



VALUE FUND

Investment Statement

**Important Information:**

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

**Investment decisions are very important. They often have long-term consequences.**

**Read all documents carefully. Ask questions. Seek advice before committing yourself.**

## Choosing an investment

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

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**In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.**

## Engaging an Investment Adviser

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

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

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

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

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

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

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

**This Investment Statement is dated 1 September 2009 and was prepared for the purposes of the Securities Act 1978.**

### Glossary

A glossary of defined terms appears in this Investment Statement on pages 29 & 30.

## Important notice for Australian Investors

This offer to Australian investors is a recognised offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the New Zealand Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings) Regulations 2008.

This offer and the content of the offer document are principally governed by New Zealand, rather than Australian, law. In the main, the New Zealand Securities Act 1978 and New Zealand Securities Regulations 1983 set out how the offer must be made.

There are differences in how securities and financial products are regulated under New Zealand, as opposed to Australian, law. For example, the disclosure of fees for managed investment schemes is different under New Zealand law.

The rights, remedies and compensation arrangements available to Australian investors in New Zealand securities and financial products may differ from the rights, remedies and compensation arrangements for Australian securities and financial products.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Australian Securities and Investments Commission (ASIC). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of New Zealand securities and financial products is not the same as that for Australian securities and products. Australian investors in the fund will need to nominate a Prescribed Investor Rate of 30%.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial advisor.

This offer may involve a currency exchange risk. The currency for the security or financial product is in dollars that are not Australian dollars. The value of the security or financial product will go up and down according to changes in the exchange rate between those dollars and Australian dollars. These changes may be significant.

If you receive any payments in relation to the security or financial product that are not in Australian dollars, you may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.

**This Investment Statement is dated 1 September 2009 and was prepared for the purposes of the Securities Act 1978.**

IMPORTANT NOTICE  
TO AUSTRALIAN  
INVESTORS

## Elevation Capital Management Limited

Elevation Capital Management Limited (“Elevation Capital”) is the Manager of the Elevation Capital Value Fund (the “Fund”).

Elevation Capital is a New Zealand based investment management company that was established by Christopher Swasbrook a former partner of Goldman Sachs JBWere Pty Limited.

Founding directors are: Andrew Harnos, Craig Stobo and Christopher Swasbrook. Interests associated with the founding directors are shareholders in the Manager.

Elevation Capital also has two other directors – Sir Henry van der Heyden and Steve Smith.

Steve Smith is an Independent Director of the Manager.

**All directors and investment management executives are investors in the Fund/s Elevation Capital manages to ensure alignment of interests with investors.**

Elevation Capital is driven by “Independent Thinking – Disciplined Investing®”, where Margin of Safety is first and foremost.

“Margin of Safety” means investing in securities at an appreciable discount from our estimate of underlying value. Investing with a “Margin of Safety” leaves room for imprecision, error, bad luck or the vicissitudes of markets and economies.

Elevation Capital will seek to build a portfolio of securities / special situations that provide our investors with a “Margin of Safety” which we expect will generate positive absolute returns over the long term (i.e. 3 - 5 years)

Therefore, we require the presence of some or all of the following before we invest:

- Understandable businesses;
- High quality tangible assets;

- Discounts to break up, liquidation or private market values;
- Strong balance sheets / Relative absence of liabilities;
- Improving / Scope for improving Returns on Equity;
- Political stability / Favourable regulatory frameworks;
- Management / Board alignment of interests with shareholders;
- Other special situations.

Elevation Capital undertakes its own independent “bottom-up” value based research. Our Fund/s seek/s absolute returns over the long term utilizing the value philosophy, while seeking to minimize investment risk.

Disciplined investing requires patience. Value stocks may also require investors to be contrarian. This means during certain periods of time our Fund/s will underperform broader market indices. Elevation Capital encourages investors to think about their investment time horizon and diversification within their portfolios and to remember that Elevation Capital's directors and investment management executives are heavily invested in the Fund/s alongside and on the same terms as investors.

Consistent with our disciplined investment process, strong governance and transparency within the investment manager is maintained for the benefit of all investors.

Please carefully read this Investment Statement. Pay particular attention to the Section – “What are my risks?” (pg. 21). It is important investors understand what the Fund/s is/are about before you consider investing. **Do not invest with Elevation Capital on a short term basis - our value based philosophies require patience. If you feel uncomfortable with an investment time horizon of 3 - 5 years you ought to think carefully before you consider an investment in the Elevation Capital Value Fund.**

ELEVATION CAPITAL  
MANAGEMENT  
LIMITED

## Elevation Capital Management Limited - Directors

**Craig Stobo** is Chairman, a shareholder of the Manager and a professional director and entrepreneur.

He was formerly CEO and a Director of BT Funds Management NZ Ltd, an investment management company he was instrumental in establishing in 1992 and building to \$3.5 billion under management in 2004. While under his leadership from 2000 to 2004 BT was awarded Fund Manager of the Year twice and Best Place to Work in NZ.

Craig is Chairman of AMP Huami Management Ltd, the management company for the listed trust AMP NZ Office Trust; Chairman and shareholder of OCG Consulting Ltd, an executive recruitment company; Chairman and shareholder of Saturn Portfolio Management Ltd an independent investment advisory business; and Chairman and shareholder of Appello Services Ltd, a unit registry provider.

Craig graduated from the University of Otago with a BA (Hons) in 1981; and is also a 2004 graduate of Wharton Business School's Advanced Management Programme at the University of Pennsylvania in Philadelphia USA.

**Andrew Harnos** is a Non-Executive Director and shareholder of the Manager. He is a founding partner of Harnos Horton Lusk, a specialist corporate legal advisory firm, established in 2002. The firm is a transactional one, with its prime focus on M&A transactions in public securities markets, strategic board and transactional advice and larger private company and business acquisitions and disposals.

Prior to the formation of Harnos Horton Lusk, Andrew was a partner of Russell McVeagh from 1986 to 2002. Andrew is Chairman of New Zealand Exchange Limited (the entity which operates New Zealand's listed debt and equity security markets), and a Director of Westfield New Zealand Group which owns and operates major shopping centres throughout New Zealand.

Andrew graduated from the University of Auckland with a BCom LLB (Hons) in 1981.

## Elevation Capital Management Limited - Directors

**Sir Henry van der Heyden** is a Non-Executive Director of the Manager. He is currently Chairman of Fonterra Co-operative Group and was a founding Director of the Co-operative.

He has contributed to the dairy industry governance for 16 years, as both a Director and Chairman and played a considerable role in the dairy industry rationalisation that led to Fonterra's establishment. He pioneered the establishment of shareholder committees having a role in co-operative governance, a move which led to the establishment of Fonterra's Shareholders' Council. Henry currently serves on Fonterra's Audit, Finance and Risk Committee, and is Chairman of the Appointments, Remuneration and Development Committee and External Relations Group.

His other directorships include the New Zealand Exchange, King St Advertising, Independent Egg Producers (IEP) and Manuka SA (Chile). He is a Trustee of Asia:NZ and is also a member of the Rabobank Australia/New Zealand Food & Agribusiness Advisory Board.

Henry graduated from the University of Lincoln with a BE (Hons) in 1980.

**Christopher Swasbrook** is Managing Director and a shareholder of the Manager with over 14 years experience in financial markets.

He was previously a partner of Goldman Sachs JBWere Pty Limited and Co-Head of Institutional Equities at Goldman Sachs JBWere (NZ) Limited. His stockbroking career began in 1995 when he was employed as an equity analyst at ANZ McCaughan Securities (NZ) Limited.

Christopher graduated from the University of Auckland with a BCom (Economics) in 1995.

## Elevation Capital Management Limited - Directors

**Steve Smith** is an Independent Director of the Manager. He is currently Managing Director of Unison Capital Advisors Limited, a private company specialising in strategic advice, corporate finance, and investment management, including professional directorship services.

His current directorships are Fulton Hogan Limited, Spanbild Holdings Limited (Chairman), OCG Consulting Limited, Hellaby Holdings Limited, Rimu SA & Manuka SA (both in Chile) and Auckland City Zoo Board.

