

Ministry of Economic
Development

Manatū Ōhanga

Companies Office



CERTIFICATE OF REGISTRATION OF PROSPECTUS

(Under Section 42(5) of the Securities Act 1978)

AFFINITY FUNDS MANAGEMENT LIMITED

965773

This is to certify that a Prospectus, for AFFINITY FUNDS MANAGEMENT LIMITED,
dated the 18th day of January 2008 was registered on the 22nd day of January 2008.

Neville Harris

Neville Harris
Registrar of Companies
Dated this 23rd day of January 2008





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Prospectus

Affinity Healthcare Worldwide Growth Trust

18 January 2008

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This Prospectus is dated 18 January 2008 and relates to the Unit Trust (the Trust) known as Affinity Healthcare Worldwide Growth Trust. The matters disclosed in this document are required by the Securities Act 1978 and Schedule 3A of the Securities Regulations 1983.

Listing of the Trust is not being sought at the date of this Prospectus.

1. Description of the Trust

- 1.1 The name of the Trust offered in this Prospectus is Affinity Healthcare Worldwide Growth Trust.
- 1.2 The Trust was established in Auckland in August 1999 under the name "Calan Healthcare Worldwide Growth Trust" and changed its name on 8 May 2000.
- 1.3 The period of the Trust commenced on the date of its establishment and will terminate upon the earliest to occur of:
- (a) the date of termination specified by the Manager to the Trustee and to each Unitholder, being a date not earlier than 3 months after the date of such notice;
 - (b) the date 80 years less 2 days from the date of the Master Trust Deed (as defined in 1.4 below); and
 - (c) the date on which Unitholders determine to terminate the Trust by Extraordinary Resolution.

Upon the termination of the Trust the Trustee is obliged to sell all the Investments of the Trust and convert them into cash, to pay all liabilities, fees, costs and expenses of the Trust and to distribute the balance to the Unitholders in proportion to the number of units held by them.

- 1.4 The Units offered in this Prospectus are units in the Trust. The Trust is established by a Master Trust Deed dated 27 August 1999 (the **Master Trust Deed**) and a Unit Trust Establishment Deed dated 27 August 1999 as amended by a Deed of Amendment dated 8 May 2000 (the **Establishment Deed**), in each case made between Affinity Funds Management Limited as Manager and Trustees Executors Limited (**Trustees Executors**) as Trustee. The beneficial interest in the Trust Fund is divided into Units. The Units issued are all of the same class, confer an equal interest in the Trust Fund and are of equal value.
- 1.5 The Trust Fund is an open ended fund. There is no maximum number or amount of Units that may be issued in the Trust Fund.

Units can only be applied for by completion of the Application Form attached to the Investment Statement. Applications must be for Units having a minimum value of \$3,000 and thereafter subsequent applications must be for a minimum of \$1000. Alternatively Units can be applied for by regular periodic payments made by automatic bank authority. In this case, the minimum investment is an initial investment of \$1,000 and thereafter \$100 per month. Units shall be issued on any Valuation Day (see paragraph 4.2) at the Entry Price determined by the Manager by dividing the Net Asset Value of the Fund as at 12 noon on the relevant Valuation Day by the number of Units on issue on that Valuation Day.

The Manager may deduct an Entry Fee of up to 5% of the application monies and the investor or Unitholder will receive the number of Units equal to the amount of the balance of application monies (after deduction of the Entry Fee) divided by the Entry Price.

- 1.6 As noted above, the Manager may charge investors an Entry Fee upon the issue of Units to a maximum of 5% of the application monies. Approved financial intermediaries who introduce investors may be paid part or all of the Entry Fee.
- 1.7 The offer of the Units under this Prospectus remains open for the term of this Prospectus.

2. Managers, Promoters, Auditors and Advisers

- 2.1 The Manager is responsible for the day to day management and administration of the Trust in accordance with the provisions of the Master Trust Deed and the Establishment Deed. The Manager is Affinity Funds Management Limited. The address and registered office of the Manager is Waipoua Lodge, Kaitui, 4748 SH 12, Dargaville.

The sole director of the Manager is:

- 2.2 Christopher Stephen Donahoe
Kaitui, RD6, Dargaville.

- 2.3 The Manager was incorporated in New Zealand under the Companies Act 1993 on 7 July 1999 under number 965773 and under its former name Calan Healthcare Worldwide Growth Limited.

