



## Affinity Healthcare Worldwide Growth Trust Investment Statement

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### IMPORTANT INFORMATION FOR INVESTORS

*(The information in this section is required under the Securities Act 1998.)*

*Investment decisions are very important.*

*They often have long-term consequences.*

*Read all documents carefully. Ask questions.*

*Seek advice before committing yourself.*



Affinity Healthcare Worldwide Growth Trust provides the opportunity to invest in health and medical-related companies throughout the world in New Zealand dollars.



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This Investment Statement  
is dated October 2007  
and is provided for the  
purposes of the Securities  
Act 1978 in relation to  
a Unit Trust established  
under the Unit Trusts  
Act 1960.

## Choosing an Investment

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When deciding to invest, consider carefully the answers to the following questions. The answers 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 this investment.

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.



## **Choosing an Investment Adviser**

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You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- ◆ Whether the adviser gives advice only about particular types of investments; and
- ◆ whether the advice is limited to the investments offered by one or more particular financial organisation(s); and
- ◆ whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure within five working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition:

- ◆ If an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- ◆ if an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.





Affinity Healthcare Worldwide Growth Trust is an aggressive fund which aims to achieve capital growth through investment in health and medical-related companies throughout the world.

## **Affinity Healthcare Worldwide Growth Trust - An overview**

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### **Introduction**

Affinity Healthcare Worldwide Growth Trust (the Trust) is an aggressive fund, which aims to achieve capital growth through investment in health and medical-related companies throughout the world.

There are over 1,000 listed health care companies worldwide. Until now investing in this growth sector from New Zealand has been difficult due to the lack of information and research coverage. However, an exposure to this growing industry can now be achieved through investment in Affinity Healthcare Worldwide Growth Trust.

Affinity Healthcare Worldwide Growth Trust is not a diversified investment. Rather, the Trust is invested exclusively in the health and biotechnology sectors and as such is not intended to be a complete investment programme.

The Trust's specialisation in health care exposes investors to the dynamics of that sector alone and as such the degree of price volatility experienced will be high.

### **Objective**

Affinity Healthcare Worldwide Growth Trust has been designed to give New Zealand investors access to the fast-growing, worldwide health care sector.

The Trust aims to achieve long-term capital growth for investors through investment in companies at the leading edge of research and development, and/or production and distribution of health and medical-related products and services.

There is no guarantee that Affinity Healthcare Worldwide Growth Trust will achieve its growth objective.

### **Structure**

Affinity Healthcare Worldwide Growth Trust is structured as a Unit Trust to ensure that the integrity of the management of the Trust is maintained.

The Unit Trust is constituted under a Master Trust Deed and a Unit Trust Establishment Deed as amended. Both deeds are made between Trustees Executors Limited as Trustee and Affinity Funds Management Limited.

Under the Unit Trust structure the Trustee is the legal owner of all the assets of the Trust. The Trustee is also responsible for monitoring compliance by the Manager with the terms of the Master Trust Deed and the Unit Trust Establishment Deed as amended.



The growth potential of the companies which are delivering new therapies, improved medical outcomes and more cost effective treatments underpins the benefits of health care technology investments.



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### **Investment Strategy**

Affinity Healthcare Worldwide Growth Trust provides investors with exposure to the global health care industry. The benefits of health care sector investment are derived from the following factors:

- ◆ The need for health care is fundamental and universal.
- ◆ The propensity of people to become ill or disabled is relatively constant, with little seasonal or economic fluctuation.
- ◆ The ageing population of the developed world is creating high rates of growth in the demand for health care.
- ◆ There is mounting pressure on both personal and public funding sources to pay for new therapies and the increasing demand for health care.

To address this increasing demand for health care and the associated cost pressures, health care companies are applying innovative technologies and developing new products and services. The growth potential of the companies which are delivering new therapies, improved medical outcomes and more cost effective treatments underpins the benefits of health care sector investment.

Affinity Healthcare Worldwide Growth Trust has the potential for above average returns derived from its investment in the following health care industry sub-sectors;

- ◆ biotechnology,
- ◆ pharmaceuticals,
- ◆ medical services, and
- ◆ medical devices.

Health care is a worldwide industry. To participate in all sectors Affinity Healthcare Worldwide Growth Trust will invest either directly into health care businesses or via selected health sector investment managers.



The Manager's approach is to invest exclusively in health and medical-related companies at a price that presents the opportunity of long-term capital growth.

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### **Investment Approach**

The Manager's approach is to invest exclusively in health and medical related companies at a price that presents the opportunity of long-term capital growth. The Manager will monitor the growth prospects of the assets in the portfolio over time and will usually hold the assets for the medium to long term.

Typically, the portfolio will exhibit a small to mid-cap company bias. (Small to mid-cap companies have market capitalisations of \$US1-\$US5 billion.) This reflects the profile of the industry in general and gives investors a broad exposure to the global health care sector.