Steve was a Director and acting CEO of Pacific Retail Group from March 2004 to August 2005, and Chairman of Bendon, Pacific Retail Finance and Living & Giving until January 2006.

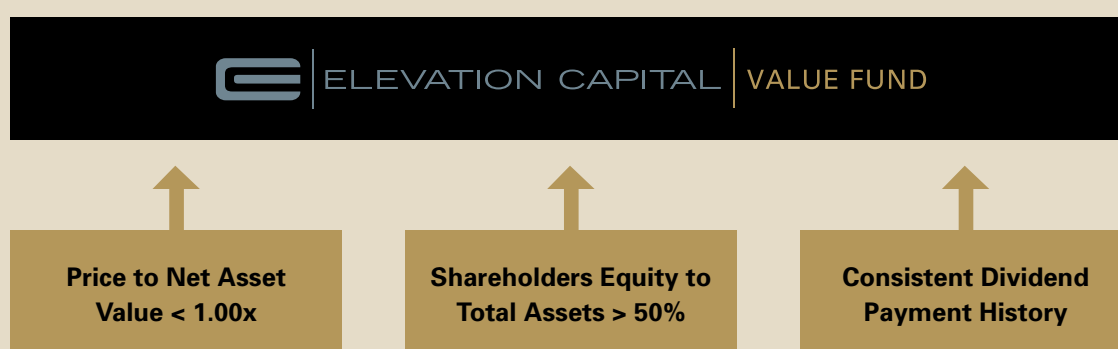
Steve was also a former partner of Pricewaterhouse Coopers 1996-2003; and director of Pricewaterhouse Coopers 1989-1996, specialising in corporate finance in both cases.

Steve graduated from the University of Auckland with a BCom (Accounting) in 1979 he is a member of the New Zealand Institute of Chartered Accountants, and the Institute of Directors in New Zealand.

## What is the Elevation Capital Value Fund?

The Value Fund is an investment fund which enables investors who are seeking long term capital growth to invest in equities on a global basis, while at the same time adhering to a “Margin of Safety” investment philosophy.

The strategy of the Value Fund is to primarily acquire stocks trading at a discount in relation to their net asset base, with low debt levels, and which have a history of paying dividends. We implement this approach by initially screening for stocks on the following basis:



Elevation Capital will then conduct a qualitative overlay to:

- Identify hidden assets on the balance sheet [eg real estate or investment assets at historic cost].
- Review debt profile and contingent liabilities.
- Discount intangibles / goodwill where appropriate.
- Attempt to avoid poor management, whose interests are not aligned with shareholders.

WHAT IS THE  
ELEVATION CAPITAL  
VALUE FUND?

## Why invest in the Value Fund?

### Value Approach

Within the Value Fund, the Manager will seek to build a portfolio of securities / special situations that provide our investors with a “Margin of Safety” that the Manager expects will generate positive absolute long term returns.

The Manager requires the presence of some or all of the following before it invests:

- Understandable businesses;
- High quality tangible assets;
- Discounts to break up, liquidation or private market values;
- Strong balance sheets / Relative absence of liabilities;
- Improving / Scope for improving Returns on Equity;
- Political stability / Favourable regulatory frameworks;
- Management - Board alignment of interests with shareholders;
- Other special situations.

### Conservative Investment Criteria and Qualitative Overlay

The investment objective of the Value Fund is to provide long term investors with lower risk capital growth. To achieve this, the Manager adopts the following conservative value investment criteria at the time of investment:

- Price to Net Asset Value: < 1.00 times
- Shareholders Equity to Total Assets: >50%
- Dividend Payment History: Consistent

The Manager then conducts a qualitative overlay for the securities that meet the conservative investment criteria to build a portfolio of stocks that the Manager estimates will provide the most attractive longterm returns to investors.

### No Prescriptive Mandate

The Value Fund is not bound to prescriptive mandates or specific indices. This allows the Manager to build a portfolio of securities / special situations that it believes will generate lower risk capital growth over the long term. This may also see the Fund invest in small and mid capitalisation companies which are typically overlooked or abandoned by larger fund managers.

### “Real Return” Performance Benchmark

The Value Fund has a performance benchmark of NZ CPI + 5%. This benchmark is linked to the official measure of inflation, as calculated by the New Zealand Government (Statistics New Zealand). This provides an incentive for the Manager to focus on “inflation protection” and to generate “real returns” for investors.

### Alignment of Executive and Investor Interests

Elevation Capital’s shareholders, directors, and executives are investors in the Value Fund, thereby providing strong alignment of financial interest with other investors.

The performance fee structure further aligns executives with investor interests and ensures the Manager is not incentivised to merely grow assets under management.

A “high-water mark” requirement ensures the Manager must exceed the highest previous portfolio valuation before receiving any performance fee.

# WHY INVEST IN THE VALUE FUND?

## What is the Elevation Capital

### Value Fund's

### Investment Policy ?

The Value Fund will take positions in securities of listed and unlisted New Zealand, Australian, and foreign entities.

The Value Fund will consist of a widely diversified and actively monitored portfolio, where the maximum single exposure is 2.5% of the Net Asset Value of the Fund.

#### The Fund can invest globally in:

- Equities (Listed and Unlisted)
- Cash (New Zealand Dollars only)

#### The Value Fund's investment policy has the following restrictions:

- Diversification: No one position to exceed 2.5% of Net Asset Value
- Leverage / Borrowing: None
- Derivatives: None (excluding foreign exchange forward contracts for hedging purposes)
- Short-selling: None
- Currency: The Value Fund will in general seek to hedge any single currency foreign currency exposure greater than or equal to 10% of assets
- Unlisted Investments: Investments in unlisted and Over-The-Counter traded entities will be capped at 10% of assets (with each individual position capped at 2.5% of assets).

# WHAT IS THE VALUE FUND'S INVESTMENT POLICY?

## What sort of investment is this?

An investment made under this Investment Statement represents an investment in units in the Elevation Capital Value Fund (referred to as the "Fund").

The Elevation Capital Value Fund is a unit trust established under the Unit Trust Act 1960 and under a Master Trust Deed dated 20 November 2006 as amended and restated on 06 November 2007 and an Establishment Deed dated 28 October 2008 (together the "Trust Deed"). The Trust Deed was entered into by The New Zealand Guardian Trust Company Limited, as trustee company, and Elevation Capital Management Limited (referred to as "the Manager") as manager.

The Fund has elected to be a Portfolio Investment Entity (PIE) for tax purposes.

For more information please refer to the section "What returns will I get?"

Investors' money is held on trust and pooled in the Fund and invested in Authorised Investments.

The assets of the Fund are held in the name of the Trustee or its nominee, and are managed by the Manager, within the following investment policy:

The Fund will take positions primarily in securities of listed companies that are trading at a low price in relation to their net asset base, with low debt levels and which have a history of paying dividends.

The Fund will invest according to the following criteria:

- the principal investments will be equity securities and cash may be held in lieu;
- the maximum exposure to any security listed on a recognised exchange is limited to 2.5% of the Net Asset Value of the Fund;
- the total value of shares (including all forms of equity) in entities not listed on a registered stock exchange in any country is restricted to a maximum total exposure of 10% of the Net Asset Value of the Fund with each individual position capped at 2.5% of the Net Asset Value of the Fund;

- the Fund will in general seek to hedge any single currency foreign currency exposures of greater than or equal to 10% of assets;
- the Fund will not utilise leverage (borrowings);
- the Fund will not utilise derivatives (excluding foreign exchange forward contracts for hedging purposes).

**The minimum initial investment in the Fund is NZ\$ 5,000 with minimum subsequent investments of NZ\$ 100.** The Manager may vary such minimum initial and subsequent investment amounts from time to time at its discretion. Units are issued only on a date on which the value of the Fund is calculated which is expected to occur on the last business day of each month.

The Manager has an absolute discretion whether to accept or refuse any application without giving any reason.

