating trust deed with Gareth Morgan KiwiSaver Limited, as Sponsor (Trust Deed), confirming Public Trust's appointment as Trustee and amending the deed to decrease fees and clarify provisions in respect of payment of benefits on death.

On 18 February 2010, Public Trust entered into a Management Agreement with Gareth Morgan KiwiSaver Limited confirming the appointment of the Manager as manager of the Scheme and setting out the duties and obligations of the Manager.

10. Pending proceedings

As at the date this Prospectus was delivered for registration, there are no legal proceedings or arbitrations that may have a material adverse effect on the Scheme.

11. Other terms of offer and scheme

All further terms of the offer and of the Scheme are set out in this Prospectus, other than:

- any terms implied by law; or
- any terms set out in a document that is registered with a public official, available for inspection and referred to in this Prospectus.

12. Financial statements and auditor's report

The financial period covered by the financial statements in this Prospectus is 1 April 2008 - 31 December 2009. The latest audited financial statements that comply with the Financial Reporting Act 1993 cover the year ended 31 March 2009 and were registered with the Registrar of Companies on 25 August 2009.

The interim financial statements for the period ending 31 December 2009 are unaudited. The financial statements for the periods ending 31 March 2008 and 31 March 2009 are audited. The Auditors report on the 31 March 2009 financial statements is dated 21 August 2009 and is not qualified. A copy of the Auditor's report in respect of the summary of financial statements contained in this Prospectus as required by clause 12(4) of Schedule 3C of the Securities Regulations 1983 is attached to this Prospectus.

The Scheme's Annual Report for the 2008 - 2009 financial period has been lodged with the Government Actuary on 2 September 2009 under the Superannuation Schemes Act 1989.

13. Places of inspection of documents

Copies of the Trust Deed, the financial statements for the Scheme, and material contracts, and the last annual report for the Scheme, may be inspected during normal business hours at the offices of:

Gareth Morgan KiwiSaver Limited
Level 10
109 Featherston St
Wellington

Or available for free download from the Manager's website:

www.gmk.co.nz

Copies of these documents, with the exception of the annual report and the interim financial statements for the period ending 31 December 2009, may be viewed on the Companies Office website www.companies.govt.nz under "Search Other Registers". The file reference number is "1943195". Copies may also be obtained (on payment of a fee) by telephoning the Ministry of Economic Development Business Service Centre on 0508 266726.

14. Other material matters

Basic member contributions - employees

A member who is an employee can elect a base contribution rate equal to either 2%, 4% or 8% of his or her gross "salary or wages". This amount is required to be deducted from the member's after-tax salary or wages by the member's employer and paid to Inland Revenue, who will in turn pay such contributions to the Scheme. At the date of this Prospectus, a member may change his or her contribution rate between 2%, 4% or 8% by giving notice to the member's employer of the new rate. The member's new rate will apply to the next payment of salary or wages that is calculated after the member's employer receives the member's

instruction. Unless a member's employer agrees otherwise, a member may only change his or her contribution rate at intervals no less than three months apart.

"Salary or wages" has the meaning given to it in the KiwiSaver Act. In summary "salary or wages" includes most taxable payments of salary or wages that an employer pays to an employee and includes overtime and bonuses.

Members who are employees are not required to make these contributions if they have been granted a contributions holiday by the Commissioner of Inland Revenue.

A member's contributions and other amounts received by the Scheme on the member's behalf will be invested in accordance with a member's Investment Direction (refer to the heading "Investment" on page 7).

Other contributions

Contributing via Inland Revenue

Members, or anybody else on a member's behalf (except a member's employer) may at any time make payment of contributions to Inland Revenue, who will then forward such contributions through to the Scheme, by:

- using the "Pay Tax" option on the member's bank's internet banking facility;
- sending a cheque to Inland Revenue made out to Inland Revenue Department; or
- paying over the counter at a Westpac Bank branch.

When making such contributions via Inland Revenue, the contribution must be accompanied by the member's name, address, tax file number (**IRD number**) use the tax type reference KSS and any other information that Inland Revenue requires.