After carrying out extensive due diligence, the Manager is currently making wholesale investments via the Framlington Health Fund, a UK-based, unlisted Unit Trust which is not available to New Zealand retail investors.

The Trust has also invested directly in listed Australasian health care and technology companies and a UK-based, biotechnology Unit Trust.

The Manager is continuing to use AXA Framlington as the core investment of the Trust.

### **Risk / Reward Profile**

An investment in Affinity Healthcare Worldwide Growth Trust may improve the performance of an investor's portfolio due to the Trust's relatively low correlation to more diversified funds. These returns may be generated independently of movements in the wider sharemarket.

However, investment in a specific sector carries higher risk, as measured by the volatility of the Unit price, which investors should be aware of. Despite a positive long-term outlook for the health care industry, returns may be negative from time-to-time.

Investors should only purchase Units in Affinity Healthcare Worldwide Growth Trust if they intend to hold them for a minimum of ten years and investment performance should not be judged on a year-to-year basis. The Trust is high risk and should not constitute an entire investment portfolio.



Worldwide, growth in the health care sector is projected to continue at an increasing rate as a result of lengthening life expectancy and growing numbers of elderly.



## **Health Care - A Growth Industry**

The life expectancy of people worldwide has increased dramatically since World War II when the average person had a life expectancy of 45 years'. Today, worldwide average life expectancy has reached 65 years and continues to increase. In developed countries life expectancy is even longer, with people typically living until their late 70's. This is due to advances in medical technology, reductions in infant mortality, and improvements in sanitation, diet and general health.

To compound the effect of lengthening life expectancy, the number of elderly will increase over the next 40 years due to the lasting effects of the "baby boom". Following World War II, most developed countries experienced increased birth rates and in the United States, Canada, United Kingdom, Ireland, Australia and New Zealand this trend continued until the late 1960's causing a significant demographic bulge.

Senior citizens are the heaviest users of hospitals and health care services. They spend longer periods of time in hospital, are admitted more often and occupy more beds. The 65-plus age group consumes health services at five to six times the rate of the rest of the population.

In New Zealand alone, the number of people over 65 is projected to double by 2030. The number of people over 85, the very high users of health care, is projected to quadruple.

As a result of lengthening life expectancy and growing numbers of elderly, many health care businesses expect increasing demand for their products and services.





Companies able to lower the cost and improve the effectiveness of health care delivery will have large markets for their products and services.

## The Growing Cost of Health Care

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Competing demands for increased expenditure on health care, education and social services are placing severe strain on public funding sources. In particular, governments worldwide are struggling to cope with the demand for increased health care expenditure resulting from increasing life expectancy and the growing number of elderly.

This problem will be exacerbated in the future as the "baby boomers" retire and governments have to fund higher levels of health care expenditure from a decreasing base of tax paying citizens. In thirty years time, there will be 2.5 taxpayers for every senior citizen over 65 compared to 4.5 taxpayers today.

Two additional factors will increase the pressure on public health care budgets in the future. In particular, many medical problems remain unsolved and conditions such as cancer, arthritis, diabetes and AIDS pose serious challenges for health researchers. However, given that millions of people suffer from these diseases, there is huge incentive for health care companies to develop therapies to alleviate and treat these conditions. As these therapies become available this will add further to national medical bills.

In addition, rapid technological improvements are likely to lead to an increase in the availability of new health care products. Dramatic developments in less invasive surgical techniques are also being made. The availability of new remedies and treatments will increase both the demand for health care products and services and the expenditure associated with them.

In response to these factors there is likely to be increased pressure for cost containment in the health care industry. This cost containment will come in a number of forms. Governments are likely to seek health care products and services from the lowest cost provider, be that a public or private organisation. Furthermore, equipment and service providers to the health care industry will be under continual pressure to innovate and reduce the costs of health care delivery.

Companies able to lower the cost and/or improve the effectiveness of health care delivery will have large markets for the products and services. These are the companies Affinity Healthcare Worldwide Growth Trust seeks to invest in.

The need for health care is universal and relatively immune to economic recession or seasonal fluctuation. This non-cyclical nature of health care demand is important for investors.



## Health Care Sub-sectors

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The majority of companies involved in research, development, production and distribution of health care products and services are based in the United States. The United Kingdom, Europe and Japan also have established health care industries. Affinity Healthcare Worldwide Growth Trust provides an opportunity to invest in health care companies in New Zealand dollars.

The Trust will invest across four sub-sectors of the health care industry, each of which has its own growth dynamic. These sub-sectors are:

### **Biotechnology**

Biotechnology firms employ new technologies, to produce innovative therapeutic and diagnostic products. Many of these products diagnose or treat conditions for which no similarly accurate diagnostic method or effective therapy currently exists. As a result, the Manager expects an acceleration in the commercial availability of biotechnology products and corresponding growth in the markets for them. This is likely to generate significant revenues and earnings for successful biotechnology companies.