A Unitholder wishing to withdraw from the Fund or sell Units in the Fund to the Manager must give written notice of the Unitholder's wish to withdraw (a Redemption Request). The Redemption Request, which is irrevocable, will be actioned with effect from the first Valuation Day following the day which is 30 days after the date on which the Redemption Request is received. If a Redemption Request is received after 5pm on any day, it will be deemed to have been received on the following Business Day. Depending on when the relevant Units were initially issued, the Unitholder may be required to pay a Break Fee (see "What are the Charges?" for details).

The Manager may suspend Redemptions as discussed under the heading "What Returns Will I Get?"

Listing of the Fund is not being sought.

All subscription amounts will be held on trust for subscribers in the "NZGT – Elevation Capital Value Fund Applications" bank account until the Units are allotted.

# WHAT SORT OF INVESTMENT IS THIS?

## Who is involved in providing it for me?

The name of the Fund is the **Elevation Capital Value Fund**.

The Manager of the Fund is **Elevation Capital Management Limited**.

**The address of the Manager is:**

Elevation Capital Management Limited

C/- Harmos Horton Lusk

Level 37

Vero Centre

48 Shortland Street

Auckland 1010, or

PO Box 911145

Victoria Street West

Auckland 1142.

The Manager has the powers of investment, administration and management of the Fund under the Trust Deed. Accordingly, the Manager has the power to invest the assets of the Fund in Authorised Investments of the Fund.

The Manager has delegated certain administrative functions to an administration manager. The Administration Manager of the Fund is MMC Limited.

**The address of MMC Limited is:**

MMC Limited

Level 13

23 Customs Street

Auckland 1010, or

P O Box 106-039

Auckland 1143

The Trustee of the Fund is **The New Zealand Guardian Trust Company Limited**.

**The address of the Trustee is:**

The New Zealand Guardian Trust Company Limited

Level 7, Vero Centre

48 Shortland Street

Auckland 1010, or

P O Box 1934

Auckland 1140

None of the Manager, the Trustee, the Administration Manager nor any other person guarantees the Units, or any return from the Units, offered in the Fund.

### Activities

The Fund commenced business in December 2008 and since then the Fund has invested within the investment policy set out on page 11.

The Manager may direct the Trustee to deal in any way and take any action required in respect of the investments of the Fund. The Trustee is not obliged to act on a direction to invest by the Manager if this would be contrary to the provisions of the Trust Deed or any other provision of law or would manifestly not be in the interests of the Unitholders.

## How much do I pay?

**The minimum initial investment for the Fund, which can be changed at any time by the Manager, is NZ\$5,000 with minimum subsequent investments of NZ\$100.** The Manager may vary such minimum initial and subsequent investment amounts from time to time at its discretion.

Regular contributions can be made by completing the Direct Debit form attached. Minimum regular contribution NZ\$100.

Units are issued only on a date on which the value of the Fund is calculated, which is expected to occur on the last business day of each month. The Manager has an absolute discretion whether to accept or refuse any application without giving any reason.

The amount to be invested must be paid to: “NZGT - Elevation Capital Applications” and sent to the Administration Manager at the following address:

MMC Limited  
Level 13  
23 Customs Street,  
Auckland 1010, or  
P O Box 106-039  
Auckland 1143

### **Direct Credit Payment Details:**

Account Name: NZGT – Elevation Capital Applications  
Account Number: 03-0104-0587862-000  
Bank: Westpac  
Branch: 79 Queen Street, Auckland

The number of Units that a Unitholder will receive will depend on the Issue Price on the Issue Date. The Issue Price is the Net Asset Value per Unit after adjusting for the buy spread of 0.6% to cover transaction costs (as described in “What are the charges?”). Applications not received before 2pm on the last business day of each month will result in the application being processed on the Valuation Day in the following month.

### **There is no “cooling off” period for this investment.**

The Manager may in its absolute discretion redeem or treat as void the issue of Units which could result in the Fund losing its status as a PIE if remedial action was not taken. Where Units are redeemed, the Manager must request the Trustee to pay the Redemption Price for such Units. Where Units are voided subscription monies are refunded and compensation is paid for the period of investment.

Other than in relation to personal tax obligations, there are no circumstances in which you will be obliged to pay any further amounts. For more information on tax obligations, please

refer to the section “What returns will I get?”

## What are the charges?

### Trustee Remuneration

The Trustee's remuneration for carrying out the Trustee's functions as specified in the Trust Deed is an annual fee of up to 0.10% of the Gross Asset Value of the Fund, subject to a minimum fee of NZ\$2,500 each quarter.

In addition the Trustee is entitled to charge special fees for services of an unusual or onerous nature outside the Trustee's regular services. There is no limit to the amount of special fees.

GST will be added to the Trustee's fee and is currently levied at 12.5% on 75% of the Trustee's Fee.

The Trustee's fee is paid quarterly in arrears out of the Fund.

### Fund Administrator Remuneration

The fees payable to the Administration Manager for carrying out its administrative functions are up to 0.225% per annum of the Gross Asset Value of the Fund, subject to a minimum fee of NZ\$50,000 per annum.

The Administration Manager's fee is paid monthly in arrears out of the Fund.

### Manager Remuneration

#### Management Fee

The management fee payable to the Manager is 0.95% per annum of the Net Asset Value of the Fund calculated at each month end. The Manager's fee is paid monthly in arrears out of the Fund.

GST is currently levied at 12.5% on 10% of the fees payable to the Manager.

The Manager has the right to pay away part of its fee in the form of a trail/commission to third parties at its discretion.

#### Performance Fee

In addition to the management fee payable to the Manager, the Fund will also pay to the Manager a performance fee that is equal to 20% of the Fund's

excess performance (after deducting expenses) over the increase in the NZ CPI Index + 5% per annum between the Valuation Day and the previous Valuation Day on which a performance fee was paid ("Hurdle Rate").

The performance fee is calculated at the end of each month and pending payout is accrued in the Fund's accounts.

The performance fee is payable to the Manager when the unit price less the previous highest unit price ("High-Water Mark"), exceeds the movement in the Hurdle Rate. If the performance fee is negative (amount referred to as the "Deficit") then the Manager will not be entitled to charge a performance fee to the Fund until the Deficit is recouped. A Deficit cannot be recouped from performance fees previously paid to the Manager.

Further information on the performance fees with some detailed worked examples can be obtained from the Manager if required.

#### Break Fee

A Break Fee is payable to the Manager when an investor requests to redeem (or for the Manager to repurchase) Units within three years of the issue date of those Units.

If an investor has made multiple investments then when determining if a Break Fee is payable the Manager will assume that the first investment made by the investor is withdrawn first.

The Break Fee payable to the Manager is tiered.

If an investor exits within 12 months, the Break Fee payable to the Manager is 5% of the investor's Redemption Amount (or the exiting amount before the Break Fee).

If exit occurs after 12 months but within 24 months, the Break Fee payable to the Manager is 3.5% of the investor's total Redemption Amount. If exit occurs after 24 months but within 36 months, the Break Fee payable to the Manager is 2% of the investor's total Redemption Amount.

WHAT ARE  
THE CHARGES?

The Manager reserves the right to waive the Management Fee, Performance Fee and Break Fee at its discretion.

The Manager cannot increase the rates of the management fee, performance fee or break fee without the consent of Unitholders given by Extraordinary Resolution.

### Buy Spread

The Issue Price per Unit includes a buy spread of 0.6% of the Net Asset Value per Unit to cover transaction costs in purchasing investments for the Fund.

**The buy spread is paid into the Fund.**

### Sell Spread

Nil.

### Other Charges

The Manager and the Trustee are entitled to be reimbursed from the Fund for all reasonable expenses (including anticipated expenses), costs or liabilities incurred by them acting as Manager and Trustee respectively. Generally the amount of these expenses cannot be ascertained until they are incurred and will vary from time to time. These reimbursable costs may include, but are not limited to:

- costs and expenses of the Trustee, Manager, custodian, auditors, solicitors, valuers and other advisors including those related to any

amendments to the Trust Deed and any offer documents;

- costs involved in buying, selling, registering, other dealings with, and custody of assets;
- costs involved in holding meetings for investors;
- bank charges.

These costs, together with the Manager's and Trustee's fees, are taken into account when the Trust's net income is calculated and will affect returns to investors.