Contributions by a member who is not an employee

If a member is not employed or the member would like to make contributions directly to the Scheme, the member may contribute to the Scheme in either of the following two ways. The first is to set up a direct debit payment to the Scheme's bank account as described below. The second is by making lump sum contributions also as described below.

Direct debit payment

A member may make a direct debit payment directly to the Scheme's bank account, from their bank account, by filling out the direct debit form enclosed with the Scheme's Investment Statement. Alternatively, a member can contact the Manager, using the contact details in section 3 of the Prospectus, to obtain a direct debit form. If a member would like to contribute to the Scheme by direct debit payment the minimum monthly contribution is \$50 and must be in New Zealand dollars. If a member would like to alter, stop or recommence their direct debit payment, they may do so at any time by providing written notice to the Manager and the member's bank (subject to 10 business days' notice). If a member alters their direct debit payment they must ensure the minimum contribution of \$50 is met.

Lump sum contributions

Members and other persons on the member's behalf (excluding a member's employer) may contribute additional lump sums at any time by way of cheque, provided such contributions are at least \$50 and are made in New Zealand dollars. These lump sums contributed will not give rise to any additional contribution entitlements from the member's employer.

Payments by cheque must be made out to the Gareth Morgan KiwiSaver Scheme Trust and forwarded to the Trustee at the address below:

Public Trust
C/- Gareth Morgan KiwiSaver Limited
Level 10, 109 Featherston Street
PO Box 10068
WELLINGTON 6143.

Direct debit payments and payment by cheque must be accompanied by a member's IRD number. If any payments are not accompanied by a member's IRD number the Manager may not be able to process the payment and credit the relevant member's account.

Initial contributions held in holding account

All contributions that Inland Revenue receives on a member's behalf during the three-month period after the earlier of the date Inland Revenue receives the member's first KiwiSaver contribution and the date when Inland Revenue is given notice (or otherwise knows) that the member is a member of the Scheme will generally be forwarded to the Scheme as soon as practicable after the end of that three-month period. During such three-month period contributions will be held in an Inland Revenue holding account and will accumulate interest at the Commissioner's rate. The three-month period may be extended until the amount contributed meets the minimum threshold amount agreed between Inland Revenue and the Manager.

Compulsory employer contributions

Employers must make contributions to their employees' KiwiSaver schemes, subject to certain exceptions. As at the date of this Prospectus the rate of compulsory employer contributions is 2% of the employee's gross salary or wages. All employer contributions to the Scheme must be paid through Inland Revenue.

For the purposes of calculating compulsory employer contributions, the definition of an employee's gross salary or wages excludes ACC and weekly compensation payments and paid parental leave.

Employer's contributions do not count towards the calculation of an employee's contribution rate.

If a member is currently a member of a superannuation scheme offered by the member's employer that was registered before 17 May 2007 and expires after 1 April 2008 (or could join such a scheme under a collective agreement that was in force before 17 May 2007 and expires after 1 April 2008), any contributions required by the member's employer to that scheme may count towards the compulsory employer contributions required for the Scheme to the extent that they vest in the member by the end of the first five years of the member's membership in that scheme.

Under current legislation, and subject to certain conditions, compulsory employer contributions may be split between the Scheme and a complying superannuation fund (as defined in the Act) if a member agrees this with their employer. If the member does not agree the proportion in which employer's compulsory contributions will be split, they will be allocated to the member's KiwiSaver scheme balance first, up to the minimum requirement under the Act with the remainder then allocated to the member's complying superannuation fund.

Government contributions

If the Scheme is the first KiwiSaver scheme a member has joined, the Government will pay a contribution of \$1,000 to the Scheme for the member's benefit (**\$1,000 Government Contribution**). The \$1,000 Government Contribution will be made approximately three months after the member's first contribution to the Scheme.