- 2.4 The Manager is not a subsidiary of any company.

- 2.5 The Manager does not act as manager for any other Trust.

- 2.6 There are no promoters of the Trust.

- 2.7 The Manager acts as both administration manager and investment manager for the Trust. The Manager has entered into a contract with the Fund Services Division of Trustees Executors delegating certain administration functions to it. These functions include:

- (a) receiving investors' applications and processing withdrawals on instruction from the Manager and keeping a register of each investor's unit holdings and the value thereof;
- (b) a Unit pricing service whereby the Fund Services Division of Trustees Executors provides a net asset value of the Fund per Unit on each Valuation Day;
- (c) six monthly reporting including financial statements, portfolio valuation, transaction listing and tax reports; and
- (d) being responsible for settlements of sales and purchases of investments with counterparties.

- 2.8 The Manager has not, nor have any directors of the Manager, during the five years preceding the specified date, been:

- (a) adjudged bankrupt or insolvent
- (b) convicted of any crime;
- (c) prohibited from acting as a director of the company;

(d) placed in statutory management or receivership.

2.9 The names of the Registrars, Auditors and Solicitors for the Trust are as follows:

Registrars: **Trustees
Executors
Registry
Services
Level 1
50-64 Customhouse Quay
Wellington
Telephone: 0800 228 899
Facsimile: 0800 734 329 (0800 REG FAX)
Email: telregistry@trustees.co.nz**

Auditors: **Cockcroft & Co
Level 8
Novell Building
44 Wellesley Street
Auckland**

**Solicitor:
(to the Manager)** **Richard Hanna
149-155 Parnell Road
Auckland**

**Solicitors:
(to the Trustee)** **Buddle Findlay
Level 18
PricewaterhouseCoopers Tower
188 Quay Street
Auckland**

All assets of the Trust are held by the Trustee or its nominee company or by a custodian on its behalf.

2.10 There are no experts named in this Prospectus.

2.11 The Trustee is independent of the Manager. The Fund Services Division of Trustees Executors provides administration services to the Trust. Brief details are set out in paragraph 2.6 above.

3. Unit Trustee

3.1 The Trustee is Trustees Executors Limited and its office is at Level 12, 45 Queen Street, Auckland. The Trustee's nominee company is TEA Custodians Limited. Its office is at Level 12, 45 Queen Street, Auckland.

Directors of the Corporate Trust Board of the Trustee

*Robert Ian Thompson, FCA
Company Director*

*Michael Thomas Griffin B. Corn, CA
Company Director*

*Malcolm David Small, BCA, ACA, ACIS
Company Director*

William Ross Mulholland, LL.B
Company Director

The Directors can be contacted at Level 12, 45 Queen Street, Auckland.

Directors of the Trustee

Rt Hon James Brendan Bolger, ONZ
Director - Te Kuiti

John Sheffield Grace BS (Finance), AA
Director - New York

Deepak Kumar Gupta, BCA, MBA, CFIP
Director - Wellington

Paul Raymond Shelley Hocking, BMS, CA, CSAP
Director, Martinborough

The Directors can be contacted at Level 12, 45 Queen Street, Auckland.

The Directors of the Corporate Trust Board are all resident in Wellington. The Directors are resident in the cities specified next to their names.

3.2 Trustees Executors was incorporated in New Zealand in 1881 under the Joint Stock Companies Act 1860 and is empowered as a statutory trustee company by its own Act of Parliament, and was re-registered under the Companies Act 1993. Trustees Executors was formerly known as The Trustees Executors and Agency Company of New Zealand Limited. The Trustees Executors and Agency Company of New Zealand Limited was reconstituted on 1 May 2002 in New Zealand under the Trustees Executors Limited Act 2002. On 1 August 2003, the company was renamed Trustees Executors Limited.

3.3 The Trustee's ultimate holding company is Sterling Grace (NZ) Limited, incorporated in New Zealand on 30 July 2003.

3.4 The Trustee is not under any personal liability for the satisfaction of any obligations of the Trust. Furthermore, if the Trustee is held personally liable in respect of any debt, liability or obligation incurred on behalf of the Trust or any action taken or omitted in connection with the Trust, then the Trustee is entitled to be indemnified and reimbursed out of the Trust to the full extent of that liability. The indemnity extends to the cost of any litigation or other proceedings in which such liability has been determined and includes legal fees. In addition, the Trustee is entitled to be indemnified against any expense or liability which may be incurred by the Trustee in bringing or defending any action or suit in respect of the Trust or the provisions of the Master Trust Deed and the Establishment Deed.