Certain fees, charges or expenses referred to in this investment statement are subject to GST. The rate of GST may change after the date of this investment statement.

### Deductions for PIE Tax

The Manager may, on dates that it determines, redeem Units or make deductions from redemption proceeds or distributions to fund PIE Tax on income allocated to Unitholders.

# WHAT ARE THE CHARGES?

## What returns will I get?

### The nature of the returns

The returns to subscribers from an investment in Units in the Fund will be derived from a combination of:

- Any distributions from the Fund; and
- Any increase or decrease in the value of the Units in the Fund (reflecting changes in the value of the underlying assets) that is realised by the Unitholder redeeming Units.

The Fund has elected to become a Portfolio Investment Entity (PIE) .

As a general rule, the Trustee, The New Zealand Guardian Trust Company Limited, is legally liable to make payment of any returns calculated by the Manager, to the extent of the available assets of the Fund. If you sell your Units to the Manager or to a third party, that person will be legally liable to pay that portion of the return that represents the sale price. No particular return has been promised, and no person guarantees the payment of returns in respect of the Fund.

### Key factors that determine the returns

#### Distributions

The Manager does not intend to make distributions, although may choose to do so at its discretion.

The Manager may make a deduction from any distribution to a Unitholder on account of PIE Tax attributable to income allocated to that Unitholder.

#### Changes in Unit price

The value of Units will change with movement in the value of the underlying assets of the Fund.

Units in the Fund are issued and redeemed at the Issue Price and Redemption Price respectively. The Issue Price is the Net Asset Value per Unit after adjusting for the buy spread of 0.6% to cover transaction costs. The Redemption Price is the Net Asset Value per Unit. Pricing is gross of PIE tax.

If you want to know the current Issue Price or Redemption Price, contact the Manager or check the Manager's website ([www.elevationcapital.co.nz](http://www.elevationcapital.co.nz)).

The realisable value of your investment at any time is the number of Units you hold multiplied by the Redemption Price, less any applicable Break Fee. This will be subject to any adjustment for tax on income allocated to Unitholders.

The Redemption Price may fall as well as rise, and the performance of the Fund may vary over time.

The Manager is responsible for the management of the assets, including their selection and ongoing management. The ability of the Manager to select quality assets will therefore have an impact on any returns.

**Neither the Trustee nor the Manager promises or guarantees any investment return amount in the Fund.**

### Taxation

The following statements in relation to taxation are of a general nature only and are based on current tax legislation which may change. The impact of taxation will vary depending upon each person's individual circumstance. Unitholders are encouraged to seek professional tax advice. The Manager and the Trustee do not take any responsibility for the taxation liabilities of investors. Returns to Unitholders are likely to be affected by taxation.

The taxation rules applying to the Fund are set out below. The explanation is based on the Fund being and remaining a Portfolio Investment Entity (PIE) under taxation legislation which came into effect on 1 October 2007. Should the Fund cease to be a PIE, the taxation rules applied to the Fund may alter.

The Fund has elected to become a PIE. As a PIE, the Fund will allocate all its taxable income (or losses) between its investors based on the number of Units held by them. The Manager will then calculate tax payable on such income allocated to each investor at

# WHAT RETURNS WILL I GET?

their nominated Prescribed Investor Rate. Tax is then paid as described under the "Tax-paying investors" heading below.

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

The Prescribed Investor Rates are as follows:

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

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

Draft legislation in the Taxation (International Taxation, Life Insurance and Remedial Matters) Bill will allow New Zealand resident trusts (excluding unit trusts) the options to elect a 19.5% Prescribed Investor Rate, from 1 April 2009, once this Taxation Bill is enacted.

**30%:** This rate applies for all other individuals, non-residents and New Zealand resident trusts (excluding unit trusts) who have elected to be taxed at this rate.

**0% (or "zero-rated" investors):** New Zealand resident entities such as companies, unit trusts, other PIEs, charities, superannuation funds and trusts that have not elected the 30% rate, nominees and wrap providers have this rate.

*From 1 April 2010, the Prescribed Investor Rate rules will be amended to allow New Zealand resident individual investors to elect a Prescribed Investor Rate of 12.5% or 21% (with these rates replacing the current 19.5% tax rate). New taxable (and combined PIE and taxable) income thresholds will also apply for the 12.5%, 21% and 30% Prescribed Investor Rates. These changes are contained in the Taxation (Consequential Rate Alignment and Remedial Matters) Bill, currently before Parliament.*

The Manager is required to provide every investor in a PIE with an annual tax certificate, which will include the PIE income allocated to each investor and the amount of tax paid at their nominated Prescribed Investor Rate. This information will be necessary when determining if a rate lower than 30% can be selected in future.

### Tax-paying investors

Investors with a Prescribed Investor Rate greater than 0% are referred to as "tax-paying investors". A Fund's tax liability on PIE income allocated to its tax-paying investors will be deducted at the earliest of the three following times in respect of each income year:

- i) At the end of the income year (following 31 March);
- ii) Upon any withdrawal (partial or full withdrawals), units will be cancelled to pay tax the following month.
- iii) If at any time, the value of an investor's Units is, or could potentially become, insufficient to cover the Fund's accrued tax liability on income allocated to such an investor, this will be deemed a full withdrawal and tax will be deducted on account of the accrued tax liability. The Manager will consider potential market movements when determining whether the units are of sufficient value to cover the tax liability.

Tax will be deducted by cancelling Units (but the manager reserves the right to also deduct from distributions if need be) equal to the value of the tax liability.

A refund of tax will be provided to the Fund to compensate for PIE tax losses or excess tax credits relating to tax-paying investors, which is then allocated to such investors by issuing additional Units.

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

WHAT RETURNS  
WILL I GET?

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

If a Unitholder transfers Units prior to 1 April in any year, the transferor will bear the cost of PIE tax on income allocated to those units from the beginning of the income year to the date of transfer.

### Zero-rated investors

Investors with a Prescribed Investor Rate of 0% are referred to as “zero-rated investors”. These investors must return the PIE income/(loss) and pay tax themselves. These investors will have a tax liability in respect of the PIE income allocated to them, regardless of whether the Fund makes any distributions to them. The Fund will not cancel any Units or otherwise adjust the interests of its zero-rated investors for PIE tax, as the Fund does not pay tax on the income allocated to such investors. Zero-rated investors will be entitled to claim their share of excess credits or PIE tax losses in their tax returns. They may also claim as a credit any PIE tax paid by the Fund on income allocated to them.

### Joint investors

For joint New Zealand resident individual investors, income is allocated based on their notification to the first named person in the register only. Any joint investor can be selected if the Prescribed Investor Rates are the same, but if they are different joint investors must select the investor with the highest Prescribed Investor Rate. If no notice of election is received income will be allocated to the first named person at the default rate of 30%.

### Distributions to investors

Redemption gains and distributions (if any) from the Fund will not be taxable to an investor. Withdrawals will be made by way of redemption Units.

### Calculation of income

Gains or losses made by the Fund on New Zealand resident companies or Australian resident listed companies on an Australian Stock Exchange approved index with franking accounts (excluding stapled securities) will not be taxable or deductible. The PIE regime is designed to ‘pass through’ these benefits where the Fund invests in unit trusts that are also PIEs. Dividends from such companies will be taxable. Foreign equities (including units in offshore funds but excluding the Australian listed equities described above) held by a Fund will generally be taxed under the Fair Dividend Rate method in New Zealand’s Foreign Investment Fund Rules. Under this method, a Fund is deemed to derive taxable income equal to 5% of the average daily opening market value of its offshore equity investments for the relevant tax year. Dividends and any gains on the foreign equities will not be taxed separately. Equally, losses on foreign equities will not be deductible but any foreign tax credits may be available for offset against tax payable. Foreign equities offering guaranteed or fixed rate returns, or 80% or more invested in financial arrangements or fixed rate shares (including where the hedging is undertaken the Fund)<sup>1</sup> denominated in or hedged to New Zealand dollars or determined by Inland Revenue to be debt in economic terms, are taxed under the comparative value method, i.e. annual change in market value plus distributions.

