MAS Retirement Savings Scheme
Other Material Information

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Signatory of:

Principles for Responsible Investment

CERTIFIED BY RIAA

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Section 1: **Introduction**

The MAS Retirement Savings Scheme – Other Material Information document provides additional material information on an investment in the MAS Retirement Savings Scheme (the Scheme) and should be read in conjunction with the Scheme's Product Disclosure Statement (PDS) and other offer documents available at **mas.co.nz/retirement-savings** and on the Disclose Register – Scheme Register at **disclose-register.companiesoffice.govt.nz**

Medical Funds Management Limited (MFM, we, us, our) is the Manager of the Scheme and is a wholly owned subsidiary of Medical Assurance Society New Zealand Limited (MAS).

The information in this document could change in the future.

Section 2: **Information on fees**

You will be charged fees for investing in the Scheme's funds (Funds). The fees you pay are outlined in this section.

Annual fund charge

The annual fund charge of the Scheme is made up of:

- the manager's basic fee (management fee); and
- fund expenses, and the fees and expenses of funds that the Funds invest in. Together these are referred to as 'Other management and administrative charges'.

The estimated annual fund charges include GST as applicable.

Further information on the components of the annual fund charge are outlined below.

Manager's basic fee

We charge a fee for administering and managing the investments in the Funds of the Scheme. The current fees are outlined in the table below:

Fund	**Manager's basic fee** (as a percentage of the net asset value of the Fund)
Global Equities Fund	1.00%
Aggressive Fund	1.00%
Growth Fund	1.00%
Balanced Fund	0.95%
Moderate Fund	0.85%
Conservative Fund	0.80%
Cash Fund	0.50%

The manager's basic fee is calculated daily and will reduce a Fund's unit price. The fee is accrued daily and paid monthly in arrears from the Scheme.

The fee we charge you is used to pay such things as:

- the Administration Manager to administer the Scheme; and
- the Investment Managers to invest in the Scheme's assets.

Other management and administrative charges

Other management and administrative charges are made up of:

Fund expenses	The Trust Deed permits us to deduct fees, costs and expenses for the administration of the Scheme. Examples include legal, regulatory and audit costs.
Underlying fund charges	The Funds may invest in other funds (underlying funds) to obtain exposure to certain asset classes, for instance international fixed interest. These underlying funds may charge their own management fees and expenses and may charge performance fees. These charges have an impact on the returns from the underlying funds and, therefore, on the value of your investment.

Supervisor fee

The Trust Deed entitles the Supervisor to charge a fee for their services. This fee is currently met by us, however, this may change in the future.

Basis for estimates of fund charges

The Funds' administrative costs and expenses may vary from year to year. Calculating these costs and expenses takes into account estimates provided by the Scheme's professional service providers and our experience with the Scheme.

We have estimated fees and expenses charged by underlying funds, based on their public disclosures. We have assumed that these will not change, however, we regularly review these.

We have estimated what future performance fees, if any, may be charged by underlying funds. Our estimate is based on the previous year's fee disclosed by the underlying fund.

We review all these estimates on an annual basis.

See the latest Fund Update for the most recent actual charges. These are available at **mas.co.nz/retirement-savings-documents** and on the Disclose Register – Offer Register at **disclose-register.companiesoffice.govt.nz**

Administration fee

Currently, there is no administration fee.

Transaction fees

Currently, we don't charge a fee to enter or leave our Funds. We do not currently charge a fee for switching between Funds. This may change in the future.

Investment costs

Costs of buying and selling investments are paid by the Funds and they are reflected in the value of your investment. These costs are an additional cost and not included in the annual fund charges.

Changes to fees or new fees

We may vary fees at any time or introduce new fees. Fees and expenses must not be unreasonable. Investors will be given at least 30 days' notice of any fee increase or if any new fee is introduced.

Section 3: **Pricing and valuation**

Funds are valued and unit-priced each business day. We have agreed to the sub-contracting of fund unit pricing by JBWere (NZ) Pty Limited (JBWere) to an independent third party, MMC Limited (MMC). The policies of MMC have been adopted as the policies relating to pricing and valuation for the Scheme.

The key aspects of pricing and valuations are as follows:

- Funds are valued and unit-priced daily on each business day.
- Where assets are traded on financial markets, prices are to be sourced from independent market data providers including but not limited to: Bloomberg, Interactive Data, Thomson Reuters and IRESS. In general, MMC is the valuation provider for the majority of the securities.
- Where an asset is deemed illiquid, or pricing has been suspended, the Investment Manager will, as necessary, agree a price with us and confirm this with MMC.
- If there is uncertainty over the taxation treatment of an asset, we will seek guidance from specialist tax advisers before instructing MMC.

Section 4: **Withdrawing your investment**

There are different withdrawal rules depending on which Section of the Scheme you choose to join.