In addition, the Trustee may be reimbursed out of the Trust Fund for costs in certain circumstances as described in paragraph 11.1 of this Prospectus.

However, the Trustee is liable to the Trust for any loss arising out of its wilful default or wilful breach of trust and is not indemnified when a liability has arisen in respect of a breach of trust where the Trustee has failed to show the degree of care and diligence required of it.

3.5 The Trustee does not guarantee the performance or returns of the Trust or, in particular, the repayment of the Units or the payment of any earnings on the Units.

4. Description of Unit Trust and its Development

- 4.1 The Master Trust Deed is dated 27 August 1999 and is between the Manager and the Trustee. The Unit Trust Establishment Deed is dated 27 August 1999 (as amended by a Deed of Amendment dated 8 May 2000) and is between the Manager and the Trustee.
- 4.2 The matters set out below summarise the main provisions of the Master Trust Deed and the Establishment Deed.

Applications, Register and Statements

Units can only be applied for by completion of the Application Form attached to the Investment Statement. The completed Application Form, together with the subscription monies, should be posted to the Registrar, whose address is on page 3.

Units are only issued on a Valuation Day which at the date of this Prospectus is each Wednesday (except where a Wednesday is not a Business Day, in which case the Valuation Day will be the next following Business Day).

The Entry Price of Units will be the Net Asset Value of the Fund per Unit on the relevant Valuation Day. The Manager is entitled to charge investors an Entry Fee of up to 5% of the application monies paid by investors. After deduction of the Entry Fee, the balance of the application monies will be applied in payment of the Entry Price of Units.

Following the receipt of funds, the Manager must pay the net Entry Price to the Trustee. These monies are held by the Trustee for investment on behalf of investors. The Manager then ensures the Unitholder is entered on the Unit Register and issued with a statement of the Unit holding.

All investors are entered on the Unit Register which is kept by the Registrar and will be issued with a Unit Statement which sets out the number of Units held in the Trust. The Units issued are all of the same class, confer an equal interest in the Trust Fund and are of equal value.

All enquiries relating to the Application Form, the issue of Units and the Unit Register should be directed to the Registrar, whose contact details are set out on page 3. Subscription monies should be in the form of a cheque payable to TEA Custodians Limited - Affinity.

Subscriptions through a Financial Intermediary

The Manager recommends to Unitholders that the intermediary they use should follow the Investment Saving and Insurance Association (ISI) Money and Document Handling Standard. The ISI is a professional body which aims to provide consistency of presentation in such areas as the measurement of investment returns, the calculation of benefit projections and the management expense ratio. All payments should be made in accordance with the ISI Standard. Consistent with the ISI Standard:

- All investment funds are paid directly into the intermediary's trust account with a receipt issued by mail.
- Unless the Unitholder instructs otherwise, all payments from a financial intermediary's trust account must be paid to TEA Custodians Limited and include evidence of the identity of the person on whose behalf the payment is made.

- Applications will be made according to the Unitholder's instructions only, except where the Unitholder:
 - gives written authority to an intermediary who operates a trust account to make applications on the Unitholder's behalf;
 - gives a person power of attorney for an application with instructions as to where the funds are to be paid;
 - instructs an approved custodian to make an application on his or her behalf.

Redemption of Units

If a Unitholder wishes to redeem Units, the Unitholder may request the Manager, in the form prescribed by the Manager, duly executed by the Unitholder (a **Redemption Request**), to either arrange redemption of the Unitholder's Units by the Trust or purchase the Unitholder's Units by the Manager.

Units will be redeemed on the Valuation Day requested in the Redemption Request unless the Redemption Request is received after 12 noon on the requested Valuation Day, in which case Units will be redeemed on the next Valuation Day.

Units will be redeemed unless a Unit Holder specifically requests the Manager to purchase them. In any event the Manager is not obliged to purchase any Unitholder's Units, and if the Manager receives a request to do so, it may decline that request in which case it will arrange redemption of the Unitholder's Units by the Trust.

