



Adviser Guide

Enquiries

For all enquiries, please email: info@integralonline.co.nz

It's **imperative** that requests such as Redemptions, Applications, Switches, change of details, new IMT Direct applications are sent to both admin@integralonline.co.nz and info@integralonline.co.nz.

This mailbox is constantly monitored and your enquiry will be personally addressed. Please do not direct your IMT client enquiry to an individual IOOF NZ staff member.

Applications

The minimum initial investment is \$10,000. This can be directed to one fund, or across multiple funds.

The minimum initial investment per fund is \$1,000.

Lesser amounts can be accepted with the prior approval of the New Zealand Product Operations Manager.

Advisers must submit requests for applications below the minimum amount via email to info@integralonline.co.nz, stating the reason for the below minimum application. The Operations Manager will then approve or deny the request (at their absolute discretion).

Common reasons for accepting funds under the minimum amounts include:

- Investor is related to another investor who meets the minimum (eg spouses, children)
- Investor intends to invest more in the future (and may establish a regular application for this purpose).

Deposits can be made via cheque or EFT

Account Name	Integral Nominees Limited – Applications Account
Bank	Bank of New Zealand (BNZ)
BSB	02-0500
Account	0987710-000

To ensure applications are processed without delay, please include clients surname and IRD number in the 'details' section.

Welcome letter and investment confirmation letters

Your client will receive their welcoming letter and investment confirmation via email if an email address has been provided. This correspondence is sent via the registry from an Auckland mail house.

You will be copied in this correspondence only when a client has an email address.

The date on the top of the correspondence is the date the welcoming pack is sent to the client.

Investment effective date: date funds are received into the application account.

Settlement date: date the funds are unitised

Unit pricing date: the effective date (ie the day before the settlement date).

As the portfolio can be constructed from any combination of the five Unit Trust products on offer, the client will receive an investment statement for each Fund invested into.

Issuer fee waiver

It is permissible under the product rules to discount the issuer fee. This is to be done on the basis of pre-arranged business cases, to be approved by the Operations Manager, the CEO and the Group Executive.

For new clients, pre-authorisation is via the application form. For existing clients, please use the pre-approval via the issuer fee waiver form.

Regular applications

Please complete the application form, section 4. You can also use this form to change the regular application amount at any time going forward. Regular applications are debited on the 15th of the month (or next business day) and unitized the day the registry reaches the pricing file of the 15th (or the next business day if the 15th is the weekend).

For IISW transition clients, the regular application date will remain as per pre-migration.

At this time, we are unable to set up direct debits from a foreign bank account.