You may also be able to make an early withdrawal under certain conditions with agreement by us or the Supervisor. For additional information on how to make an early withdrawal, you can call us on **0800 672 738** or email masinvest@linkmarketservices.com

This table summarises the conditions for withdrawals allowed for in the Workplace Savings Section and the Superannuation Section. Additional information about the eligibility for each withdrawal method is outlined further below.

Type of withdrawal	Workplace Savings Section	Superannuation Section
Normal retirement age	55	65
Early retirement	✓	✓
Resignation	✓	✗
Permanent disability	✓	✗
Transition to retirement	✗	✓
Permanent emigration	✓	✗
Significant financial hardship	✓	✓
Serious illness	✓	✓
Death	✓	✓
Court order	✓	✓

Workplace Savings Section

The following withdrawal types are specific to the Workplace Savings Section of the Scheme. The Workplace Savings Section only applies to eligible individuals who joined the Scheme after 19 September 2016.

These rules, with the exception of 'Benefit on Resignation', also apply to individuals (including joint accounts) who joined the Scheme before 19 September 2016.

At retirement age

If you are a member of the Workplace Savings Section, you are able to withdraw from the age of 55. You can:

- choose to leave your savings in the Scheme;
- make a partial withdrawal ($500 minimum); or
- set up regular monthly withdrawals ($100 minimum);
- make a full lump sum withdrawal of your account balance.

Before retirement age

Early retirement

If the Supervisor is satisfied that you have totally and permanently retired before age 55, you will be able to withdraw all or part of your investment.

Benefit on resignation

If we are satisfied that you have ceased to be an employee of MAS or in the industry of professionals listed in the definition of the Eligible Member on the next page, we may grant a full and final withdrawal.

Eligible Members, meaning individuals from the following classes of professionals:

a. Doctors;

b. Dentists;

c. Veterinarians;

d. Students of those professions listed in (a) to (c) above;

e. Professionals registered under the Health Practitioners Competency Assurance Act 2003;

f. Lawyers;

g. Accountants;

h. Architects;

i. Engineers; and

j. Employees of any employer who is of a class of professional listed in (a)-(i) above.

Permanent disability

We may grant a withdrawal if we are satisfied that you have suffered a permanent disability or other incapacity of such a nature that due to the permanent disability or incapacity you are unable to obtain employment of a similar nature to that in which you have been employed and you are not likely to obtain other employment of an equivalent standing and remuneration.

To apply, you need to complete a Serious Illness and Permanent Disability Withdrawal Application Form for your Scheme, available at **mas.co.nz/retirement-savings-documents** and complete a statutory declaration that you understand the consequences of the withdrawal and have a declaration from your doctor that you are suffering from a permanent disability.

Permanent emigration

You can withdraw your account balance if you are permanently emigrating from New Zealand. You will need to provide proof of your departure from New Zealand and residence at an overseas address.

To apply, you need to complete a Permanent Emigration Withdrawal Application Form for your Scheme, available at **mas.co.nz/retirement-savings-documents** and provide proof of emigration.

Superannuation Section

The following withdrawal types are specific to the Superannuation Section of the Scheme. The Superannuation Section only applies to individuals who joined the Scheme after 23 June 2021 and are not part of the Workplace Savings Section.

At retirement age

If you are a member of the Superannuation Section, you are able to make a full withdrawal when you reach the NZ superannuation qualification age (currently age 65). You can:

- choose to leave your savings in the Scheme;
- make a partial withdrawal ($500 minimum); or
- set up regular monthly withdrawals ($100 minimum);
- make a full lump sum withdrawal of your account balance.

Before retirement age

Early retirement

If the Supervisor is reasonably satisfied that you have permanently retired from business or employment, and you have reached an age that is five years before the NZ superannuation qualification age (currently 65), you will be able to withdraw some or all of your account balance.

Transition to retirement (from age 55)

If the Supervisor is reasonably satisfied that you qualify for a transition to retirement benefit, you can make partial withdrawals. You qualify if you have reached an age that is 10 years before NZ superannuation qualification age (currently age 65). The amount you can withdraw each year depends on the balance of your account and the time until you reach the NZ superannuation qualification age.

The withdrawals are required to be made through periodic payments from the Scheme that relate to each other over an identifiable period of time. Periodic withdrawals are calculated in accordance with the Superannuation Scheme Rules set out in the Financial Markets Conduct Regulations 2014 (Regulations).

The key aspects of the rules are outlined below.

Age at which transition to retirement withdrawals can be made

- The first withdrawal can be applied for from age 55 (under the Regulations, an age that is 10 years before NZ superannuation qualification age which is currently age 65).

Relevant period

- The relevant period(s) in which periodic payments can be made are 12-month periods commencing from the date of the first application to make a withdrawal, and any successive anniversary of this date. A period commencing less than a year before the date you reach the NZ superannuation qualification age will end on this date.