### **Health Care Services**

This large health care sub-sector comprises companies that offer services as opposed to manufactured products. Given that the elderly are the heaviest and most frequent users of hospitals, their growing numbers will drive the growth in this service area. At the same time, cost containment measures directed at minimising hospitalisations will result in growing demand for day-patient surgery, convalescent care and out-patient rehabilitation, community-based services and other alternatives to traditional hospitalisation. Those companies delivering these services more effectively and/or at a lower cost offer attractive investment opportunities for the Trust.

### **Medical Devices**

This sub-sector includes all companies which produce non-pharmaceutical medical products including stents, pacemakers, catheters, defibrillators, orthopaedic products, and diagnostic equipment. The Managers of the Trust believes that innovation in medical equipment, devices and supplies will continue to create new and substantial markets for these products, thereby generating attractive revenues and earnings for the companies that manufacture them.

### **Pharmaceuticals**

These companies are engaged in the development, production and/or distribution of pharmaceutical products and technologies, including prescription and non-prescription drugs. Pharmaceutical companies whose products enjoy unique market positions due to superior therapeutic benefits, reduced side effects, patent protections or convenient dosage forms, have the potential to provide above-average returns to investors.



There are specific opportunities and risks which are particular to an investment in the health care sector. Investors should be aware that these opportunities and risks will result in a high level of volatility in the performance of the Trust.

## Opportunities and Risks

### OPPORTUNITIES

#### Proprietary Technology Protection

Companies that are the first to successfully develop health care products or technologies may receive the necessary government approvals to market them prior to their competitors. In certain cases, they will receive patent protection. The granting of a patent may result in a substantial period of protection for a particular product or technology, providing an opportunity for the patent holder and its licensees to realise high returns on their investment.

In the opinion of the Manager, the prospect of realising such high returns provides strong incentives for health science companies and entrepreneurs to develop new products and technologies. In turn, this creates an environment that provides Affinity Healthcare Worldwide Growth Trust with attractive investment opportunities.

#### Cost Containment

The growing cost of health care provision has placed mounting pressure on public and private funding sources and this cost pressure is expected to intensify. This cost-focused environment provides a fertile setting for innovation and technological advancement. Cost containment can be achieved in numerous ways, including;

- ◆ the development of products and procedures that hasten the time it takes to recover from an illness or injury,
- ◆ products and services that result in fewer side effects than existing treatments, and
- ◆ health care delivery facilities and services that provide treatment or therapy in a less costly environment.

The Manager favours investment in health care companies that are responding to this need for cost containment. By providing products and services of comparable quality to, but at a lower cost than, existing products and services such companies are likely to experience large growth in their markets.

### RISKS

#### Industry Risk

Unlike more widely diversified funds, Affinity healthcare Worldwide Growth Trust is subject to industry risk. Specifically, the possibility exists that particular health care technology stocks may decline in value as a result of industry-wide changes. For instance, the products and services of health care companies may be funded or subsidised by governments. Discontinuance of government subsidies or changes in public health care policy could adversely affect the profitability of such companies. Furthermore, many products and services provided by health care companies are subject to rapid obsolescence.

Globalisation and the pervasiveness of information technology appear to have increased the importance of worldwide themes or trends in steering share prices.



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### **Investment in Emerging Companies**

Affinity Healthcare Worldwide Growth Trust may invest in start-up and smaller, less-proven companies which may not have long operational or earnings histories. Investment in these companies offers high growth potential, but also carries greater risk than investment in the securities of more established companies.

### **Product Liability Risk**

Health care companies are exposed to potential product liability risks which are inherent in the testing, manufacturing and sale of human therapeutic and diagnostic products. There can be no guarantee that a product liability claim would not adversely affect the value of Affinity Healthcare Worldwide Growth Trust's investments.

### **Product Efficacy Risk**

The cost of producing new pharmaceutical products can be very high and the ability to market and distribute them is dependent upon approval by regulatory bodies such as the United States Food and Drug Administration (FDA). The testing of new products by regulatory bodies is rigorous and may be carried out over several trial stages. There is a risk that product development costs may not be recouped if a new product fails to get approval during its trials and this may negatively impact on the value of some of the Trust's underlying investments.

### **Valuations of Unlisted Investments**

Affinity Healthcare Worldwide Growth Trust may invest in unlisted health care businesses. A valuation methodology for such investments will be agreed between an expert valuer and the Trustee before any such investment is made. Valuations will be an estimate that can only be confirmed when a purchase or sale is made. Market liquidity may mean an unlisted investment may not achieve the price reflected in the valuation and consequently the value of the Trust's investment may not be realized.

### **Geographical and Exchange Rate Risk**

The majority of health care companies are based in the United States, and as a result the Trust's portfolio is likely to be heavily weighted in favour of companies domiciled there. Therefore, any downturn in the United States economy or sharemarket may impact more heavily on the returns from Affinity Healthcare Worldwide Growth Trust than on the returns from funds with more geographically diversified assets.

In addition the majority of the Trust's assets are denominated in currencies other than the New Zealand dollar. As a result, movements in exchange rates may cause the value of the Trust's investments to fluctuate independently of sharemarket movements.