PIEs have restrictions on the percentage of units any one investor, and associated parties (if the parties each hold interests of 5% or more), can hold. The Manager may redeem or void Units exceeding the permitted threshold so as to ensure PIE status can be maintained. If Units are voided the Unitholder will receive a refund of subscription monies but any additional compensation is at the discretion of the Trustee in consultation with the Manager.

<sup>1</sup> This change applies from 1 April 2009, under an amendment proposed in the Taxation (International Taxation, Life Insurance and Remedial Matters) Bill.

# WHAT RETURNS WILL I GET?

### Suspension and Deferral of Redemptions

The Manager may suspend redemptions if, by reason of:

- the suspension of trading on any securities exchange; or
- financial, political or economic conditions applying in respect of any financial market; or
- the nature of any Investment; or
- a Redemption Request is received or a series of Redemption Requests have been received within a period of three months that in aggregate relate to more than 5% of the number of Units on issue; or
- the occurrence or existence of any other circumstance or event relating to the Fund or generally, the Manager shall form the opinion that it is not practicable, or would be materially prejudicial to the interests of any Unitholders, for the Manager to give effect to Redemption Requests.

The Manager may determine that such Units may be progressively repurchased or redeemed by instalments with effect from one or more Valuation Days falling in a period determined by the Manager or in total at the expiration of a period determined by the Manager and in any such case the Redemption Price is to be calculated at the Valuation Day or Days on which Units are repurchased or redeemed.

If a Redemption Request is received or a series of Redemption Requests have been received within a period of three months that in aggregate relate to more than 20% of the Number of Units on Issue, the Manager may suspend the right of the Unitholders to make Redemption Requests on the following conditions:

- the Manager must notify the Trustee of its intention to suspend the right of Unitholders to make Redemption Requests; and
- the Manager must immediately call a meeting of Unitholders to consider the winding up of the Fund or such other action as the Unitholders deem appropriate.

In the above circumstances, there is no express limit on the period of deferral or suspension.

# WHAT RETURNS WILL I GET?

## What are my risks?

There are two principal risks faced by investors in the Units – not recovering the money paid for Units in full and not receiving the returns referred to in the “What returns will I get?” section on page 17.

The value of the investment in Units will fluctuate and you may not receive the returns you expect. Some examples of the factors that may produce this result are set out below:

- **Market conditions:** Markets are affected by a host of factors, including economic and regulatory conditions, market sentiment, political events, terrorism, environmental and technology issues.
- **Investment specific factors:** An investment in an entity may be affected by unexpected changes in that entity, its operations or its business environment.
- **Interest rates:** Changes in interest rates can have an impact directly or indirectly on investors’ returns.
- **Liquidity:** The Fund may hold a proportion of its assets in cash. However if securities are required to be sold to fund redemptions of Units in excess of the value of the cash held, the lack of a liquid secondary market may mean securities are sold at a discount. This may reduce the Net Asset Value of the Fund and therefore the Redemption Price.
- **Redemption Risk:** The risk that a number of Unitholders may seek to withdraw from the Fund, requiring the Fund to realise investments that may be illiquid and only able to be sold at a discount that results in a permanent loss of capital for the Fund, thereby affecting all Unitholders.
- **Investment Strategy:** The investment strategy of the Fund may result in the Fund’s returns being different from any sharemarket index and from competing investments.
- **Small & Mid Capitalisation / Unlisted Securities:** The Fund may invest in small & mid capitalisation / unlisted securities which tend to be more volatile and less liquid than those of larger capitalisation companies. In times of economic duress these securities can be illiquid making them difficult to sell if the Fund received significant levels of redemption requests in a short period of time.
- **Currency:** The Fund may invest in investments denominated in other currencies. This will expose the Fund to movements in foreign currencies, which can have an effect on the New Zealand dollar value of the investments or foreign exchange contracts, or the income from those investments or foreign exchange contracts.

- **Tax:** If PIE status is lost due to an event such as Unitholders reducing to below 20 in number, the Fund may cease to be a PIE in which case it would be taxed as a widely held unit trust at 30% rather than at an investors’ nominator Prescribed Investor Rates.

Refer to the Taxation section on page 17 for details of the risk of a full withdrawal being required where the value of your remaining units is not regarded as sufficient to fund your tax liability.

PIEs have restrictions on the percentage of Units any one investor and associated parties (if the parties hold interests of 5% or more) can hold. Generally no investor, together with such associates can hold more than 20% of a Fund (although this restriction does not apply to investors who are other PIEs or fall within a narrow class of other specified entities). The Manager may redeem or void Units exceeding the permitted threshold so as to ensure PIE status can be maintained. If your Units are voided you will receive a refund of your subscription moneys, but any additional compensation is at the discretion of the Trustee in consultation with the Manager.

An investor advising a lower Prescribed Investor Rate (PIR) than that applicable or not advising a change to a higher rate, is obliged to pay the tax shortfall plus any interest and penalties, and may be required to file a tax return. If an investor advises (or is defaulted to) a higher rate than that applicable under the Prescribed Investor Rate rules, the excess tax paid cannot be claimed back as PIE tax is a final tax. Zero-rated investors may however obtain a credit for any PIE tax paid on income allocated to them.

A trust, that invests in a Fund, and elects a Prescribed Investor Rate of 30% will be unable to pass through the PIE income to beneficiaries, and have this income taxed at rates lower than 30%. However, the changes proposed in the Taxation (International Taxation, Life Insurance, and Remedial Matters) Bill will allow New Zealand resident trusts (excluding unit trusts) the option to elect a 19.5% Prescribed Investor Rate, from 1 April 2009. The PIE income will be taxable when allocated to beneficiaries, with a credit for the 19.5% PIE tax paid.

Refer to the Taxation section on page 17 for details of the manner in which joint New Zealand resident individual investors are allocated income to one investor only, which may impact on that investor’s ability to retain a lower Prescribed Investor Rate.

**Any future change in taxation legislation could impact on the Fund's returns.**

- **Suspension and deferral of redemptions:** In certain circumstances described under "Suspension and Deferral of Redemptions" on page 20, the Manager can suspend and defer redemption of Units. If this occurred a Unitholder would not be able to exit the Fund at the time requested by the Unitholder and the Redemption Price may have fallen by the time redemptions resume.
- **Key personnel risk:** The Manager is dependent on key personnel. Should any of the key personnel suffer incapacitation or death, the Manager has the right to terminate the Fund after giving at least 30 days notice in writing to the Trustee and relevant Unitholders.

**Unitholders should be aware of these non exclusive factors when investing, and also that not all factors which contribute to risk can be foreseen.**

**Neither the Trustee nor Manager guarantees the performance of the Fund, any particular rate of return, or the return of your application monies.**

**Past performance is no guarantee of future performance.**

Unitholders are personally liable for any PIE Tax on income allocated to them which has not been satisfied by redeeming Units or by deduction from monies paid to them. Otherwise a Unitholder will not be required to pay more money in respect of

the investor's Units than disclosed in the "How much do I pay?" section on page 14 and under the heading "Insolvency of the Fund" below. Tax-paying investors will have adjustments made to their Units to reflect tax paid or payable on their behalf by the Fund and provide an indemnity for tax paid (and any related penalties or interest) on PIE income allocated to them. This indemnity would only apply if the Unitholder's interest in the Fund was less than the PIE tax liability at the Unitholder's Prescribed Investor Rate on income allocated to them.

### Insolvency of the Fund

Money invested in the Fund is held by the custodian separately from the Manager's and the Trustee's assets, and would be unaffected by any insolvency of the Manager or the Trustee. If the Manager becomes insolvent, is put into liquidation or has a receiver appointed, the Trustee is able to remove the Manager if the Manager does not retire, and may appoint another Manager.

Unitholders will not be liable to pay money to any person as a result of the insolvency of the Fund.

In the event of the Fund being wound up or put into liquidation, any tax assets created may need to be written off and the creditors of the Fund (including the Administration Manager, Manager and the Trustee) will rank ahead of the claims of Unitholders. Unitholders in the Fund will rank equally amongst each other.