Maximum withdrawal amount

- The maximum amount that can be withdrawn during each relevant period is determined in accordance with a formula calculated based on the balance of your account at the start of the relevant period and the number of relevant periods remaining prior to the NZ superannuation qualification age of 65.
- The maximum withdrawal amount is recalculated at the beginning of each new relevant period.
- You will be able to withdraw all or part of the maximum withdrawal amount for each relevant period.

The formula is

$$m = \frac{a}{y+1}$$

where —

m is the maximum amount

a is the amount of the scheme participant's accumulation at the start of the relevant period

y is the number of remaining relevant periods that commence before the scheme participant reaches the NZ superannuation qualification age calculated at the start of the relevant period

Example

Harry is invested in the Superannuation Section of the Scheme and will reach the NZ superannuation qualification age on 5 October 2026. Harry applies for a withdrawal on 1 January 2023.

The first relevant period is 1 January 2023 to 31 December 2023.

On 1 January 2023, Harry's account balance is $200,000.

The number of relevant periods that commence before 5 October 2026 is 4 (the relevant periods that commence on 1 January 2023, 1 January 2024, 1 January 2025, and 1 January 2026).

The maximum amount that can be withdrawn in the first relevant period is $40,000 (200,000 / (4 + 1)).

At the start of the second relevant period on 1 January 2024, Harry's account has accumulated to $170,000.

(Harry withdrew the full $40,000 and returns were $10,000).

The number of remaining relevant periods is 3. The maximum amount that can be withdrawn in the second relevant period is $42,500 (170,000 / (3 + 1)).

Early withdrawals (common to both Sections of the Scheme)

The early withdrawal types outlined in this section are common to both Sections of the Scheme.

You may be able to make an early withdrawal under certain conditions with agreement by us or the Supervisor as applicable.

Significant financial hardship

You may be able to make an early withdrawal if you are suffering or likely to suffer from significant financial hardship. This includes if you are, or likely to be:

- unable to meet minimum living expenses; or
- unable to meet mortgage payments on your family residence, resulting in the mortgage provider seeking to enforce the mortgage on your property; or
- modifying your home to meet special needs because of you or a dependant family member having a disability; or
- paying for medical treatment if you or a dependant family member become ill, has an injury, or requires palliative care; or
- incurring funeral costs if a dependant family member dies; or
- suffering from a serious illness.

To apply, you need to complete a Significant Financial Hardship Withdrawal Application Form for your Scheme, available at **mas.co.nz/retirement-savings-documents** and complete a statutory declaration with a statement of your financial position, and evidence that you are suffering or likely to suffer from significant financial hardship.

The Supervisor will determine whether you're eligible for a significant financial hardship withdrawal, and if accepted you'll receive the amount that in the Supervisor's opinion is needed to alleviate your hardship.

Serious illness

You may be able to make an early withdrawal if you have an injury, illness or disability that means that you are:

- totally and permanently unable to work at a job that your education, training or experience makes you suited to; or
- that poses a serious and imminent risk of death.

To apply, you need to complete a Serious Illness and Permanent Disability Withdrawal Application Form for your Scheme, available at **mas.co.nz/retirement-savings-documents** and complete a statutory declaration that you understand the consequences of the withdrawal and have a declaration from your doctor that you are suffering from a serious illness.

The Supervisor will determine whether you're eligible for a serious illness withdrawal.

Death

If you die, your account balance will be paid to your estate's personal representative. Or, if your balance does not exceed the prescribed amount (currently $15,000) and other conditions are met, your account balance may be paid out to your surviving partner or children.

Court order

Some laws, such as the Property (Relationships) Act 1976, may require us to pay some or all of your Scheme savings if required by law or a court order.

More information about withdrawing UK pensions is provided in **Section 5 'Transfer of UK pension funds'**.

Section 5: **Transfer of UK pension funds**

Transferring your UK pension is an important decision. You should discuss your potential transfer with us and seek UK and NZ tax advice on any transfer or withdrawal.

We have based the following summary on our understanding of UK and NZ pension tax rules at the date this document was prepared. There may be changes to these rules in future and we will update this document and other offer documents such as the Product Disclosure Statement to take account of any material changes.

You should seek UK and NZ tax advice if you are intending on transferring UK pension funds.

More information about the risks around transferring UK pensions is provided in **Section 7 'Universe of investment risks'.**

Recognised Overseas Pension Scheme (ROPS)

The Scheme is registered with Her Majesty's Revenue and Customs (HMRC) as a ROPS. The reference number for the Scheme is ROPS500084.

Under the UK Pensions Scheme Act 2015, the Scheme is classified as providing "flexible benefits". This means that transfers to it from unfunded public pension schemes such as the National Health Service are not permitted.

We do not guarantee that the Scheme will remain a ROPS. If the ROPS status of the Scheme is lost, your UK tax obligations may change.