## Questions and Answers

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### *What sort of investment is this?*

Affinity Healthcare Worldwide Growth Trust (the Trust) is a Unit Trust which provides New Zealand investors with access to health care related companies, trusts and other entities throughout the world. A Unit Trust is essentially a pooling arrangement whereby money from a number of individuals is combined and invested by a professional manager acting on behalf of investors.

When investing in a Unit Trust the investor buys Units, which represent a share of the total asset pool. These Units entitle the investor to participate in the ownership of the assets and to share in their growth over time in direct proportion to the number of Units held.

Affinity Healthcare Worldwide Growth Trust is constituted under a Master Trust Deed dated 27 August 1999 and a Unit Trust Establishment Deed dated 27 August 1999 as amended, in each case between Trustees Executors Limited as Trustee and Affinity Funds Management Limited as Manager.

The objective of the Manager is to achieve long-term capital growth for investors within a safe business framework. The Affinity Healthcare Worldwide Growth Trust Master Trust Deed and the Unit Trust Establishment Deed provide strict procedures for the Manager to follow and the Trustee is responsible for monitoring compliance by the Manager with the terms of these deeds.

The Trust has been established to provide investors with access to the high-growth health care sector and the Trust's portfolio includes medical services, medical device, pharmaceutical and biotechnology equities. As most of these equities are currently domiciled overseas, the Manager engages the services of an overseas based manager(s) who specialises in the health care sector.

At the date of this Investment Statement the Trust has invested principally in the AXA Framlington Health Fund, a Unit trust domiciled in England which is not available to New Zealand retail investors. The AXA Framlington Health Fund invests in health care businesses throughout the world,. The Trust has also invested directly in Australasian health care equities and in a listed, UK-based, biotechnology Unit Trust.

The assets of Affinity Healthcare Worldwide Growth Trust will predominately include, but are not limited to the following:

- ◆ Cash.
- ◆ Deposits in any currency with a registered bank.
- ◆ Health care service, medical device, pharmaceutical and biotechnology equities, and health care funds held either directly or through other pooled funds.

There are over 1,000 listed health care companies worldwide. An exposure to this growing industry can now be achieved through investment in Affinity HealthCare Worldwide Growth Trust.



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The objective of the Manager is to maximise returns to investors through the appreciation of the Unit price. The Directors of the Manager therefore initially intend to declare no dividends and reinvest earnings.

The Manager invites investors to subscribe for Units in Affinity Healthcare Worldwide Growth Trust. Units were initially allotted at \$1.00, however, the current Unit price will vary depending upon the Net Asset Value of the Trust.

The minimum investment is \$3,000.00 or, in respect of regular savings, an initial investment of \$1,000.00 and then a minimum of \$100.00 per month.

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### ***Who is involved in providing it for me?***

#### **The Trust**

The name of the Trust is Affinity Healthcare Worldwide Growth Trust.

#### **The Manager of the Trust**

The Manager of the Trust is Affinity Funds Management Limited. The Manager is responsible for the day-to-day management and administration of the Trust.

The Manager has contracted some of these responsibilities to the Fund Services Division of Trustees Executors Limited. Its office is located on the 1st Floor, 50-64 Customhouse Quay, Wellington.

#### **The Trustee**

The Trustee is Trustees Executors Limited. The office of the Trustee is Level 12, 45 Queen Street, Auckland. The Trustee's nominee company is TEA Custodians Limited. Its office is on Level 12, 45 Queen Street, Auckland.

#### **The Unit Registrar**

Trustees Executors Limited provides registry services for Affinity Healthcare Worldwide Growth Trust.



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## *How much do I pay?*

There are two ways of investing in Affinity Healthcare Worldwide Growth Trust. For lump sum investors there is an initial minimum investment of \$3,000.00, payable upon application. The initial application may be for any sum of \$3,000.00 or over as specified on the application form.

Lump sum investors may apply to add to their investment at any time with a minimum amount of \$1,000.00. Each time an additional investment is made a new Application Form must be completed.

Alternatively, those wishing to invest via regular savings can make an initial investment of \$1,000.00 and complete a direct debit authority for a minimum of \$100.00 per month.

Units are issued only on a valuation day. At present valuation days are each Wednesday or, if any Wednesday is not a business day, on the next following business day.

An application for Units must be received by 10am on the relevant valuation day and be accompanied by;

- ◆ a cheque for the amount of the application moneys or, alternatively,
- ◆ details of a direct credit of the application moneys which must be received on the relevant valuation day.

If these conditions are not met the application will take effect from the next following valuation day at the price prevailing on that valuation day.

The completed Application Form, together with payment (if applicable), should be mailed to:

The Manager  
Affinity Healthcare Worldwide Growth Trust  
C/- Trustees Executors Limited  
PO Box 409  
Wellington

Cheques are to be made payable to: TEA Custodians Limited - Affinity.