In the case of redemption, the Manager will direct the Trustee to redeem the Units at the Net Asset Value of the Fund per Unit on the Valuation Day on which the Units are redeemed (the **Exit Price**).

In the case of purchase, the Manager will purchase the Units at the Net Asset Value of the Fund per Unit on the Valuation Day on which the Units are purchased (the **Exit Price**).

If a Unitholder requests redemption or purchase of part of the Unitholder's Units and the value of the remaining Units would be less than \$3000, the Manager will decline to redeem or purchase any of that Unitholder's Units unless the Unitholder redeems or requests the purchase of all of the Unitholder's Units.

Unitholders should be aware that there may be different taxation treatment between redemption and purchase and should therefore consult their tax advisor if they are in any doubt.

Deferral of Redemption

If:

- (a) a Redemption Request, or a series of Redemption Requests, within a three month period that in aggregate relate to more than 5% of the Number of Units on Issue (or a percentage that the Manager specifies from time to time by not less than 30 days' prior notice to Unitholders); or
- (b) the Manager in good faith determines that it is in the interest of all Unitholders to defer immediate redemption of the total Units requested,

then the Manager may determine that such Units may be redeemed or purchased by instalments on Valuation Days falling in a period determined by the Manager or in total at the expiration of that period and the Exit Price is to be calculated at the Valuation Day(s) on which Units are redeemed or purchased. There is no limit to the time period during which redemptions may be deferred.

Suspension of Redemption

If a Redemption Request, or a series of Redemption Requests have been received in 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 Request or last Redemption Request, then the Manager may suspend the right of the Unitholders to make Redemption 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 Unitholders to consider the winding up of the Trust or such other action as the Unitholders deem appropriate.

Transfer of Units

Units may be transferred from one person to another in accordance with the requirements of the Master Trust Deed and the Establishment Deed.

The Unit Register is the official record of Unitholders' entitlements. The Unit Registry will only be open for the purpose of registering transfers on a Business Day. However, the Manager may decline to register transfers of Units for such periods up to a maximum of 28 Business Days in aggregate per year as the Manager may from time to time determine.

The Manager may also decline to register any transfer if the provisions of the Master Trust Deed and the Establishment Deed or any statutory provision have not been complied with, if the transfer is in respect of less than 1,000 Units or if registration would result in the transferor or transferee holding Units worth less than \$3000.

Borrowing Power

- (a) The Trustee has the power, if so directed by the Manager, to borrow money. However, the amount to be borrowed, when added to existing borrowings, cannot be in excess of 35% of the Gross Asset Value of the Trust Fund.
- (b) Unitholders are not liable in any way beyond their initial application money for borrowings made by the Trust

Investment Powers

- (a) The Trust Fund must be invested in "Authorised Investments" as defined by the Establishment Deed and detailed in this Prospectus.
- (b) The Trust has been formed to provide New Zealand investors access to the worldwide health care sector. The Manager aims to achieve long term capital growth through investing worldwide in health care services, medical device, pharmaceutical and biotechnological companies, trusts and other entities. The definition of Authorised Investments of the Trust is sufficiently broad to allow the Manager to acquire related investments and to otherwise invest any cash and other liquid assets of the Trust which are not immediately required for the acquisition of targeted investments.

- (c) There is no limitation on the percentage of the assets of the Trust that may be invested in any one class of Authorised Investments.

Authorised Investments

For the purposes of this Trust, "Authorised Investments" means:

- cash;
- debt securities (as defined in the Securities Act 1978) issued by any Person;
- units, sub units or other interests in unit trust schemes, group investment funds or similar undertakings or schemes;
- equity securities (as defined in the Securities Act 1978);
- any share or other interest in any partnership, joint venture, syndicate or other Person;
- any future contract, foreign exchange contract or other arrangement for hedging or reducing any market movement risk or other financial risk;
- any right or option to acquire or to take up any of the above.

Appointment and Retirement of the Trustee

The Trustee holds the assets of the Trust through a nominee company, TEA Custodians Limited.

The Trustee is appointed as the Trustee of the Trust and agrees to act as Trustee for the Unitholders to hold the Trust Fund in trust for the Unitholders, and to act in the interests of the Unitholders, upon and subject to the terms and conditions contained within the Master Trust Deed and the Establishment Deed.