Scheme terms and conditions of transfer

If you transfer your UK pension funds into the Scheme you will be subject to the additional terms and conditions of the Scheme. On transfer you will be subject to the following terms and conditions:

- You may only make a withdrawal or transfer in accordance with the restrictions set out below in the "Withdrawal or transfer of your UK Pension" section.
- Other terms and conditions agreed between us and the manager of your UK pension scheme; or HMRC.

If you transfer your UK pension funds into the Scheme, your investment will be governed by the terms and conditions of the Scheme, and not by the terms and conditions of your UK pension scheme. For instance, if your UK pension scheme offers guaranteed minimum benefits such as those set out in a defined benefit scheme or a final salary scheme, these guarantees will not apply to any sums transferred from your UK pension scheme to the Scheme.

You can find out more information in the Trust Deed of the Scheme on the Disclose Scheme - Scheme Register at **disclose-register.companiesoffice.govt.nz**

UK tax charge

If you transfer your UK pension to the Scheme on or after 9 March 2017, and you are a New Zealand tax resident at the time of the transfer, you will be exempt from a UK tax charge (Overseas Transfer Charge) of 25% of the transferred value.

You may still be required to pay the charge, even if you are a New Zealand tax resident at the time of the transfer, if in the first five full UK tax years (the UK tax year runs from 6 April to 5 April) following the transfer, you:

- cease to be a New Zealand tax resident; or

- are found to have not provided all required information to the UK pension scheme administrator.

If you are no longer exempt from the charge, we may be required to notify HMRC, and to withdraw the amount of the Overseas Transfer Charge from your investment in the Scheme and pay this to HMRC.

UK pension transfers to the Scheme may also incur additional HMRC tax charges if the amount transferred is above the UK lifetime allowance threshold. In the 2021-2022 tax year, this threshold was £1.073 million. This threshold is currently set to be maintained at this level until April 2026, and then is likely to increase in future tax years, to account for inflation.

UK tax

The UK tax rules applying to the transfer and withdrawal of UK pensions are complex. You should seek UK and NZ tax advice to determine if any tax is payable on the transfer or withdrawal of UK pension funds.

You may be subject to a UK tax charge if you withdraw or transfer from the Scheme and your account includes UK pension funds. The tax charge may be significant – up to 55% of the withdrawal or transfer amount.

The criteria for determining whether you are liable for the UK tax charge and how we treat and report withdrawals or transfers will depend on when you transferred your UK pension funds to the Scheme as outlined in the table below.

UK pension transfer date	Tax charge liability
Before 6 April 2017	You will be liable for the UK tax charge if you make a withdrawal or transfer and: • you have been a UK tax resident during the current UK tax year or in any of the preceding five UK tax years.
On or after 6 April 2017	You will be liable for the UK tax charge if you make a withdrawal or transfer and: • it is within five full UK tax years of the original UK pension transfer to the Scheme; or • you have been a UK tax resident during the current UK tax year or in any of the preceding 10 UK tax years.

New Zealand tax

If you transfer UK pension funds to the Scheme you may be subject to NZ tax, or required to make a student loan repayment:

- If you were not a New Zealand tax resident when you first started your UK pension, you may be eligible for a four-year tax exemption. If you qualify for this exemption, you will not pay tax on the funds transferred from your UK pension to the Scheme.
- If you are not eligible for this exemption, your tax liability will depend on how long you have been a New Zealand tax resident before you transferred your UK pension funds.

You should seek UK and NZ tax advice if you are intending on transferring UK pension funds.

Withdrawal or transfer of your UK pension funds

Withdrawal criteria

If the transfer of your UK pension funds was accepted into the Scheme on or after 6 April 2006 you may make a withdrawal or transfer it subject to the following criteria:

Withdrawal type	Criteria
Retirement	You have reached the usual minimum pension age in the UK (currently age 55). The minimum pension age is proposed to increase to age 57 on 6 April 2028. This means that if you had a 48th birthday before 6 April 2021 you would still be able to access a pension from age 55. If you had a birthday on or after the 6 April 2021 you would have to wait longer before accessing your money.
UK ill health (as defined under the UK Finance Act 2004)	You provide evidence from a registered medical practitioner that you are, and will continue to be, incapable of working in your occupation because of physical or medical impairment.
UK serious ill health (as defined under the UK Finance Act 2004)	If we receive evidence from a registered medical practitioner that you are expected to live for less than one year.
Death	If you die, your account balance (including your UK pension funds) will be payable to your estate's personal representative.
Transfer	If you transfer your savings to another superannuation scheme that is not a ROPS, this will be reported to HMRC as an unauthorised transfer.

If the transfer of your UK pension funds was accepted into the Scheme prior to 6 April 2006, these restrictions on making a withdrawal or transferring it to another ROPS do not apply.

You should also be aware that we may be required to comply with any withdrawal requirements imposed by the UK pension scheme you transferred from, or HMRC.