The price of Units will be the Net Asset Value of the Trust per Unit. The assets of the Trust will be valued at 12 noon on each valuation day using the latest available prices of the Trust's investments to determine the Net Asset Value. The Net Asset Value of the Trust is then divided by the number of Units on issue in order to determine the current Unit price.



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## *What are the charges?*

### **Entry Fee**

The Manager may charge an entry fee upon the issue of Units to a maximum of 5% of application monies. Approved promoters of the Trust and financial intermediaries who introduce investors may be paid part or all of this fee.

From time-to-time the Manager may change the entry fee payable by investors or change the proportion payable to advisers.

You should contact the Manager of your Financial Adviser to confirm the current entry fee.

### **Management Fee**

The Manager will receive a Management Fee of 1.5% per annum of the Gross Asset Value of the Trust, paid monthly in arrears within 14 days of the end of each calendar month.

As an incentive to generate consistently high returns, a Performance Fee is payable to the Manager. The Performance Fee is only calculated on days where the Unit price is at an all time high. The period over which the fee is calculated is the period since the previous all time high Unit price. The Performance Fee is determined by firstly calculating the rate per annum which is the difference between the percentage increase in the Unit price during the relevant calculation period and the average 90 day day bank bill rate during that calculation period, secondly multiplying the Gross Asset Value of the Trust by that rate per annum for the number of days in the calculation period, and then taking 10% of that resulting amount. The Performance Fee is that 10% amount.

The Manager's fees are paid from the assets of the Trust. In addition to such fees, the Manager is also entitled to recover any GST or similar tax.

### **Trustee Fee**

The timing and amount of the Trustee Fee is agreed by the Manager and the Trustee. The Trustee Fee is currently an annual fee of 0.1% of the Gross Asset Value of the Trust, with a minimum fee of \$15,000 per annum. The Trustee Fee is paid from assets of the Trust.



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### **Operating Expenses**

Expenses incurred by the Manager and the Trustee in carrying out business on behalf of the Trust are reimbursed out of the assets of the Trust. These expenses can include legal, accounting and audit fees, printing, prospectus and stationery costs, costs associated with the keeping of the register and other sundry costs associated with the administration of the Trust.

The Fund Services Division of Trustees Executors Limited is paid an annual fee of 0.14% of the Gross Asset Value of the Trust, with a minimum fee of \$12,000.00 per annum, for providing certain administrative services to the Trust.

### **Termination Fee**

If Unit Holders resolve to remove the Manager, the Manager is entitled to compensation equal to the fees paid to the Manager in the financial year immediately preceding the year in which the Manager is removed.



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## *What returns will I get?*

Returns from an investment in Affinity Healthcare Worldwide Growth Trust will consist of capital appreciation in the value of the Units held, resulting from an increase in the value of the underlying assets of the Trust. The degree of volatility in the value of these underlying assets will be high and returns will vary from time-to-time. Returns should not be judged on a year-to-year basis as an investment in Affinity Healthcare Worldwide Growth Trust should be made with a minimum investment horizon of ten years.

Affinity Healthcare Worldwide Growth Trust is designed for those seeking long-term capital growth rather than income. As a result, Unit Holders will not ordinarily be paid income. However, the Manager may, from time-to-time, recommend distributions be made to Unit Holders. These will be paid, less any applicable taxes, either by direct credit into a bank account nominated by the Unit Holder or as additional Units reinvested in the Trust, at the discretion of the Unit Holder.

Investors should be aware that no level of return has been promised or can be guaranteed by the Manager. Past returns do not guarantee future performance.

Trustees Executors Limited as Trustee, is legally liable to pay the returns to Unit Holders out of the assets of the Trust.

As at the date of this Investment Statement, the Trust is treated as a company for New Zealand tax purposes. Assessable income of the Trust is therefore taxable at the rate of 33%. The Trust makes full provision for any current tax liability and a provision for any deferred tax liability. Tax paid by the Trust will give rise to imputation credits and/or foreign dividend withholding payment credits.

Cash distributions from the Trust are treated as taxable income in the same way as dividend distributions from a company.

If a Unit Holder wishes to dispose of Units, Units may either be redeemed by the Trust or purchased by the Manager (at the Manager's discretion).



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In the case of Unit redemption, and subject to current legislation, a portion of the redemption proceeds may be treated as a dividend for income tax purposes. The amount of the redemption proceeds which is treated as a dividend will be calculated under the “slice rule”. Under this rule, and because the Manager treats each Unit Holder’s Units as a distinct class of Units, the dividend portion is the excess of the redemption proceeds over the total average purchase price of the Units being redeemed by the Unit Holder. To the extent that there are imputation credits or foreign dividend withholding payment credits available, the Manager shall distribute these credits with the redemption proceeds.

Investors should be aware that their personal tax position may differ from the general position outlined above. Accordingly, investors should seek independent tax advice concerning an investment in Affinity Healthcare Worldwide Growth Trust.