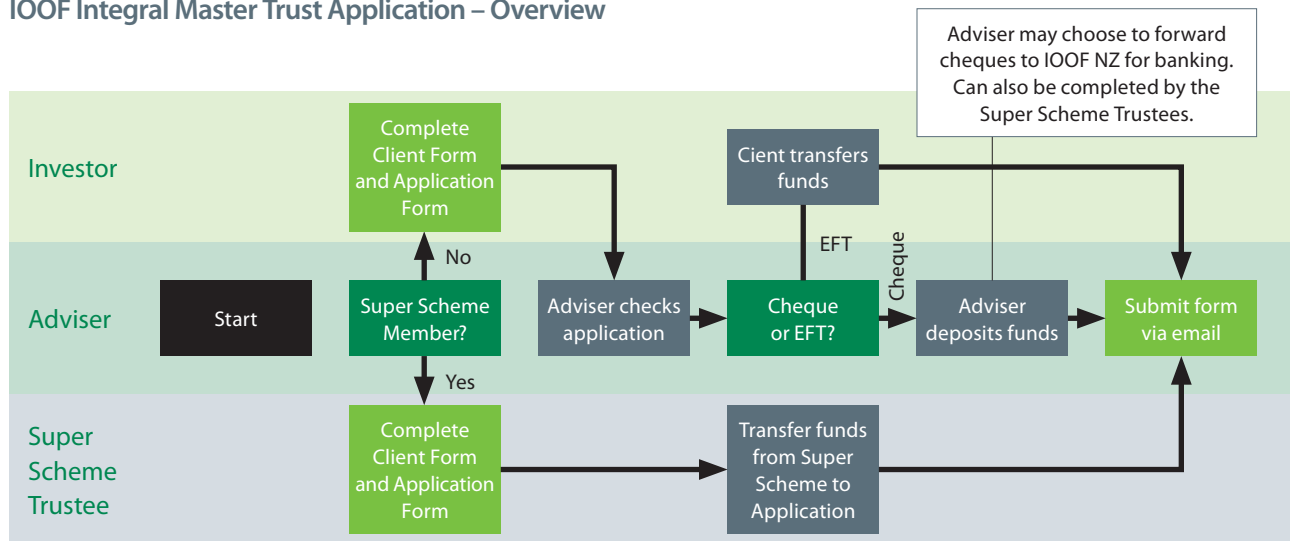
Regular Switches

When performing a switch please ensure to check or change your clients profile if you have opted in for auto re-balancing.

If the amount of switch is less than the requested switch amount and you wish for the residual amount to switch out, please confirm by completing the section "I/we wish to switch out residual value if current portfolio is less than amount/units requested as above located below the table."

Please confirm you wish for your regular switch to continue until funds run out.

IOOF Integral Master Trust Application – Overview



Redemptions

Standard once off or express?

The redemption pricing date is the date of receipt of the completed redemption form. We will attempt to pay the funds into your client's New Zealand bank account within ten working days, however it may take longer.

In the IOOF IMT for a once off redemption you can choose between units, dollar value or a percentage. Where the clients portfolio is comprised of more than one fund you can redeem from either or both funds within the withdrawal. Your client can opt to redeem a gross value (before PIE tax) or a net amount to be paid into their bank account.

Further, we can facilitate an express redemption if:

- the client withdrawal is less than 50 per cent and less than \$50,000
- we do not have an influx of withdrawals that compromise the cash flow in the Funds bank accounts.

You will only be able to view the transaction on Integral Online once the pricing of the payment date is available.

Regular redemptions

Regular redemptions are redeemed on the 15th of the month (calendar working date). This is an automated process that will continue paying the specified amount until there are insufficient funds left into the allocated Fund. At this time the remaining balance will be transferred to the client's bank account and the redemption will cease.

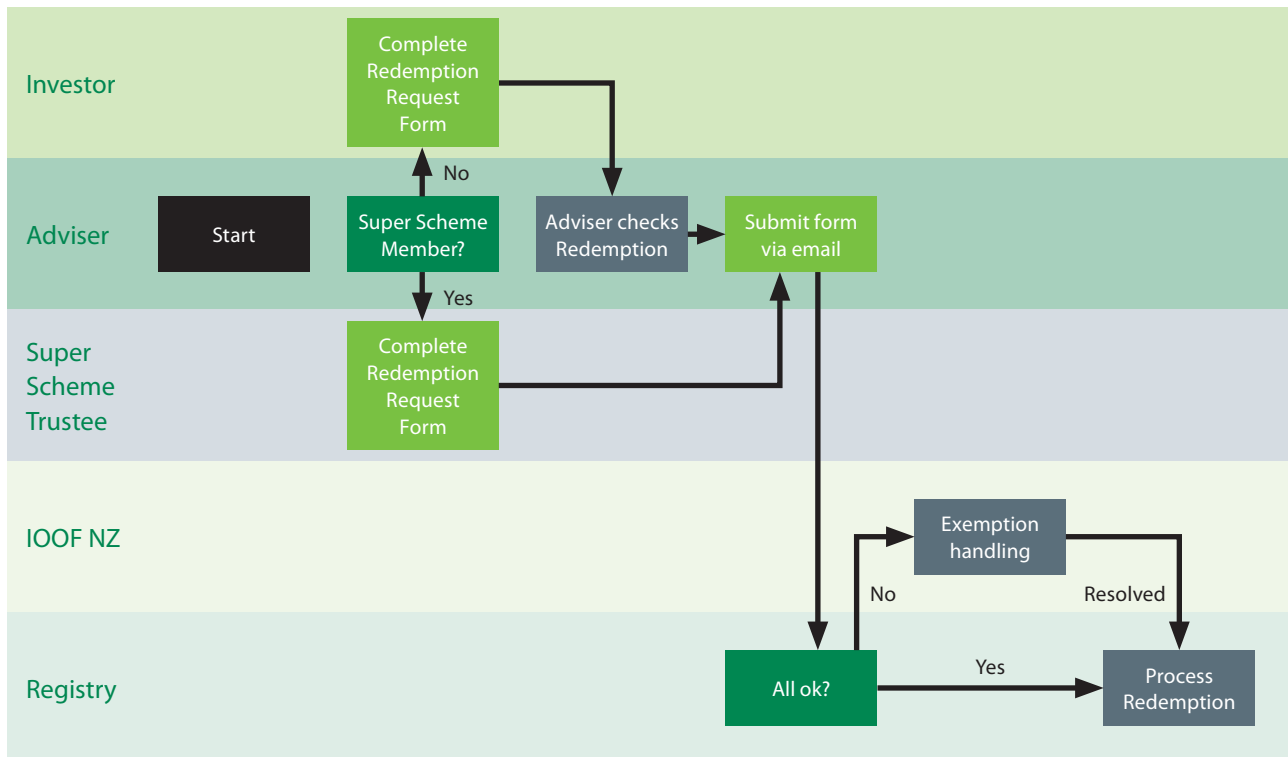
The minimum redemption amount is \$250 per fund. Regular redemption can either be GROSS or NET. If not specified the redemption will be defaulted to GROSS.