What we will report to HMRC

Where you have transferred your UK pension into the Scheme, we are required to report to HMRC any withdrawals or transfers you make unless that withdrawal or transfer occurred:

- at least 10 full UK tax years after you ceased to be a UK tax resident; and
- at least 10 years after you first made your UK pension transfer into the Scheme.

How we will treat withdrawals or transfers

In making reports to HMRC on withdrawals and transfers from the Scheme, we will treat any withdrawal or transfer as being first from the UK pension transfer component of your account balance. The balance of your UK pension transfer will be reduced by the amount of this withdrawal or transfer. You cannot direct us to make a withdrawal or transfer in a different order of priority.

Neither us, the Administration Manager, nor any other person involved in providing the Scheme to you takes any responsibility for any UK or NZ tax charges that may arise as a result of:

- you transferring UK pension funds into the Scheme; or
- you withdrawing or transferring UK pension funds from the Scheme to another scheme; or
- the Scheme losing its ROPS status.

Section 6: **Market index information**

The performance of each Fund is measured against a market index. The market index for a Fund comprises the benchmark index return of each of the asset classes the Fund invests in, weighted by the Fund's benchmark asset allocation to each asset class. The current benchmark index is outlined in the table below:

Asset Class	Benchmark Index
International Equities	MSCI All Country World Total Return Index (69% hedged to NZD)
Australasian Equities	S&P/NZX 50 Gross Index
International Fixed Interest	Barclays Global Aggregate Index (hedged to NZD)
New Zealand Fixed Interest	Bloomberg NZ Bond Composite 0+ Yr Index
Cash & Cash Equivalents	S&P/NZX Bank Bills 90-Day Index

These indices may be updated or changed at any time. More information on the market indices may be obtained from the following webpages:

Source	Webpage
MSCI	msci.com/indexes
S&P indices	us.spindices.com (and refer to New Zealand indices)
Barclays	indices.barclays
Bloomberg	bloomberg.com/professional/product/indices/bloomberg-ausbond-index/

These webpages are current at the date of this Other Material Information document and may change.

Section 7: **Universe of investment risks**

This section provides you with a summary of risks that may have an impact on the performance of your funds invested in the Scheme. It provides important information about the impact of these risks that you may face alongside mitigation strategies and controls we and our agents, including MAS, employ to help identify and manage these risks.

All investments have a potential return and carry a degree of risk. The principal risks you face are that you may not receive the returns you expect and/or that you may not be able to recover the full amount of your contributions.

As illustrated in the Long Term Risk/Return graph below different asset classes and Funds carry a different level of risk based on the underlying asset allocations and benchmarks.

Risk can be reduced through investment diversification by investing in a range of asset classes within a Fund, such as cash & cash equivalents, fixed interest and equities. A key benefit of diversification is when different asset classes are uncorrelated (or negatively correlated) which means that as some assets may fall in value others rise. The lesser the correlation the more the diversification benefit.

Different asset classes will have different risk and return characteristics.

Income assets

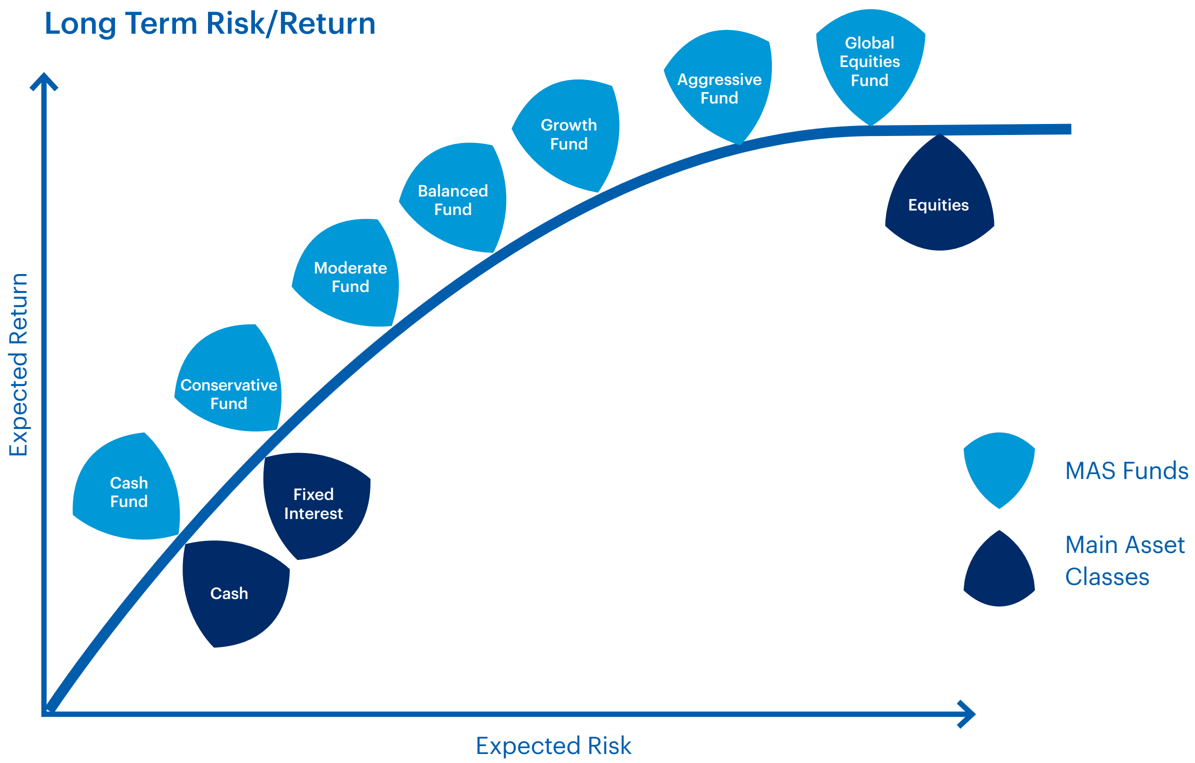
At the lower end of the risk spectrum are income assets which include cash & cash equivalents and fixed interest. They are expected to provide returns in the form of income with potential for some capital change. Income assets are generally lower risk with lower return potential over the longer term compared with growth assets.