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## *What are my risks?*

An element of risk is associated with any type of financial investment. Risk in this context refers to situations that could result in an adverse or negative outcome from a financial investment. To minimise risk it is recommended that investments in Affinity Healthcare Worldwide Growth Trust be made for the medium to long term.

Due to the expenses incurred in running the Trust and possible adverse movements in the value of the assets of the Trust, if a Unit Holder redeems their Units they may receive less than the amount originally invested.

Affinity Healthcare Worldwide Growth Trust invests in assets in predominantly one industry sector and, as such, the volatility of returns is likely to be higher than those from funds which invest more broadly.

A further risk is a lack of geographical diversification. The majority of health care companies are based in the United States, and as a result the Trust's portfolio is likely to be heavily weighted in favour of companies domiciled there. Therefore, any downturn in the United States economy or sharemarket may impact more heavily on the returns from Affinity Healthcare Worldwide Growth Trust than on the returns from funds with more geographically diversified assets.

Furthermore, as the majority of the Trust's assets are denominated in currencies other than the New Zealand dollar, movements in exchange rates may cause the value of Units to fluctuate independently of sharemarket movements.

Affinity Healthcare Worldwide Growth Trust may invest in unlisted health care businesses. For unlisted equity investments a valuation methodology will be agreed between the Trustee and an expert valuer approved by the Trustee before any such investment is made. Values will be arrived at on the basis of estimated future returns which are subject to economic, regulatory, political and other uncertainties. Other unlisted investments will be valued in accordance with a valuation methodology agreed between the Manager and the Trustee before the investment is made. Valuations will be an estimate that can only be confirmed once a purchase or sale is made. Market liquidity may mean that a forced sale of an unlisted investment may not achieve the price reflected in the valuation and consequently the value of Units may decline.

After an investor has paid for their Units no further moneys will be requested unless more Units are purchased. Unit Holders will not be required to pay any additional money to any person in the event of the insolvency of the Trust or the Manager.

In the event that the Trust is wound up, all creditors of the Trust will be paid before the remaining assets are distributed to Unit Holders. All Unit Holders will rank equally in a winding up.



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### ***Can the investment be altered?***

The terms of the issue of Units may be altered by an extraordinary resolution of Unit Holders as set out in the Master Trust Deed and the Unit Trust Establishment Deed as amended.

The Manager and the Trustee can amend the Master Trust Deed or the Unit Trust Establishment Deed without reference to Unit Holders if, in the opinion of the Trustee, the amendment is made to correct a manifest error or is of a formal or technical nature, or in the opinion of the Trustee the amendment is necessary or desirable for the more convenient, economical or advantageous operation of the Trust or for safeguarding or enhancing the interests of Unit Holders and is unlikely to be or become materially prejudicial to Unit Holders, or if the amendment is to reflect a change in the law affecting Unit Trusts.

Additionally, the Authorised Investments of the Trust (being the types of investment which the Trust is authorised to invest in) and the investment policy of the Trust can be altered by the Manager if the Manager sends details of the proposed alteration to all Unit Holders and, after a 28-day notice period, no Unit Holders or Unit Holders holding less than 10% of the number of Units on issue give notice requiring a meeting to be called to consider the alteration. If Unit Holders holding 10% or more of the Units on issue do give notice, then the Manager must call a meeting to consider the alteration and can only adopt the alteration if the meeting approves the alteration by Extraordinary Resolution.

The entry fee payable by investors may be changed from time-to-time by the Manager. Investors should contact the Manager or their investment adviser to confirm the current entry fee before investing.



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### ***How do I cash in my investment?***

If a Unit Holder wishes to dispose of their Units, Units may be redeemed by the Trust or purchased by the Manager (at the Manager's discretion) on any valuation day by giving the Manager written notice of the intention to redeem or sell Units. Unless the entire holding is redeemed or sold, Units may only be redeemed or sold if the effect of the redemption or sale is to leave a Unit balance with a value of \$3,000.00 or more. Where the effect of any redemption or sale would be to reduce the value of the total number of Units held to below \$3,000.00 the Manager may refuse to redeem or sell unless the Unit Holder elects to redeem or sell all the Units held by them.

Applications to redeem or sell Units must be received by the Manager in the prescribed form by 12 noon on a valuation day. Any application received after 12 noon will be actioned on the next following valuation day at the price applying on that next valuation day.

Units will be redeemed or sold at the current Unit price being the Net Asset Value of the Trust divided by the total number of Units on issue. If the value of the Trust has reduced since the time of the original subscription the redemption or sale amount will be less than the amount originally paid for the Units.

Redemption or sale proceeds due to a Unit Holder will be paid to the Unit Holder within 10 business days of the date of redemption or sale. Payment will be made by direct credit to the Unit Holder's nominated bank account.

Redemptions or sales will only be completed where the application moneys for those Units are cleared funds.

The Manager will hold a minimum of 70% of the total assets of the Trust in assets which are readily saleable or redeemable, including shares in publicly listed companies and Units in listed and unlisted trusts. This should allow most Unit redemption or sale requests to be met without any disadvantages being incurred by existing investors remaining in the Trust.