For IISW transition clients the regular redemption date will remain as per pre-migration. Where a net amount was specified, this transaction will be processed manually to facilitate the net amount into the client's bank account.

The redemption request form can be used at any time to cancel the existing regular redemption (section 4).

Please note we are not able to provide this facility to a non domiciled NZ bank account.

IOOF Integral Master Trust Redemption – Overview



Auto-rebalancing function

As with the global pools, the IOOF IMT Fund(s) rebalance at asset level within each fund on a weekly basis.

Investors have the option of specifying a blend of funds. As three of the funds are single asset classes (global equities, fixed interest, cash holding fund) this provides advisers with an ability to create and maintain portfolios with allocations to specific asset classes. Advisers with their client's approval can specify which funds they would like to rebalance. This rebalancing will be performed at the pricing date of the 19th of each month.

The auto-rebalancing function is not a DIMS and as a result will not grant an adviser the ability to change the investment profile of a client.

For new investors, opt in via the investor detail form (section 6). You may want to rebalance across the whole portfolio or only part of the portfolio. Should the initial profile not agree with your clients future objectives a switch form will be required to change the profile. Please refer to section 2 and 5 to change the investor profile.

Any PIE tax liability will be retained in the portfolio until attribution. At attribution the actual PIE tax owing will be redeemed and transferred to the IRD on the 20th April.

If a switch request transaction have been processed on the same day that auto-rebalancing is scheduled to occur then auto-rebalancing will not occur for that date. It will still remain active and will resume on the next balancing date.

For further guidelines refer to Auto-Rebalancing Guide.

Adviser fees

Ongoing Service Fee

Please remember to nominate from which fund the fees must be deducted, if you do not complete this section we will sell down units from the most conservative fund invested into.

You now have the ability to charge a tiered fee (up to six tiers). If you provide us with your disclosure statement – disclosing your tier structure and this structure is for all your clients – we can preload this against your profile.

Deductions can be made monthly/quarterly/annually.

If you are not registered for GST, it is **imperative** that you advise us in writing. The amount will be deducted the same time as fees are deducted by selling units and paid into your nominated bank account.

Implementation fee for Britannia Scheme clients

This amount will be deducted from the initial investment at the time of investing in the Funds, and paid to your respective bank account the day following. At this time we are not providing any monthly reconciliation reports for amounts paid to you.

Other reporting

Adviser receives copies of the Quarterly/Tax Statements & Performance report in batch files.

Quarterly transaction statement

All clients who invest directly into the IOOF IMT receive a quarterly transaction statement (April-June, Jul-Sep, Oct-Dec, Jan-Mar) as per trust deed requirements.

As from 2015 advisers can opt to receive a copy of their respective clients' statements. This will be sent to advisers as a batch file via the registry mail-house facility.