Growth assets

Conversely, at the other end of the risk spectrum are growth assets such as equities. They are designed to grow your investment. These have the potential for higher returns over the long term compared with income assets, but returns may fluctuate up and down and be negative on occasion.

The principal risks that can affect the return or value of the Scheme have been broken into General Investment Risks, Other General Risks and Other Specific Risks, and are outlined in the rest of this section.

Long Term Risk/Return



General Investment Risks

The value of your investment may be adversely affected by any or all of the following General Investment Risks:

Risk type	Risk description	Impact of risk	How we mitigate these risks
Asset Allocation Risk	Funds that invest more in growth assets such as Australasian and international equities have higher potential returns. At the same time, they also have greater risks than Funds that invest more in income assets such as cash or fixed interest.	Potential for lower investment returns if there is not a spread of assets.	The Scheme's Statement of Investment Policy and Objectives (SIPO)* sets Strategic Asset Allocation benchmarks for each Fund. Investment Managers may change the mix of assets to either take advantage of market conditions or to protect Fund values during periods of market volatility, as long as they remain within the permitted ranges.
Active Investment Management Risk	Our Investment Managers actively manage the investments held in our Funds. Decisions made by the Investment Managers (such as how they will allocate money between asset classes, investment sectors and individual investments) may improve or reduce Fund returns.	Potential for lower returns if our Investment Managers choose investments that underperform the market or Fund's benchmark.	The SIPO sets criteria by which the performance of our Investment Managers is monitored. We can change Investment Managers at any time if we are not satisfied with their performance.
Market Risk	The value of our Funds can move up and down due to the overall performance of financial markets, which in turn are affected by factors such as changes in the economy, political events and investor sentiment.	Potential for lower investment returns due to adverse market movements.	The SIPO requires that when making investment decisions the Investment Managers comply with the investment guidelines, invest in the approved asset classes and maintain diversification between assets and asset classes. Investment Managers also actively research markets and keep abreast of market impacts.
Interest Rate Risk	The market value of fixed interest securities changes when interest rates change. These fluctuations have more impact on Funds with more longer-term fixed interest investments.	Potential for lower investment returns due to adverse market movements.	The SIPO requires Investment Managers to invest in an approved range of securities and places limits on the term of cash and fixed interest investments.
Currency Risk	Many of our Fund investments are denominated in foreign currencies. As the value of these currencies fluctuate relative to the New Zealand dollar, the value of Funds can change as well.	Potential for lower investment returns due to currency volatility.	The Currency Hedging Policy is documented in the SIPO and defines the requirements for managing currency risk in individual asset classes.

* A copy of the latest SIPO relating to the Scheme can be found at mas.co.nz/retirement-savings and on the Disclose Register - Scheme Register at disclose-register.companiesoffice.govt.nz