The Trustee may retire upon giving 90 days' notice to the Manager, provided a new Trustee has been appointed. In addition, the Trustee may be removed from office by the High Court on the application of the Minister of Justice or the Manager. The power of appointing a new Trustee is vested in the Manager but if the Manager fails or refuses to exercise this power, then a new Trustee may be appointed by an Extraordinary Resolution of the Unitholders. The Manager has no power to independently remove the Trustee.

Appointment and Retirement of the Manager

The Manager is responsible for the day to day management and administration of the Trust, including:

- all investment decisions including the purchase and sale of Authorised Investments;
- distributing income;
- valuing the Trust Fund;
- calculating the relevant Entry and Exit prices;

- processing transactions including issuing and redeeming Units;
- reporting on the Trust Fund to the Trustee at regular intervals;
- all borrowing decisions; and
- appointing outside advisers (as required).

The Manager has undertaken to give the Trustee such oral and or written information relating to the Trust as the Trustee may require.

The power of appointing a new manager is vested in the Trustee which shall act upon the directions of the Unitholders. In addition, a temporary manager may be appointed by the Trustee pending the appointment of a new manager.

The Manager may retire upon giving 90 days' prior notice to the Trustee provided a new manager has been appointed. The Manager may be removed from office:

- (i) by the High Court on the application of the Trustee, any Unitholder or the Minister of Justice;
- (ii) if the Trustee certifies that it is in the interests of Unitholders;
- (iii) by the Unitholders pursuant to a resolution under Section 18 of the Unit Trusts Act 1960.

The Auditor

- a) The Auditor of the Trust is Cockcroft & Co. Its current address is Level 8, Novell Building, 44 Wellesley Street, Auckland.
- b) The Auditor of the Trust is selected by the Manager and approved by the Trustee. The Auditor may retire upon giving 30 days' written notice to the Manager. The Auditor may at any time be removed by the Manager on the approval of the Trustee or on instruction from the Trustee if the Manager believes it is in the interests of the Trust or the Unitholders. A replacement Auditor will be appointed by the Manager and approved by the Trustee.

Distributions

The Trust is designed for those seeking long term capital accumulation rather than income. Accordingly, it is not the Manager's present intention to make distributions of income. However, the Manager may, from time to time, recommend distributions be made to Unitholders. These will be paid directly (less any applicable taxes) into a bank account nominated by the investor on the Application Form.

The entitlement to distributions is based on the number of Units held irrespective of the number of days these units were held during the Distribution Period. Each Distribution Period shall be a period of 12 months. Distributions can be made either from the income or capital of the Trust Fund. A distribution will have the effect of reducing the value of the Trust Fund by that amount equal to the total monies distributed. The reduction in the Trust Fund value will be reflected by an adjustment in the value of individual Units following each distribution.

Unitholders can elect to reinvest any distribution in new Units. Any new Units will be issued at the Entry Price described in paragraph 1.5. No Entry Fee will be payable.

Meetings of Unitholders

- (a) The Manager is required to summon a meeting of Unitholders of the Trust upon the request in writing of the Trustee, or of 10% in number of the Unitholders, or of a Unitholder or Unitholders holding not less than 10% of the Units on issue at the date of the request. The Manager may also convene a meeting of Unitholders at any time of its own volition.
- (b) Before convening a meeting of Unitholders the Manager shall give at least 14 days' notice of the meeting to the Unitholders and the Trustee. The notice of meeting shall specify the place, day and hour of the meeting and general nature of the business to be transacted but it shall not be necessary to specify in the notice the terms of the resolutions to be proposed.
- (c) The quorum for a meeting is Unitholders present in person or by proxy or representative representing at least 5% of the total number of Units for the time being on issue.
- (d) Resolutions are determined by a show of hands unless a poll is demanded. On a poll every Unitholder has one vote for each Unit held.
- (e) The Manager is required under the Unit Trusts Act 1960 to lay before a meeting of Unitholders copies of the last statements filed in accordance with Section 20 of the Unit Trusts Act 1960.

Trust Fund Valuation

On each Valuation Day at 12 noon the Manager shall calculate the Net Asset Value of the Fund as at that time by deducting all liabilities or other outgoings and losses as the Manager shall determine from the Gross Asset Value of the Trust.