Clients invested via the Britannia Superannuation Schemes will only receive the first quarter as per instruction of the superannuation trustees. However, clients can opt to receive these statements at any time by emailing info@integralonline.co.nz

Annual Report

An IOOF IMT Annual Report is produced every year after the independent audit is complete and the financial statements have been lodged with the Companies Office. An annual report will be sent out to all directly invested clients, however there is no registered date for this to be received by clients. If available a hard copy can also be requested from the IOOF Auckland office.

This report is available on our website, in the 'Quick links' section found at <http://www.ioofnz.com/>

For Britannia Superannuation clients, an annual report is provided by the superannuation scheme and copies can be requested from Britannia.

Tax statements

PIE tax statements are produced after attribution 31 March and sent to all clients in May. Where a rebate is owing and the amount is over \$10, this will be reinvested into the clients' fund. Where a client has fully redeemed out of the fund and the amount is over \$10 the amount will be paid to the client's bank account in New Zealand.

Monthly performance

The IOOF IMT monthly performance sheet is located on the IOOF website within the 'Facts sheets' tab within 'Documents and forms.' This is available on the 20th of the following month.

Annual Performance Report

A performance report can be sent to your client with the tax certificate. This report reflects in flow/out flow and portfolio performance for the year.

Other

When a new prospectus is lodged with the Companies Office all prior investment statements are obsolete and cannot be used. Please dispose of any predated forms that you may have, as we will no longer be able to accept them.

Investment statements and forms can be viewed here http://www.ioofnz.com/about_us/ioof/ioof_nz/integral_master_trust/documents_and_forms

The individual forms can be located within the 'Document and forms' tab. Please dispose of any predated forms that you may still have, as we will no longer be able to accept them due to the various changes.

A hard copy of the IOOF Integral Master Trust Investment Statement is available for to distribution to prospective high net worth investors.

Further information in relation to PIE Tax, PIR & PIR Form as well as other collateral is available at http://www.ioofnz.com/investments/product/integral_master_trust

Rebalancing Guide

Some guidelines in relation to the Auto-rebalancing function to facilitate you in your decision making.

Please note: the auto-rebalancing function is not a DIMS and as a result will not grant the adviser the ability to change the investment profile of the client. For Superannuation clients, the Britannia Superannuation Trustees will sign the required documentation. For IMT Direct clients the client needs to sign the required forms.

Your client may want to rebalance across the whole portfolio or only part of the portfolio.

Auto-Rebalancing Overview

Automatic Rebalancing offers an automated opportunity for an investor to maintain their desired investment risk ratios based on nominated percentage profiles. Over the life-span of the clients investment the Rebalancing process will run at set intervals and assess the desired investment profile against the actual investment profile and subject to the Rebalancing rule-set will make adjustments to the investments to match the desired profile *as best as possible.

Automatic Rebalancing is intended as a process to compliment an existing investment strategy and to maintain this strategy in a more financially beneficial fashion than switching or withdrawing and re-investing.

It should not be used as a means to **radically alter a clients investment split; it also cannot be used in conjunction with "regular switches" as the two will undo each-other.

If a desire to drastically change a client's investment split is needed then a manual switch request accompanied by a corresponding Rebalancing profile change is the correct way to make this update.

* Variations in buy/sell prices coupled with the automatic Rebalancing rule-set mean that the actual percentages held by an investor may differ to the nominated profile percentages.

** An example of radically altering a client's investment split would be nominating an investment profile that indicates 100% should be held in the Balanced Fund when the actual investment is 100% in the Conservative Fund.

For new investors (Opt-in)

Investor Detail Form (section 6):

Investment profile/Rebalancing

The following 'investment profile' should be recorded against my/our account, and will be used to assist my/our adviser in monitoring my/our investment.

The Manager will undertake automatic rebalancing based on the allocation percentage. Any fund can be excluded from this rebalancing by ticking the "Exclude" box. Your portfolio will not be rebalanced If you have a regular fund switch request.

Fund	Allocation %	Exclude
Cash Holding	%	<input type="checkbox"/>
Fixed Interest	%	<input type="checkbox"/>
Conservative	%	<input type="checkbox"/>
Balanced	%	<input type="checkbox"/>
Global Equities	%	<input type="checkbox"/>
Total (must equal 100%)	%	

We will maintain the */* ratio and the portfolio will rebalance monthly/biannually/annually when the all rules are met and the thresholds variance applies.