Risk type	Risk description	Impact of risk	How we mitigate these risks
Liquidity Risk	Sometimes Funds are unable to sell an investment when they want to or are forced to accept a lower price than would be expected in normal conditions.	Potential that the Scheme is unable to meet monetary obligations in a timely manner. Risk of lower investment returns if assets are required to be sold at depressed prices.	The SIPO sets Strategic Asset Allocation benchmarks for the cash asset class for each Fund to ensure sufficient liquidity to meet demands for payments. In addition, the Funds hold a diversified range of assets with a high level of liquidity.
Credit Risk	The value of fixed interest investments is in part linked to the ability of a borrower to meet their future payment obligations.	Potential reduction in the level of returns if the full amount of an investment is not able to be recovered due to the default of a borrower.	Investment Managers monitor credit risk exposures on a daily basis and take proactive action to reduce exposure to credit where there is emerging risk.
Counterparty Risk	The risk that a party to a financial contract defaults or is otherwise unable to fulfil their obligations.	Potential for lower investment returns due to a transaction having to be replaced with one on less favourable terms.	When selecting counterparties to transact with, the Investment Managers follow a due diligence process.
Derivative Risk	Derivatives are financial contracts whose value is dependent on, or derives from, the value of one or more underlying assets (such as equities, fixed interest, commodities, currency, or cash). Derivatives provide exposure to an underlying asset without the need to buy or sell that asset. The Scheme and any funds that the Scheme invest into may use derivatives for the purpose of risk management (particularly in managing interest rate and currency risk), performance enhancement or to optimise investment strategy implementation.	Derivatives may not perform in line with expectations, resulting in unexpected gains or losses and increased volatility.	Investment Managers may enter into derivative contracts as permitted under the SIPO. Derivative exposures are monitored daily by Investment Managers. Derivatives are not used to leverage the Funds as at the date of the current SIPO.

Other General Risks

The value of your investment, and your ability to withdraw, may also be affected by some or all of the following general risks.

Risk type	Risk description	Impact of risk	How we mitigate these risks
Operational Risk	The risk of loss to members resulting from a technological, process, people, third party or other failure affecting the Scheme's operations or the financial markets in general.	Potential for failures (caused by technology, people, process, third party, other) to result in lower returns to you, or affect your ability to withdraw from the Scheme.	We and the operational manager of the Scheme, have a Compliance and Risk framework in place. In the event of an operational failure, MAS has a Business Continuity Plan in place to manage the resumption of business in a timely manner. We also actively monitor third party providers involved in providing services to the Scheme to ensure contractual and regulatory compliance.
Legislative and Regulatory Risk	The risk that the Scheme is affected by future changes to tax, superannuation, or other legislation. These changes could affect the Scheme's investments by impacting on the operation of the Scheme, returns and benefits available.	Potential for lower returns or changed benefits.	We, and our legal advisers, actively monitor new developments to the regulatory environment. We regularly engage with other market participants and regulators to keep abreast/ ahead of any potential changes.
Tax Risk	The risk of the Administration Manager either over or underpaying tax within the Scheme on your behalf as a result of you providing the administration manager with the wrong Prescribed Investor Rate (PIR) or not advising the Administration Manager to change your PIR when it needed to be changed or not advising the Administration Manager of your IRD number. If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you. Tax risk also exists in relation to the types and rates of tax imposed on underlying investments, which can impact on the returns made from that investment.	You are personally responsible for advising us of your correct PIR, and for any underpayment of tax. Changes in taxation may affect the taxable income, Portfolio Investment Entity (PIE) tax paid and/or the returns of the Scheme.	We request that you review your PIR each year and notify us of any changes. Inland Revenue will notify us of any update to your PIR, based on the information they hold. You can provide us with a different PIR. We, and our agents including MAS, its tax advisers and Investment Managers, actively monitor New Zealand taxation changes.

Risk type	Risk description	Impact of risk	How we mitigate these risks
Risk of losing PIE Tax Status	The risk that if the Scheme loses its PIE status, it will be taxed as a widely-held superannuation fund rather than under the PIE regime. Your tax treatment will differ accordingly.	Loss of PIE tax status, and resulting change in your tax rate, could result in lower after tax returns.	We, and our Administration Managers, have processes in place to monitor compliance with PIE eligibility.
Borrowing Risk	The risk that where borrowing has occurred in relation to a Fund, the lender would have the right to demand payment from that Fund. If there are insufficient assets in the Fund to repay the loan, the assets of other Funds in the Scheme could be used to meet the repayment. The level of borrowings by the Funds is subject to certain conditions in the Trust Deed.	Risk of lower investment returns if assets of one Fund are required to be sold to ensure repayment of obligations of another Fund.	We mitigate this risk by limiting borrowings of the Funds except to provide liquidity for the repayment or redemption of any units and by investing in assets that are generally liquid in nature under ordinary circumstances.

Other Specific Risks

The section describes the other specific risks that we are aware of in relation to the Scheme that exist or may arise which increase the risk to members' returns.