Investments of the Trust which are quoted on a stock exchange, will be valued at the daily closing sale price on that exchange. Unlisted equity investments will be valued in accordance with a valuation methodology 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 subject to economic, regulatory, political and other uncertainties. Other unlisted investments will be valued in accordance with a valuation methodology agreed between the Trustee and the Manager before any such investment is made.

Amendments to the Master Trust Deed and Establishment Deed

The Trustee and the Manager may at any time make any amendment to the Master Trust Deed and Establishment Deed if in the opinion of the Trustee it is to correct a manifest error, or is of a formal technical nature or, 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 Unitholders and is unlikely to be or become materially prejudicial to Unitholders or is authorised by an Extraordinary Resolution of Unitholders or is to reflect a change in the law affecting unit trusts. In addition, the Trustee and the Manager can amend the definition of "Authorised Investments" and the investment policy if, after giving written notice to Unitholders of the proposed amendment, Unitholders holding less than 10% of the number of Units in existence give notice that they wish to call a meeting to consider the amendment.

- 4.3 The only restrictions on investment of the Funds of the Trust are described in the section "Authorised Investments" and as set out in a general investment policy agreed to between the Manager and Trustee set out in the Establishment Deed.

4.4 The Trust commenced business in September 1999. Since that time the Trust has principally invested in the AXA Framlington Health Fund, an unlisted unit trust fund domiciled in England which invests in healthcare businesses globally. Since 30 June 2001, the Trust has also invested directly in Australasian health care equities, and in a listed U.K. based biotechnology unit trust.

4.5 **Investment Policy**

The Trust has been designed to give New Zealand investors access to the worldwide health care sector. The Manager aims to achieve long term capital growth through investing worldwide in health care services, medical device, pharmaceutical and biotechnological companies, trusts and other entities.

The investment policy is agreed to by the Manager and the Trustee from time to time and can be changed at their discretion following the same procedure explained above under "Amendments to the Master Trust Deed and Establishment Deed", provided that at all times the Trust Fund must be invested in Authorised Investments.

4.6 The Trust commenced business on 22 September 1999. The performance of the Trust for the last 5 financial years is:

for the '12 months from 1 July 2006 to 30 June 2007	-15.86%
for the 12 months from 1 July 2005 to 30 June 2006	11.68%
for the 12 months from 1 July 2004 to 30 June 2005	-11.46%
for the 12 months from 1 July 2003 to 30 June 2004	19.00%
for the 12 months from 1 July 2002 to 30 June 2003	-26.78%

These performance figures were calculated by taking the Exit Price as at the end of the relevant period minus the Exit Price as at the beginning of the relevant period and dividing the sum by the Exit Price as at the beginning of the relevant period.

These calculations exclude Entry Fees and are post-tax returns. These calculations are in accordance with the Investment Savings and Insurance Association (ISI) Measurement of Investment Returns Standard. The ISI is a professional body which aims to provide consistency of presentation in such areas as the measurement of investment returns, the calculation of benefit projections and management expense ratios.

4.7 Returns from the investment will consist of a capital appreciation in the value of the Units held as a result of an increase in the value of the underlying investments held by the Trust and any income on underlying investments which is either distributed to Unitholders or reinvested by the Trust. Because of the volatility in the underlying shares in this sector, the returns may vary from time to time. Performance should not be judged on a 1-2 year basis. Investments should be made with a time horizon of 10 years and over.

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.

4.8 There is no undertaking to Unitholders relating to a return of capital. However, Unitholders can at any time redeem their Units as described in paragraph 4.2 (page 6).

5. Unitholder Liability

Unitholders do not incur any liabilities (including contingent liabilities) from holding Units in the Trust Fund, other than the liability to pay the Entry Price to which they have subscribed.

6. Summary of Financial Statements

The summary is set out in Appendix A.

7. Minimum Subscription

There is no minimum amount that must be realised by the issue of the Units in respect of any of the following matters:

- (a) the purchase price of any equity purchased or to be purchased;
- (b) any preliminary expenses and commission payable;
- (c) working capital;
- (d) the repayment of the money borrowed in respect of any of the matters referred to in paragraphs (a) to (c).

8. Guarantors

There are no guarantors in respect of money payable from the Trust.