Auto Rebalancing Rule-set

- Automatic rebalancing will apply to all “enabled” portfolios regardless of balance unless otherwise specified (checkbox in system).
- All account/portfolio valuations will be performed using the “Sell” price.
- Percentage specified for each profile will be calculated as (Available Portfolio Value multiplied by per cent).
- If specified percentage does not total 100 per cent the rebalancing action will be deemed invalid for that portfolio and no transactions will occur.
- Where a percentage calculation creates a value greater than the Portfolio Value a corrective rounding adjustment will be made.
- Rounding adjustments will be made against the first rebalancing profile.
- Rebalancing transactions will NOT have PIE tax deducted (Non-taxable transactions).
- Rebalancing will NOT occur where the threshold rules are not met.
- Where an account requires the sale of units to match the rebalancing profile defined only a net value will be available for redemption. This is to ensure that the unique PIE tax liability of the account can be met at attribution.
- This facility is not available to clients using dollar cost averaging and or regular switching.
- Rebalancing will not occur if it results in a breach of the minimum balance rules. Account balance – An account is required to hold a minimum balance of \$1,000.00. Portfolio balance – A portfolio is required to hold a minimum balance of \$10,000.00

Client fund accounts may not Rebalance if the result will breach minimum balance rules (Minimum Balance Rule)

The IMT fund minimum balance rules are applied to automatic Rebalancing. In manual processing circumstances these are often ‘over-ruled’ however for an automated process the system cannot make discretionary decisions so it must apply the rule-set that is defined. There are two distinct rules regarding minimum balances in the IMT, the first rule is that a single fund must have a minimum balance of at least \$1,000.00. The second rule is that the total investment portfolio value must have a minimum balance of at least \$10,000.00.

Where automatic Rebalancing is to occur the account balances are modelled to determine what they will be after Rebalancing transactions take place. If the Rebalancing event will result in a fund balance or a total portfolio balance that is less than the specified fund balance rules then Rebalancing will NOT occur.

Resulting Scenario: Where nominated profile percentages radically differ to the actual investment percentages a Rebalancing event may not occur for many months due to the resulting minimum fund account balances breaching the above rules.

Client fund accounts retain a balance for PIE Tax purposes (Non-taxable switching benefit)

Automatic Rebalancing takes full advantage of the clients fund account PIE tax liabilities, this means that the account will always retain a balance large enough to cover the PIE tax payable for the account at Attribution or Full Withdrawal. This reserved PIE tax balance is retained as units which (in order to maximise investor return) may also continue to make additional gains that would otherwise be lost under a typical Withdrawal or Switch event.

Resulting Scenario: Where automatic Rebalancing is NOT occurring due to the “Minimum Balance Rule” the retained PIE tax account balance/units (if any) may eventually allow the client fund account to reach a sufficient balance that the “Minimum Balance Rule” is no longer breached. (eg a client may have a nominated Profile of 95% Balanced Fund and 5% Conservative Fund, if the clients Portfolio balance is very low then the 5% account value would likely breach the minimum balance rules and not Rebalance. However over time the Conservative Fund will eventually accrue a reserved balance for PIE Tax purposes that will no longer result in a breach of the minimum balance rules, at this point in time a Rebalancing event may occur. This scenario could mean a portfolio does not rebalance for many months even though the process is active.)

- The functionality is not available to rebalance over multiple investment products. For example IMT Direct & Super = 100%; Super 2012 + Super non -2012 = 100%.
- If you have a switch request transaction being processed on the same day that the auto-rebalancing is scheduled to then auto-rebalancing will not occur for that date. It will still remain active and will resume on the next rebalancing date.