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**However, if;**

- (a) the Manager receives a redemption or sale request, or a series of redemption or sale requests, within a three month period that in aggregate relate to more than 5% (or a percentage that the Manager specifies from time-to-time by not less than 30 days prior notice to Unit Holders) of the number of Units on issue, or
- (b) the Manager in good faith determines that it is in the general interests of all Unit Holders to defer immediate redemption or sale of the total Units requested,

then the Manager may determine that such Units may be redeemed or sold by installments on valuation days falling in a period determined by the Manager, or in total at the expiration of that period, and the redemption price will be calculated at the valuation day(s) on which the Units are redeemed or sold.

If the Manager receives a redemption or sale request, or a series of redemption or sale requests, within a three month period that in aggregate relate to more than 20% of the number of Units on issue at the date of receipt by the Manager of the redemption or sale request or last redemption or sale request, then the Manager may suspend the right of Unit Holders to make redemption or sale requests on the following conditions;

- (a) the Manager must notify the Trustee of its intention to suspend, and
- (b) the Manager must call a meeting of Unit Holders to consider the winding up of the Trust or such action as the Unit Holders deem appropriate.

A Unit Holder may sell their interest in their Units to another person, however, the Units may only be transferred in parcels of at least 1,000 Units. If a Unit Holder sells only part of their Unit Holding they must retain a Unit balance with a value of \$3,000.00 or more.

In the Manager's opinion, there is no established market for sales of Units.



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

In the first instance Unit Holders should direct enquiries to their Financial Adviser. If they are unable to assist, enquiries relating to your personal investment should be directed to:

The Manager  
Trustees Executors Limited  
Registry  
PO Box 409  
Wellington

Telephone 0800 228 899  
Facsimile 0800 734 329  
(0800 REG FAX)  
Email: [registry@trustees.co.nz](mailto:registry@trustees.co.nz)  
*All other enquiries to the Manager*

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### **All enquiries in relation to the Manager or the Fund please contact:**

The Manager  
Affinity Funds Management Limited  
PO Box 34441  
Birkenhead, Auckland

Telephone: 0-9-419 2855  
Facsimile: 0-9-407 7507  
Email: [enquiry@affinityfunds.co.nz](mailto:enquiry@affinityfunds.co.nz)

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

If a Unit Holder has a problem or a complaint regarding the investment they should contact:

The Manager  
Trustees Executors Limited  
Registry  
PO Box 409  
Wellington

Telephone 0800 228 899  
Facsimile 0800 734 329  
(0800 REG FAX)  
Email: [registry@trustees.co.nz](mailto:registry@trustees.co.nz)  
*All other enquiries to the Manager*

There is no Ombudsman for this class of investment.



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

In addition to the information contained in this document information about the Units and the Trust is contained in the Prospectus and the latest Annual Report for this investment. A copy of the Prospectus and the latest Annual Report may be requested in writing and may be viewed by arrangement with the Manager.

Copies of the Prospectus, the Master Trust Deed, the Unit Trust Establishment Deed and any amendments thereto are filed with the Companies Office at the Ministry of Commerce, Auckland and are available for inspection after payment of a fee. Copies of the Master Trust Deed, Unit Trust Establishment Deed and any amendments thereto may be inspected free of charge at the offices of Affinity Funds Management Limited by arrangement:

**Ph: 09 419 2855 / email: [enquiry@affinityfunds.co.nz](mailto:enquiry@affinityfunds.co.nz)**

Following the end of the Financial Year, Unit Holders will be supplied with a copy of the Affinity Healthcare Worldwide Growth Trust Annual Report that will include the financial statements of the Trust. In addition, the Affinity Healthcare Worldwide Growth Trust website [www.affinityfunds.co.nz](http://www.affinityfunds.co.nz) contains a wide range of information on the Trust, including performance figures, Unit price history, asset allocation and details of the Trust's underlying investments.





## Directory

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### **Director of the Manager of the Trust**

Chris Donahoe

### **Manager of the Trust**

Affinity Funds Management Limited  
PO Box 34441  
Birkenhead  
Auckland

Telephone 0-9-419 2855

Facsimile 0-9-407 7507

Email: [enquiry@affinityfunds.co.nz](mailto:enquiry@affinityfunds.co.nz)

Web: [www.affinityfunds.co.nz](http://www.affinityfunds.co.nz)

### **Trustee**

Trustees Executors Limited  
Level 12, 45 Queen Street  
PO Box 4197  
Auckland

### **Auditors**

John Cockcroft  
PO Box 6028  
Wellesley Street  
Auckland

### **Bankers**

National Bank

### **Solicitors**

To the Trust and the Manager: Richard Hanna, Auckland

To the Trustee: Buddle Findlay, Auckland

### **Unit Registrar**

Trustees Executors Limited  
Registry  
PO Box 409  
Wellington

Telephone: 0800 228 899

Facsimile: 0800 734 329

(0800 REG FAX)

Email: [registry@trustees.co.nz](mailto:registry@trustees.co.nz)







## How to Complete the Application Form

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### Completing the Application Form

Please complete all the relevant sections of the Application Form using BLOCK LETTERS. Write the full name of the person(s) who will be the owner(s) of the Units. This must be either your own name(s) or the name of a company.