## Can the investment be altered?

### Changes to investment policy

The Manager may change the investment policy where Unitholders have been given one month's prior notice and the opportunity to withdraw their Units before the variation takes effect. The investment policy change may only take effect once all Redemption Requests within the one month period have been actioned. Alternatively the Manager may change the investment policy where the variation has been approved by Extraordinary Resolution. Redemption Requests processed as a result of 'Changes to investment policy' will not be subject to the Break Fee.

### Changes to fees and charges

Two months' notice to all Unitholders of the Fund is required for any change to the basis of the Trustee's fees, Administration Fees and Management Fees within the maximum fees detailed. Any change outside of the maximum fees requires the consent of Unitholders by Extraordinary Resolution. The Fund will be required to pay any such increased fees or expenses.

### Sales and Transfers of Units

A Unitholder may sell or transfer all or part of their holding of Units in the Fund. See the "How do I cash in my investment?" section for details.

### Redemption of Units

Unitholders may withdraw their investment from a Fund by requesting that their Units be redeemed. See the "How do I cash in my investment?" section for details. Additionally the Manager may, on dates that it determines, redeem Units or make deductions from redemption proceeds to fund PIE Tax on income allocated to Unitholders and may also redeem or void Units if the number of Units held by a Unitholder and its associated persons (as defined in the Income Tax Act 2007) could cause the Fund to lose its status as a PIE.

### Changes to the Trust Deed and Establishment Deed

The Trustee and Manager may make an amendment to the Trust Deed where such an amendment is:

- in the Trustee's opinion necessary to correct a manifest error or the amendment is of a formal or technical nature;
- in the Trustee's opinion is necessary or desirable for the more convenient, economical or advantageous working, management or administration of the Fund or to safeguard or enhance the interests of the Fund or the Unitholders and is not or not likely to become materially prejudicial to the interests of Unitholders generally;
- authorised by an Extraordinary Resolution of Unitholders of the Fund;
- after a change in any law affecting unit trusts, required to the Trust Deed to make any provision of the Trust Deed consistent with such law; or
- in the opinion of the Manager and the Trustee, necessary to enable the Fund to enter into the PIE taxation regime.

# CAN THE INVESTMENT BE ALTERED?

An Extraordinary Resolution can only be passed by a 75% majority of Unitholders voting at a meeting.

In addition, the Trustee and the Manager can amend the definition of "Authorised Investments" if, after notifying the relevant Unitholders of the proposed amendment, less than 10% of Unitholders give notice that they disapprove of the proposed amendment.

If Unitholders holding 10% or more of the total Units on issue in the Fund disapprove the proposed amendment and require a meeting, no amendment shall be made and the Manager shall forthwith convene a meeting of Unitholders to consider the amendment, which will only be made if it is authorised by an Extraordinary Resolution.

#### Other changes

The Manager may change the minimum investment amount, the minimum amount or value of Units that must be held by a Unitholder, or the minimum Redemption Amount. See the "How do I cash in my investment?" section for details.

#### Termination of the Fund

The Fund will terminate on the day that is 80 years less two days from the date of the Trust Deed. The Fund may be terminated earlier. See the "How do I cash in my investment?" section below for further details.

# CAN THE INVESTMENT BE ALTERED?

## How do I cash in my investment?

Investors can invest for any period although Units are only redeemable on a Valuation Day.

A Unitholder wishing to withdraw from the Fund or sell Units in a Fund to the Manager must give written notice of the Unitholder's wish to withdraw (a Redemption Request). The Redemption Request, which is irrevocable, will be actioned with effect from the first Valuation Day following the day which is 30 days after the date on which the Redemption Request is received. The Manager may in its sole discretion redeem units on an earlier Valuation Day.

If the Manager accepts the Redemption Request, the Manager must pay to the Unitholder the Redemption Price of the Units to be sold by the Unitholder within seven Business Days of the relevant Valuation Day, but subject to the Manager's right to defer redemption in certain circumstances (refer to "Suspension and Deferral of Redemptions" under the heading "What Returns Will I Get?").

The Manager will request the Trustee to redeem the Unit. The Manager is not obliged to offer to repurchase Units.

The minimum number or value of Units that may be redeemed may be fixed by the Manager. At the date of this Investment Statement, the minimum value of Units which can be redeemed is NZ \$500 (providing the balance remains above the minimum investment value of NZ \$5,000). The Manager may vary the minimum value of Units that may be redeemed from time to time at its discretion.

If Units are redeemed within 3 years of issue, a Break Fee may be payable - see "Break Fee" on page 15.

### Unitholders can transfer their investment

Unitholders can transfer all or part of their investment to another party free of any charge. The minimum value of Units that Unitholders can

transfer is NZ\$ 500 (providing the balance remains above the minimum investment value of NZ\$5,000). The Manager may vary the minimum value of Units that may be transferred from time to time at its discretion. To transfer Units, Unitholders must use a security transfer form or a form approved by the Manager. The transferee may be required to provide identification under the Financial Transactions Reporting Act 1996.

A transfer is complete as soon as the new investor is recorded on the register of Unitholders.

There is no established secondary market for the trade of Units in the Fund. This means that if Unitholders want to sell their units, the most likely buyer will be the Manager. It will be difficult for investors to find a third party who wishes to purchase units without first contacting the Manager.

If Units which are transferred were issued less than three years before the transfer date, the transferee will be obliged to pay a Break Fee if the transferee subsequently redeems those Units within the three year period. (The Manager reserves the right to waive the Break Fee.)

A transfer may be treated as a withdrawal for PIE tax purposes. The Manager has the right to decline a transfer if it would result in the loss of PIE status for the Fund.

### Termination

The Fund will terminate on the day that is 80 years less two days from the date of the Trust Deed 20 November 2006. The Trust may be terminated earlier by Unitholders passing an Ordinary Resolution or the date determined by the Manager as notified to the Trustee and Unitholders by not less than thirty days notice.

# HOW DO I CASH IN MY INVESTMENT?

## Who do I contact with enquiries about my investment?

Enquiries about the Units can be made by writing to:

Elevation Capital Management Limited  
C/- Harnos Horton Lusk  
Level 37  
Vero Centre  
48 Shortland Street  
Auckland 1010, or  
PO Box 911145  
Victoria Street West  
Auckland 1142

Telephone +64 9 307 6741  
Facsimile +64 9 307 6742

For Unit price enquiries, phone +64 9 309 8926  
Monday to Friday between 8.30am and 5pm  
(excluding public holidays).

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

Complaints about the securities can be made to:

The Chairman  
Elevation Capital Management Limited  
C/- Harnos Horton Lusk  
Level 37  
Vero Centre  
48 Shortland Street  
Auckland 1010, or  
PO Box 911145  
Victoria Street West  
Auckland 1142

Telephone +64 9 307 6741  
Facsimile +64 9 307 6742

or to:

The New Zealand Guardian Trust Company Limited  
Level 7  
Vero Centre  
48 Shortland Street  
Auckland 1010

Telephone +64 9 377 7300  
Attention: Relationship Manager, Corporate Trusts

**There is no ombudsman to whom complaints about the Units can be made.**

WHO DO  
I CONTACT ABOUT  
MY INVESTMENT?

## What other information can I obtain about this investment?

All of the currently available material information relating to the Fund and an investment in Units is contained in this Investment Statement, in the registered prospectus containing the offer to which this Investment Statement relates, and in the Trust Deed.

Other information about the Units, the Fund and the Manager is contained in the financial statements for the Fund. Further information about the Fund and an investment in Units is available by writing to the Manager at PO Box 911145, Victoria Street West, Auckland 1142.

The registered prospectus, the Trust Deed and the most recent annual financial statements of the Fund are filed on a public register at the Companies Office of the Ministry of Economic Development, and are available for public inspection, on request and payment of the relevant fee, by telephoning the Companies Office Contact Centre on 0508 266 726. The documents are also available on the Companies Office's website [www.companies.govt.nz](http://www.companies.govt.nz) under the Manager's file reference.

Following the issue of Units the Manager will within one month send you a confirmation of your investment setting out the details of your investment in the Fund.