Member contributions to a KiwiSaver scheme will be matched by a tax credit contribution of up to \$20 per week (\$1,042.86 a year) on a dollar for dollar basis (**Member Tax Credit**). This may change in the future. The Member Tax Credit will not apply in respect of members under age 18, members who are eligible to receive a Benefit on the KiwiSaver end payment date (as described on page 133), and members who do not have their principal place of residence in New Zealand (subject to certain limited exceptions). If a member's Investment Direction contains two or more Investment Portfolios then the Member Tax Credit must be credited proportionately across those Investment Portfolios.

If a member is a member of one or more complying superannuation funds as well as a KiwiSaver scheme, the Member Tax Credit will be split between the KiwiSaver scheme and those fund(s) and will be paid by the Government to the relevant scheme provider in accordance with relevant legislation.

The \$1,000 Government Contribution and any Member Tax Credit, as applicable, paid in respect of a member are not taxable income or a gift to the member for tax purposes.

First home deposit subsidy

Members of the Scheme may also qualify for a first-home deposit subsidy to help with the cost of a home loan deposit. The proposed first home deposit subsidy is \$1,000 for each year that a member has been making regular contributions to a KiwiSaver scheme (to a maximum of \$5,000). The member will have to have been saving for a minimum period of three years to access this deposit subsidy.

The first home deposit subsidy is restricted by income caps and regional house price caps. For a member of a KiwiSaver scheme to receive this subsidy the member must have gross household income of less than \$100,000 per year (for one or two people), or less than \$140,000 per year (for more than two people). The member must also be purchasing a house priced in the lower quartile, which currently is less than \$400,000 for areas such as North Shore City, Auckland City and Queenstown Lakes District and less than \$300,000 for the rest of New Zealand. The Government proposed reviewing these qualifying criteria in 2009. Any first home deposit subsidy will be payable by the Government and not the Scheme.

The Gareth Morgan KiwiSaver investment cycle

New contributions from members are made into the Scheme bank account and are immediately linked to members' accounts. These new contributions from members remain in the Scheme bank account and earn interest until the end of the month in which the new contributions were made. At the end of each month, members' new contributions are transferred to the relevant investment portfolio(s) according to the members' Investment Directions. A residual amount of new contributions is retained for each member in the Scheme bank account to pay the member's fees and taxes.

The transferred funds will normally be invested by around the middle of each month, but the Manager has full discretion over the timing of the investments within each month and the

proportion of transferred funds that will continue to be held in cash. Therefore, in the extreme case, a new contribution received on the 1st of the month may not actually be invested until the last day of the following month, and even then not all of that new contribution would necessarily be invested in stocks or bonds.

Requests to transfer funds out of the Scheme or to amend an Investment Direction are also actioned at the end of the month in which the request was made or confirmed.

Risks

All investments carry risk. There are risks associated with the Scheme that could affect members' ability to recover the amount of their contributions or impact on the returns payable from the Scheme as described in this Prospectus. The principal risks applying to the Scheme that could affect returns (and which are common to most KiwiSaver and superannuation schemes generally) are:

- *Investment risk:* The risk of negative movements in the value of the Scheme's investments (either generally or in respect of investment portfolios in which a member invests). The investment risk associated with each portfolio depends upon the portfolio's mix of investment assets. Generally, investment assets that offer the highest potential returns also have the highest risk. Funds that have higher exposure to shares will generally suffer bigger and more frequent investment losses and gains over the long term than funds that carry a high weighting of fixed interest assets. Members should choose the investment direction that best matches their needs and attitude towards risk. Investors should note that while Gareth Morgan Investments Limited Partnership (GMILP) takes steps to help manage investment risk, no risk management process will eliminate investment risk;
- *Liquidity risk:* The risk of the Scheme not being able to meet monetary obligations in a timely manner. The risk arises where there is a mismatch between the maturity profile of investments and the amounts required to pay withdrawals. GMILP will generally invest in securities with good liquidity, which can usually be exited within a week. However, in order to fully exit a security without causing an adverse price effect, exiting may take several weeks and in extreme cases may take up to six months;
- *Regulatory risk:* The risk of future changes to tax, KiwiSaver or general superannuation legislation which could affect the operation of the Scheme or members' benefits, or of the Trust Deed being amended in a manner permitted by law that has the effect of reducing benefits;
- *Credit risk:* The risk of the Scheme becoming insolvent and being placed into receivership, liquidation or statutory management or being otherwise unable to meet its financial obligations. If this occurs, members may not recover the full amount of their interest in the Scheme;
- *Administration risk:* The risk of a technological or other failure impacting on the Scheme or financial markets in general; and
- *Tax rate risk:* The risk of the Manager either over or underpaying tax within the Scheme on behalf of a member as a result of the member providing the Manager with the wrong Prescribed Investor Rate or not advising the Manager to change that rate when it needed to be changed. In the event of an underpayment of tax a member will