Risk type	Risk description	Impact of risk	How we mitigate these risks
Loss of Recognised Overseas Pension Scheme (ROPS) Status Risk	If the Scheme loses its ROPS status, your UK tax implications may change in relation to any UK Transfers you have in the Scheme. Neither we nor any other person will be responsible for any tax consequences arising for you in that eventuality.	Your tax status may change and you could fall into a more onerous tax regime that may have an adverse impact on the value of your retirement savings	We monitor the UK Tax and ROPS regulations. Where we identify material change we will endeavour to provide you with relevant information to assist you with managing this risk. However, you are responsible for any NZ and UK tax consequences that may arise from your membership of the Scheme or that may arise on receipt of a benefit from the Scheme. You should discuss proposed transfers with your financial adviser, as well as their UK and New Zealand tax advisers and your UK pension provider. We recommend that you seek tax advice in relation to the NZ and UK tax consequences that may arise on receipt of a benefit from the Scheme.
UK Tax Risk	The risk that if you have previously transferred funds from a UK Pension scheme to the Scheme (UK Transfer), a transfer or withdrawal of that UK Pension scheme money from the Scheme will give rise to your liability for UK tax on that withdrawal.	Your tax status may change and you could fall into a more onerous tax regime that may have an adverse impact on the value of your retirement savings.	We monitor the UK Tax and Recognised Overseas Pension Scheme (ROPS) regulations. Where we identify relevant change we will endeavour to provide you with relevant information to assist you with managing this risk. However, you are responsible for any NZ and UK tax consequences that may arise from your membership of the Scheme or that may arise on receipt of a benefit from the Scheme. We recommend that you seek tax advice in relation to the NZ and UK tax consequences that may arise on receipt of a benefit from the Scheme.

Section 8: **Conflict of interests**

Any asset transactions between multiple Funds which are managed by the same Investment Manager must be considered on their own merit and transacted at recognised market prices.

When we exercise our powers or perform our duties, we must act in good faith and act, in what we believe to be, the best interests of members of the Scheme. Our directors provide current declarations of interests prior to each Board meeting.

Our parent company, Medical Assurance Society New Zealand Limited (MAS) is responsible for the operational management of the Scheme. MAS has a Conflict of Interest Policy that applies to all MAS directors and staff. This Policy outlines the processes followed by MAS to identify, declare, manage and mitigate conflicts. Individuals involved in the offer of the Scheme including MAS directors and staff, and third parties, may invest in the Scheme.

JBWere is an Investment Manager of the Scheme.

The JBWere Conflict of Interest Policy covers the systems and processes that they follow to identify, declare, manage and mitigate conflicts.

The key points are as follows:

- In buying, selling or otherwise dealing with investments, the Investment Manager may act at the same time for us, MAS, the Supervisor, the Custodian and any other persons MAS or we authorise the Investment Managers to so act for.
- From time to time the Investment Manager may be able to offer preferential allocation of investments to enable participation in securities offerings and that they are entitled to offer these opportunities to such clients as it may in its discretion determine.
- The Investment Manager, an associate or other persons connected to them may have a direct, indirect or professional interest in any company, investment or other matter which is the subject of possible investment advice or transaction, as the case may be. However, they undertake to us that in providing investment advice they will not be motivated, in their provision of such advice, by any such conflict of interest.

Bancorp Treasury Services (Bancorp) is an Investment Manager of the Scheme. Under Bancorp employment contracts any employee who may have a direct, indirect or professional interest in any company, investment or other matter which is the subject of possible investment advice or transaction, must undertake that in providing investment advice they will not be motivated, in their provision of such advice, by any such conflict of interest.

Section 9: **Trade allocation and execution**

Trades for the Scheme are executed by JBWere, as Investment Manager. In doing so they apply their Trade Allocation and Execution Policy to ensure that all clients are treated fairly and equitably when trades are allocated across Investment Portfolios with respect to priority of execution of orders and in the allocation of trades.

Execution factors taken into account by JBWere include price, cost, speed, likelihood of execution and settlement.

The process by which JBWere determines the importance of each of the execution factors outlined above is specific to each instrument type. For the asset classes directly managed, the factors of price, liquidity, likelihood of execution and settlement size, credit risk, rating and maturity are important and the relative importance of each of them may differ depending on each individual order. JBWere will utilise its dealing experience to determine the relative importance of each factor and will execute orders accordingly.

In the instance where trades are partially complete, the trade will, to the extent practicable, be pro-rated across participating funds to ensure fair and equitable treatment of all funds and client Portfolios.

Section 10: **Proxy voting**

We have contracted Institutional Shareholder Services (ISS) as proxy voting agent for the Australasian and international equities component of the Funds. ISS is delegated by MAS to vote on behalf of the Funds in accordance with ISS proxy voting guidelines.

These guidelines are available on the ISS website:
issgovernance.com/policy-gateway/iss-global-voting-principles

The RIAA Certification Symbol signifies that a product or service offers an investment style that takes into account certain environmental, social, governance or ethical considerations. The Symbol also signifies that the MAS Retirement Savings Scheme adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Superfund Option. The Certification Symbol is aRegistered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and the MAS Retirement Savings Scheme's methodology and performance can be found at www.responsiblereturns.com.au, together with details about other responsible investment products certified by RIAA[1].

[1]The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

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