An investor may make a written request for the Issue or Redemption Price at the last Valuation Day. This will be provided within seven days.

A summarised copy of the annual audited accounts will be forwarded to each Unit Holder within five months of the year end.

Unitholders have the right to inspect and obtain a copy of that part of the Unit Register that relates to the Units of that Unitholder.

Unitholders also have the right to inspect a copy of the Trust Deed at the registered office of the Manager, which is located at Harnos Horton Lusk, Level 37, Vero Centre, 48 Shortland Street, Auckland 1010. Unitholders may also request from the Manager, free of charge, a copy of this Investment Statement, the registered prospectus, the Trust Deed and the most recent annual financial statements of the Fund.

These are also available by visiting :

[www.elevationcapital.co.nz](http://www.elevationcapital.co.nz)

# WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

## Privacy Policy

The Manager collects and holds personal information about applicants for Units for the purposes of administering the investment. **Unitholders may request access to any personal information the Manager holds about them, by writing to the Manager at PO Box 911145, Victoria Street West, Auckland 1142.** You may also request correction of any personal information the Manager holds about you. Depending on the nature of your request, the Manager may impose a charge for providing you with or correcting any personal information. Failure to provide the requested information could cause your application for Units to be declined.

## Glossary

The following terms used in this Investment Statement have the following meanings. Some of these terms are summaries of definitions in the Trust Deed. For complete definitions, reference should be made to the Trust Deed.

Administration Manager	MMC Limited.
Authorised Investments	The category of investments which may be held by the Fund, which includes any interest of any nature in any real or personal property of any nature whatsoever and includes derivatives or other treasury products and any right or option to acquire or take up any interest.
Break Fee	The fee payable to the Manager when Units are redeemed within three years of their issue date.
Business Day	A day (other than a Saturday or Sunday) on which banks are open in Auckland for business.
Buy spread	The fee payable on the issue of Units being 0.6% of the Net Asset Value per Unit, to cover transaction costs in purchasing investments for the Fund.
CEO	Chief Executive Officer.
Deficit	A negative performance fee.
Dividend	The part of a company's post-tax profits that is distributed to shareholders
Elevation Capital	Elevation Capital Management Limited.
Extraordinary Resolution	A resolution passed by Unitholders present in person or by proxy at a meeting by a majority of 75% or more of the votes cast at the meeting.
Fund	Elevation Capital Value Fund.
Gross Asset Value	The aggregate of the market value of the Investments, any income accrued or payable in respect of the Fund but not included in such market value and, if the Manager so determines, any deferred tax assets of the Fund.
High-Water Mark	The "high-water mark" refers to the previous highest unit price on which the performance fee was payable.
Hurdle Rate	The increase in the NZ CPI Index + 5% per annum between the Valuation Day and the previous Valuation Day on which a performance fee was paid.
Intrinsic Value	Sometimes referred to as private market, break up or liquidation value.
Investment	Each investment or other asset held by the Fund.
Issue Date	The date at which the Units are issued.
Issue Price	The price at which Units are issued, being the Net Asset Value divided by the number of Units on issue plus 0.6% of the Net Asset Value per Unit.
IPO	Initial Public Offering.
Manager	Elevation Capital Management Limited.
Margin of Safety	Investing in securities trading at an appreciable discount from the estimate of underlying value as determined by the Manager.

Net Asset Value (NAV)	The Gross Asset Value less all liabilities of the Fund determined on an accruals basis and such other provisions as the Manager or the Trustee thinks necessary or desirable for accrued or contingent liabilities or losses, including a provision for the costs of realisation of any Investments and redemption or repurchase of Units.
NZ CPI Index	The Consumers Price Index (CPI) is a measure of the price change of goods and services purchased by private New Zealand households.
Over-The-Counter	Trading financial instruments directly between two parties.
Ordinary Resolution	A resolution passed by Unitholders present in person or by proxy at a meeting passed by a majority of more than 50% of the votes cast at the meeting.
PIE	A Portfolio Investment Entity as defined in the Income Tax Act 2007.
PIE Rebate	Tax rebates paid or payable to the Fund which are determined by the Trustee or Manager to be attributable to income/losses allocated to Unitholders and other amounts determined by the Trustee or Manager to be equivalent to PIE Rebates.
PIE Tax	Tax payable by the Fund, the Trustee, or the Manager (whether deferred or current) which is determined by reference to the nominated Prescribed Investor Rates of Unitholders or is otherwise determined by the Trustee or the Manager.
Prescribed Investor Rate	The rate a Unitholder has or may elect under the Income Tax Act 2007 in relation to income allocated to them by a PIE.
Redemption Amount	The number of Units being redeemed multiplied by the Redemption Price.
Redemption Price	The price at which Units are redeemed, being the Net Asset Value divided by the number of Units on issue.
Redemption Request	An irrevocable written request that the Manager redeem Units.
Trust Deed	Together the Master Trust Deed dated 20 November 2006 as amended and restated on 06 November 2007 and the Establishment Deed dated 28 October 2008 between the Manager and the Trustee.
Trustee	The New Zealand Guardian Trust Company Limited
Unit	A unit in the Fund.
Unit Register	The register of Unitholders.
Unitholder	The registered holder of a Unit.
Valuation Day	The last Business Day of each month.

## How to invest

The instructions for completing the application form are set out below:

### Investor Details

Provide your full name(s) and address(es).

Supply your IRD number (this is a legal requirement) and your Prescribed Investor Rate as determined in the section "What Returns Will I Get?".

### Investment Details

Enter the amount you wish to invest in the Fund. The minimum initial investment amount is NZ\$ 5,000.

### Regular Contribution Plan

Indicate if you wish to take advantage of the Regular Contribution Plan to contribute a fixed amount monthly; quarterly; or annually.

### Distribution Details

Please complete the Nominated Bank Account section.

### Verification of identity

The Financial Transactions Reporting Act 1996 requires verification of the identity of all new investors. (Please provide evidence of your identity – Drivers Licence or Passport).

### Trusts

If there are three or fewer trustees, identification is required for each trustee. Where there are more than three trustees, the principal facility holder must be noted on the application form, and identification is required only for that person.

In all cases, you can either produce originals or send certified copies.

A list of authorised signatories should be attached with any new application.

### Complete cheques

Make your cheque payable to "NZGT – Elevation Capital Applications" crossed "Not Transferable".

Return the completed application form and cheque to:

MMC Limited  
Level 13  
23 Customs Street  
Auckland 1010, or  
P O Box 106-039  
Auckland 1143

Payment can be made directly to the "NZGT – Elevation Capital Applications" bank account only by pre-arrangement with the Manager. No application will be processed until an original application form has been received.

The Manager has an absolute discretion whether to accept or refuse any application without giving any reason.

Your Confirmation of investment will normally be posted within a week of the issue date.



# Application Form

Please complete application form together with payment of the application money payable in respect of the Units applied for, should be sent to: MMC Limited, Level 13, 23 Customs Street, Auckland or PO Box 106039, Auckland 1143.

Cheques should be made payable to "NZGT - Elevation Capital Applications" and crossed "Not Transferable".

If you pay by direct credit please send this application form and your payment details to: MMC Limited, Level 13, 23 Customs Street, Auckland or PO Box 106039, Auckland 1143

This is an application to invest in the Elevation Capital Value Fund

This is a subsequent investment in the Elevation Capital Value Fund   
[please supply unitholder number]

### Investor Details

Company Name [Please list names of Directors under 'individuals below']

IRD Number [For Company]

Trust Name [Please list names of Trustees under 'individuals below']

IRD Number [For Trust]

Individuals [Also Trustees, Directors]

Title  Surname  First Name

IRD Number

Please attach verification of identity - either a certified copy of applicant's passport or drivers licence

Individuals [Also Trustees, Directors]

Title  Surname  First Name

IRD Number

Please attach verification of identity - either a certified copy of applicant's passport or drivers licence

Individuals [Also Trustees, Directors]

Title  Surname  First Name

IRD Number

Please attach verification of identity - either a certified copy of applicant's passport or drivers licence

Postal Address

Daytime contact number

Suburb

Email Address

City

Post Code

### Application Amount

ELEVATION CAPITAL VALUE FUND \$

[Minimum Investment NZ \$5,000 and thereafter multiples of NZ \$100.00]

### Payment [NZD]

Cheque Please make cheques payable to "NZGT - Elevation Capital Applications" and crossed "Not Transferable"

Direct Credit. Please credit payments into the following account:

Account Name: NZGT - Elevation Capital Applications  
Account Number: 03-0104-0587862-000  
Bank: Westpac  
Branch: 79 Queen Street, Auckland

### Distribution Payment Options

Reinvestment  Credit to bank account

Account Name

Bank

Branch

Account

Suffix

### Your Prescribed Investor Rate [please tick the appropriate Rate]

0%  19.50%  30%

I/We undertake to advise Elevation Capital Management Limited immediately should the Prescribed Investor Rate change at any time.