be obliged to pay additional tax (and potentially penalties or interest) to Inland Revenue.

- *UK Tax risk:* The risk that a withdrawal of UK Pension plan money from the Scheme permitted under the KiwiSaver Act will give rise to a member's liability for UK tax on that withdrawal.

Transfers of funds from UK Pension plans to the Scheme

The following summary of the implications of transferring a member's UK Pension plan funds to the Scheme are based on the Manager's understanding of UK Pension rules as at the date of this Prospectus. Future changes to those rules could subsequently adversely affect the treatment of UK Pension fund transfers to the Scheme and payments from the Scheme.

The Scheme is a qualified recognised overseas pension scheme (**QROPS**) registered with Her Majesty's Revenue and Customs (**HMRC**). This means that transfers from a UK Pension plan to the Scheme will not incur HMRC tax charges if the amount transferred is within the UK 'lifetime allowance' threshold (£1.75 million in the 2009/2010 tax year).

If a member's UK Pension plan contains any guaranteed minimum benefits such as those contained in a defined benefit scheme or a final salary scheme, such a guarantee will not apply to any sums transferred from the UK Pension plan to the Scheme.

The withdrawal of funds transferred to the Scheme from a UK Pension plan may be subject to UK tax charges of up to 55% of the amount withdrawn if the withdrawal is not consistent with retirement saving or provision for retirement. The Manager reserves the right to retain such funds from a member's account balance as are necessary to pay any tax levy due to HMRC. For further details on when these UK tax charges may apply contact the Manager.

The Scheme has agreed to inform HMRC of any withdrawals, payments or transfers made from a relevant member's account when that member is a UK tax resident or has been a UK tax resident in the previous five UK tax years.

Transferring a member's pension is an important decision. It is recommended that members discuss proposed transfers with their UK and New Zealand tax advisers as well as their UK pension provider.

Tax

The information in this section is intended as general guidance only and is an indication of the relevant legislation in effect at the date of this Prospectus. We recommend that potential members seek professional tax advice regarding their individual circumstances prior to investing so that they clearly understand the taxation implications of such an investment. Investors should also periodically monitor the tax implications of investing in the Scheme and should not assume that the position will remain the same as it is when they start investing. Neither the Trustee nor the Manager accepts any responsibility for the taxation consequences of members' investments in the Scheme.

The Scheme is registered as a portfolio investment entity (**PIE**) and the following comments are based on the Scheme remaining a PIE.

In the Scheme - Portfolio Investment Entity (PIE) Tax

As the Scheme is a PIE, income earned by the Scheme will be attributed to all members in accordance with the proportion of their interest in the overall Scheme. The income attributed to

each member will be taxed at the member's "prescribed investor rate". A prescribed investor rate is similar to an individual's marginal tax rate, but it is capped at 30%. The Manager, as the Trustee's agent, will pay tax on behalf of the members and undertake any adjustments to members' interests in the Scheme in order to comply with the PIE tax requirements.

When a member makes an application to become a member of the Scheme they must advise the Manager of their prescribed investor rate. For information on determining your prescribed investor rate please visit the Inland Revenue website at www.ird.govt.nz/toii/pir/workout/. Alternatively, the "*IR855 - Portfolio Investment Entity: Information for resident individuals who invest in PIEs*" booklet can be obtained either by visiting an Inland Revenue branch or by calling 0800 227 774.