Thresholds

- Only perform rebalancing transactions where variance between desired percentage split and actual percentage split is greater than a specified threshold.
- Threshold is based on the total absolute difference across all accounts, not an individual account level ie at portfolio level.
- Minimum threshold must be greater than 0.25 per cent.
- Threshold are tiered based on gross portfolio value to prevent negative impact to high or low value investors by a single threshold value

Investment Value	Variance % Minimum Before Rebalancing Occurs
<\$25,000	5%
<\$50,000	4%
<\$100,000	3%
>\$100,000	2%

Desired profile percentages must differ by actual percentages by more than the specified values (Threshold Rule)

Several funds include a pricing spread, meaning that if you purchased units and sold units on the same day you would technically lose money due to the difference in buy and sell rates. This is very common in variable rate unit trusts which includes the majority of market PIE funds including KiwiSaver. The purpose of this rule is avoid Rebalancing proportionately small amounts which will result in a loss or very limited financial gain.

Resulting Scenario: Depending upon the performance of the funds, the client's balances and the applicable thresholds, a clients accounts may not rebalance at the scheduled intervals even though a difference in profile % and actual % has occurred.



PIR's and PIE Tax Guide

On page 20 of the Investment Statement we have a summation of Prescribed Investor Rates (PIR) and in general on how to determine the PIR rate for a client.

For all new clients – within the Investor detail form, section 2 Tax details, this rate together with the clients IRD number needs to be completed. If this section is not completed the rate will automatically default to 28%.

Please note that PIR selection is based on the “previous two income years of taxable income” refer to the following link for assistance: <http://www.ird.govt.nz/toii/pir/workout/>

What happens if your PIR changes:
<http://www.ird.govt.nz/toii/pir/changes/>

If your...	and...	then...
PIR applied in earlier periods was 28%	your new PIR is 17.5%	you will not be able to get a refund of tax calculated at the higher rate.
PIR applied in earlier periods was less than your new PIR of 28%		you must include the income taxed at the lower rate or rates in your tax return and pay any balance of tax. You will be given a credit for the tax paid.

- **New clients:** Your client receives notification of the PIR rate used with the welcoming letter.
- **For IISW migration clients:** Your client received a welcoming letter and Change of PIR form.
- **At year end with the Tax Certificate:** Your client is advised to check their PIR rate and advise.

Clients can change their PIR rates at any time during the year. It is important to have the correct rate before 31 March.

The IOOF IMT PIE's are exit PIE's – therefore should your client redeem units during the financial year at an incorrect PIR rate we are unable to refund you client if there is an overpayment. Please note tax deducted during the month is remitted to the IRD on the 20th of the following month. All payments are only reflected to the clients IRD account after attribution (end of the financial year).

If your client has not redeemed units during the year then the tax deduction only occurs at the end of the financial year, any PIR adjustment you make during the year will apply to the whole year.

For existing clients wanting to change their PIR, a change of Prescribed Investor Rate form must be completed. For IMT Direct clients the client is required to sign the form.

For Britannia Superannuation clients the Trustees of the Fund can sign the IOOF IMT PIR form because the Britannia Superannuation Scheme invests into the IOOF IMT. You may want to check with the Britannia Superannuation Scheme if they have any procedural requirements to be completed prior to the IOOF IMT PIR form being submitted.

This form helps protect the entities involved and should be treated the same way as any other tax code declaration, it is important that an investor understands what their responsibilities are regarding tax codes and if they need to include any PIE income/loss on their personal tax returns.

Tax Certificates

PIE tax is payable per fund, consolidated into to one document, per investment portfolio.

PIE Taxable Income (this income is representative of your taxable liabilities under the PIE regime and can differ to the actual value gained or lost through the purchase and sale of units) * **PIR rate = Gross PIE Tax payable**

Less Tax credits (can consist of foreign tax credits, imputation credits, resident withholding tax and foreign dividend withholding payments if applicable to the underlying asset investment)

Less Tax paid on any redemptions during the year

Equals Net PIE Tax payable (paid to IRD within 30 days of financial year end)

The Redemption price is the unit pricing of the 31 March

- **Rebates:** if the clients fund incurs a PIE Taxable Loss, the client is likely to receive a rebate. If a PIE Tax Rebate is due it will be automatically re-invested into the clients fund/or if the client has already exited it will be credited to the clients bank account – if the amount is more than the De Minimis.
- An exited client may also be a due a rebate at financial year end for any unclaimed tax deductible fees. If a rebate on any fees is due it will be credited to the client's bank account – if the amount is more than the De Minimis.