I/We acknowledge that failure to advise a Rate or the provision of an incorrect Rate will mean that I/We will be personally liable to pay any resulting tax shortfall and must also file a tax return.

**Investment on behalf of a Minor** [please give details of the person who is to control this investment if the above investor/s are 16 years or under]

Title  Surname  First Name

IRD Number   Please attach verification of identity - either a certified copy of applicant's passport or drivers licence

Relationship to Investor/s

Postal Address  Daytime contact number

Suburb  Email Address

City  Post Code

**Agreement of Terms**

I/We confirm I/we have read and understood the Investment Statement and that all the information I/we have given in the form is correct. I/We irrevocably apply for Units to the value [less Entry Fees] shown above on the terms and conditions set out in the Investment Statement, the Prospectus, the Trust Deed and this Application Form. I/we consent to the receipt in electronic form of any information to be provided to me.

Signature  Date  Signature  Date   
Day Month Year Day Month Year

**Certificate of Non-Revocation of Attorney**

I  of   
[Name of Attorney] [Address & Occupation of Attorney]

**hereby certify**

that as Attorney of  under a deed dated   
Day Month Year

given to me by him/her/the Company

1. I have executed the application as Attorney under the said Power of Attorney and pursuant to the powers hereby conferred on me.
2. At the date hereof I have not received any notice of information of the revocation of the said Power of Attorney by death or otherwise.

Signed at  on    
Day Month Year Signature

Note that ONLY LEGAL ENTITIES are allowed to hold Units. Applications must be in the name[s] of natural persons, companies or other legal entities acceptable to the Manager. At least one full given name and surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of correct forms or registrable names below.

**TYPE OF INVESTOR**

- Individual – Use given name in full, not initials.
- Company – Use company title, not abbreviations.
- Trusts – Do not use the name of the trust, use the trustee[s] personal names. All trustees must apply as joint applicants.
- Deceased Estates – Do not use the names of deceased, use executor[s] personal names.
- Clubs / Unincorporated Bodies – Do not use names of clubs etc, use office bearer[s] personal names.
- Superannuation Funds – Do not use name of fund, use name of trustee.

**VERIFICATION OF IDENTITY**

The Financial Transactions Reporting Act 1996 requires verification of the identity of all new investors. Please provide evidence of your identity when returning this Application Form, either a certified copy of your Drivers Licence or Passport.

For Trusts, if there are three or fewer trustees, identification is required for each trustee. Where there are more than three trustees, the principal facility holder must be noted on the Application Form, and identification is required only for that person.

Companies a certified copy of the certificate of incorporation.

In all cases, you can either produce originals or send certified copies.

A list of authorised signatories should be attached with any Application Form.

**ADDITIONAL APPLICATION TERMS**

1. By signing this Application Form, the applicant acknowledges:
  - [a] that this form was distributed with the Investment Statement dated 1 September 2009 and that offers to subscribe for Units are upon and subject to the terms and conditions set out in the Investment Statement, the Prospectus, the Trust Deed and this Application Form;
  - [b] that he/she has read and understood the Investment Statement and the section relating to the Privacy Act 1993 on page 28 of the Investment Statement;
  - [c] that the information supplied by them on the Application Form is true.
2. An application cannot be withdrawn or revoked by the applicant.
3. An applicant does not have any interest in, or right of entitlement to, any Units unless and until, and then only to the extent that, Units are unconditionally allotted to that applicant by the Manager.
4. The Manager reserves the right to reject any application in whole or in part without giving any reason.
5. Securities transaction statements for the Units will be dispatched to successful applicants as soon as practicable after allotment, but in any event no later than five business days after the allotment.
6. Applications must conform with the Application Instructions on page 31 of the Investment Statement.
7. In the case of joint applicants, only the address of the first named of the joint applicants will be recorded by the Registrar and all distributions and interest payments, notices, etc will be sent to the address of the first applicant.
8. Expressions defined in the Investment Statement have the same meanings in this Application Form. This Application Form, the offer of Units, and any contract arising out of its acceptance is governed by New Zealand law.

**PRIVACY POLICY**

Elevation Capital Management Limited collects non-public personal information about Unitholders from the following sources: information on applications or other forms, such as name, address, age, and IRD number; and information about Fund transactions, such as purchase and redemption activity and account balances.

We restrict access to non-public personal information to service providers involved in administering and servicing the Fund. Otherwise, we do not disclose non-public personal information about our present or former Unitholders to third parties, except as permitted by law. We and our service providers maintain physical, electronic and procedural safeguards in accordance with New Zealand privacy laws to protect the non-public personal information of Fund Unitholders.



1. The Initiator:

- (a) Has agreed to send notice of the net amount of each Direct Debit no later than the day the Direct Debit is initiated. This notice will be provided either:
  - (i) in writing; or
  - (ii) by electronic mail where the Customer has provided prior written consent to the Initiator

The notice will include the following message:- "The amount \$....., was direct debited to your Bank account on (initiating date)."
- (b) May, upon the relationship which gave rise to this Authority being terminated, give notice to the Bank that no further Direct Debits are to be initiated under the Authority. Upon receipt of such notice the Bank may terminate this Authority as to future payments by notice in writing to me/us.

2. The Customer may:-

- a) At any time, terminate this Authority as to future payments by giving written notice of termination to the Bank and to the Initiator.
- (b) Stop payment of any Direct Debit to be initiated under this Authority by the Initiator by giving written notice to the Bank prior to the Direct Debit being paid by the Bank.
- (c) Where a variation to the amount agreed between the Initiator and the Customer from time to time to be direct debited has been made without notice being given in terms of 1(a) above, request the Bank to reverse or alter any such Direct Debit initiated by the Initiator by debiting the amount of the reversal or alteration of the Direct Debit back to the Initiator through the Initiator's Bank, PROVIDED such request is made not more than 120 days from the date when the Direct Debit was debited to my/our account.

3. The Customer acknowledges that:-

- (a) This authority will remain in full force and effect in respect of all Direct Debits passed to my/our account in good faith notwithstanding my/our death, bankruptcy or other revocation of this authority until actual notice of such event is received by the Bank.
- (b) In any event this authority is subject to any arrangement now or hereafter existing between me/us and the Bank in relation to my/our account.
- (c) Any dispute as to the correctness or validity of an amount debited to my/our account shall not be the concern of the Bank except in so far as the Direct Debit has not been paid in accordance with this authority.  
Any other disputes lies between me/us and the Initiator.
- (d) Where the Bank has used reasonable care and skill in acting in accordance with this authority, the Bank accepts no responsibility in respect of:
  - the accuracy of information about Direct Debits on Bank statements
  - any variations between notices given by the Initiator and the amounts of Direct Debits
- (e) The Bank is not responsible for, or under any liability in respect of the Initiator's failure to give written advance notice correctly nor for the non-receipt or late receipt of notice by me/us for any reason whatsoever. In any such situation the dispute lies between me/us and the Initiator.

4. The Bank may:-

- (a) In its absolute discretion conclusively determine the order of priority of payment by it of any monies pursuant to this or any other authority, cheque or draft properly executed by me/us and given to or drawn on the Bank.
- (b) At any time terminate this authority as to future payments by notice in writing to me/us.
- (c) Charge its current fees for this service in force from time-to-time.