Members will also be able to advise the Manager of their prescribed investor rate at any time, including when it changes, by contacting the Manager using the contact details provided in section 3 of this Prospectus. If a member does not provide a prescribed investor rate to the Manager, the income attributed to the member in the Scheme will be taxed at 30%.

Generally, provided that members advise the Manager of their correct prescribed investor rate, tax paid by a PIE on income attributed to the members will be a final tax. Therefore, in most circumstances members will not have an obligation to file a return in respect of PIE income.

If a member's PIE income is taxed at a higher prescribed investor rate and the member is eligible for a lower prescribed investor rate, but such member has not advised the Manager of this, the member will not be able to receive a refund of the overpayment (but may get a tax credit, subject to limitations). Additionally, if a member has advised the Manager that they are eligible for a lower prescribed investor rate, and this is incorrect and the member is only eligible for a higher prescribed investor rate, the member may be liable to Inland Revenue for further tax and penalties, and have to file a tax return.

Members should note that the Commissioner of Inland Revenue will be able to require the Trustee to disregard a prescribed investor rate notified by a member if the Commissioner considers the rate to be incorrect. The default prescribed investor rate of 30% would then apply in respect of that member.

The Scheme pays PIE tax to Inland Revenue on a quarterly basis.

If a PIE makes a tax loss this will be available to members in the form of a rebate (which can satisfy a tax liability but does not give rise to a refund) with a proportionate share credited to each member's account.

As the Scheme is a PIE, any capital gains made by the Scheme in respect to shares in New Zealand resident companies and certain Australian resident listed companies will be excluded from the calculation of taxable income. Most overseas shares and interests in managed funds held by the Scheme will be taxed pursuant to the fair dividend rate (**FDR**) method. Under FDR, the Scheme will be deemed to have derived income equal to 5% of the opening market value of its overseas shares and interests in managed funds at the start of a valuation period (proportioned over the year and adjusted for any quick sales) (and any dividends or other returns flowing from overseas shares and interests in managed funds will not be separately taxed in New Zealand). Also under FDR, tax deductions may not be made for any losses in respect of holdings in overseas shares and interests in managed funds. Other income of the Scheme (e.g. interest on bank deposits) will be subject to the relevant normal tax rules. Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

Contributing to the Scheme - Employer Superannuation Contribution Tax (ESCT) exemption

Contributions by members who are employees are deducted from tax-paid wages and salaries (although the level of contribution is calculated on gross (pre-tax) wages and salaries).

Generally, employer contributions to the Scheme are subject to ESCT except where a member has elected to have the employer contributions taxed as salary or wages and subject to PAYE. However, as at 1 September 2009 an exemption from ESCT applies to the minimum compulsory employer contribution of 2% of the relevant member's gross salary or wages (while the member is contributing at the rate of 2% or more of his or her gross salary or wages). Any additional employer contributions will be taxed at a rate of up to 33%.

Other Material Matters

There are no other material matters relating to the offer of securities contained in this Prospectus.

15. Superannuation trustee's statement

The Board members of Public Trust having made due enquiry in relation to the Gareth Morgan KiwiSaver Scheme, are of the opinion that:

- the value of the Scheme's assets relative to its liabilities (including contingent liabilities); and
- the ability of the Scheme to pay its debts as they become due in the normal course of business,

has not materially and adversely changed during the period between the balance date of the latest financial statements referred to in this Prospectus, and the date of delivery of this Prospectus for registration.

Trustee's execution

Signed by the Board members of **Public Trust** (or by their agent authorised in writing):

Donal Francis Curtin

Candis Eileen Craven

Rodger John Finlay

Robin Gilmer Hill

Trevor David Janes

Fiona Ann Oliver

Hinerangi Ada Raumati

Sarah Mary Roberts

Promoter's execution

Signed for and on behalf of **Gareth Morgan KiwiSaver Limited** and its directors (or by their agent authorised in writing) by:

Andrew Masters Gawith

Gareth Huw Thomas Morgan

Charles Andrea Purcell

Samuel Gareth Morgan