Applications in the name of a minor, a trust or estate, business, partnership, club, association or other unincorporated body cannot be accepted. Applications made in the individual name(s) of the person(s) who is / are the legal guardian(s), or trustee(s), proprietor(s), partner(s) (as applicable) of those entities will be accepted.

### Lodgement of the Application Form

The completed Application Form, together with the application moneys, should be mailed to:

Affinity Healthcare Worldwide Growth Trust  
C/- Trustees Executors Limited  
PO Box 409  
Wellington  
New Zealand

A completed Direct Debit Form must accompany all Regular Savings applications.

### Please make cheques payable to:

TEA Custodians Limited - Affinity.

Trustees Executors Limited will forward confirmation of Units purchased to the postal address on the Application Form.

### Enquiries about the Application Form

All enquiries relating to the Application Form or the issue of Units should be directed to:

The Manager  
Trustees Executors Limited  
Registry  
PO Box 409  
Wellington

Telephone 0800 228 899  
Facsimile 0800 734 329  
(0800 REG FAX)  
Email: [registry@trustees.co.nz](mailto:registry@trustees.co.nz)  
*All other enquiries to the Manager*









**Consent Details / Privacy Act:**

I/we consent to the personal details that are provided on this Application Form being used by Affinity Funds Management Limited for the introduction of other products and services.

Yes  No

I/we consent to information regarding my/our holdings in Affinity Healthcare Worldwide Growth Trust being communicated to my/our Financial Adviser or the employees of my/our Financial Adviser.

Yes  No

**Authorisation Signatures:**

I/we understand that the terms and conditions of the Master Trust Deed and the Unit Trust Establishment Deed as amended, and as summarised in the Investment Statement, will be binding on me/us and I/we agree to accept the Units applied for (or such lesser number as may be allocated to me/us) on the terms and conditions contained in the aforementioned Trust Deeds.

Signature(s): .....

Date: .....

*Please send this completed Application Form with your cheque, and if applicable the completed Direct Debit Authority, to:*

*Affinity Healthcare Worldwide Growth Trust  
C/- Trustees Executors Limited - Registry  
PO Box 409  
Wellington*

**Adviser's Details:**

Adviser's Stamp

Entry Fee: 5% .....

Adviser's Name: .....

Company: .....

Branch: .....

Signature: .....

**Enquiries:**

Please direct enquiries to Trustees Executors Limited - Registry  
PO Box 409  
Wellington.  
Telephone 0800 228 899  
Facsimile 0800 734 329 (0800 REG FAX)  
Email registry@trustees.co.nz





## Conditions of this Authority

1. **The Initiator (Affinity Healthcare Worldwide Growth Trust)**
  - (a) Undertakes to give written notice to the Investor of the commencement date, frequency and amount at least ten calendar days before the first Direct Debit is drawn (but not more than two calendar months).  
This notice must be provided either:
    - (i) in writing; or
    - (ii) by electronic mail where the Investor has provided prior written consent to the Initiator.

In the event of any subsequent change to the frequency or amount of the Direct Debits, the Initiator has agreed to give written notice at least 30 days before the change(s) comes into effect.

This notice must be provided either: .

    - (i) in writing; or
    - (ii) by electronic mail where the Investor has provided prior written consent to the Initiator.
  - (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 the Investor.
2. **The Investor 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 such Direct Debit to be initiated under this Authority by the Initiator by giving written notice to the Bank prior to the Direct Debit being effected by the Bank.
  - (c) Where a variation to the amount agreed between the Initiator and the Investor from time to time to be Direct Debited has been made without notice being given in terms of clause 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 a 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 the Investor's account.
3. **The Investor acknowledges that:**
  - (a) This authority will remain in full force and effect in respect of all Direct Debits made from the Investor's account in good faith notwithstanding the Investor's 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 the Investor and the Bank in relation to the Investor's account.
  - (c) Any dispute as to the correctness or validity of an amount debited to the Investor's 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 between the Investor 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 or liability in respect of:
    - the accuracy of information about Direct Debits on Bank Statements
    - any variation 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 the Investor for any reason whatsoever. In any such situation the dispute lies between the Investor and the Initiator.
  - (f) Notice given by the Initiator in terms of clause 1(a) to the debtor responsible for the payment shall be effective. Any communication necessary because the debtor responsible for payment is a person other than the Investor is a matter between the Investor and debtor concerned.
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 the Investor and given to or drawn on the Bank.
  - (b) At any time terminate this Authority as to future payments by notice in writing to the Investor.
  - (c) Charge its current fees for this service in force from time-to-time.