9. Acquisition of Business or Equity Securities

9.1 Not applicable.

9.2 Not applicable.

9.3 Not applicable.

10. Options and Units Paid Up Otherwise than in Cash

10.1 No options to subscribe for Units have been or are to be issued.

10.2 As referred to in Distributions in paragraph 4.2 (page 10), further Units can be issued in lieu of the cash payment of distributions, however these are in effect paid up in cash equal to the amount of the net distribution after tax.

11. Interested Persons

11.1 The Manager and the Trustee both earn fees for carrying out their duties under the Master Trust Deed and Establishment Deed. These fees are charged directly to the Trust Fund. The Manager and Trustee are also entitled to recover from the Trust Fund expenses that are incurred in performing their duties.

The fees are:

Manager's Fees

- (a) The Manager is entitled to the following fees:
- (i) an Entry Fee not exceeding 5% of the application monies paid by an investor;
 - (ii) a monthly management fee equal to an amount of 1.50% per annum of the Gross Asset Value of the Trust Fund. This fee is calculated monthly and is payable by the Trustee out of the Trust Fund within 14 days' of the end of each calendar month;
 - (iii) as an incentive to generate consistently high returns, a Performance Fee is payable to the Manager. The Performance Fee is only calculated on Valuation Days when the Unit price reaches an all time high. The Performance Fee is calculated as 10% of the excess of the returns of the Trust over the 90 day bank bill rate over the period between calculation dates. The fee is paid monthly, within 14 days' of the end of each month. The formula for calculation of the Performance Fee is set out in the Establishment Deed; and
 - (iv) as compensation for loss of office if the Manager is removed from office by Unitholders. a payment equal to the management fees paid to the Manager during the financial year immediately preceding the year in which the Manager is removed from office.
- (b) The Manager shall be entitled to receive, in addition to such fees, any goods and services tax.
- (c) The Manager's fees are limited to the amounts described above and can only be increased if the Unitholders agree by Extraordinary Resolution.

Trustee's Fees

The Trustee may charge and shall be paid out of the Trust Fund the following fees in respect of its service (and shall be entitled to receive, in addition to such fees, any goods and services tax that may be payable):

- (a) a base fee at the times and amounts agreed by the Manager and the Trustee, currently being an amount equal to 0.1% per annum of the Gross Asset Value of the Trust Fund, with a minimum fee of \$15,000 per annum; and
- (b) a special duties fee to be paid on a time in attendance basis in respect of any duties undertaken by the Trustee outside the Trustee's normal monitoring obligations.

The Trustee's fees as set out above can be reviewed and, if the Manager agrees, the fees chargeable by the Trustee may be amended. There is no limit to the amount of the Trustee's fees which can be agreed between the Manager and the Trustee.

Expenses

In addition to the above fees the Manager and the Trustee are entitled to be reimbursed out of the Trust Fund for all expenses incurred by them, without limit, in performing their duties under the Master Trust Deed and Establishment Deed including:

- all costs incurred in connection with the preparation and registration of any prospectus, the acquisition, registration or disposal of Investments, including bank charges and stamp duty and the expenses of any agents or nominated company;

- all costs incurred in connection with the investigation, negotiation and third party project management for the acquisition for the Trust of any Authorised Investment whether or not it is in fact acquired;
- the fees and expenses of the Auditor relating to the audit of the Fund;
- all liabilities, including taxes, duties and imposts incurred in connection with the Trust;
- all costs of preparing and printing certificates, accounts, distribution statements, cheques and any prospectus;
- interest and other expenses relating to borrowing and discounts and acceptance and other fees in respect of bill facilities;
- costs incurred with running the Unit Register and convening and holding any meeting of Unitholders;
- all costs of posting all cheques, accounts, distribution statements, notices, quarterly and other reports and any other documents to Unitholders in accordance with the Master Trust Deed and Establishment Deed;
- the fees of any solicitor, valuer, accountant or other person engaged by the Trustee or the Manager in the discharge of their respective duties under the Master Trust Deed and Establishment Deed;
- any other expenses properly and reasonably incurred by the Trustee or the Manager in connection with carrying out their respective duties under the Master Trust Deed and Establishment Deed.

Fees for administration

As noted in paragraph 2.6 above, the Fund Services Division of Trustees Executors provides administrative services to the Trust. Under this contract, the Trust pays annual fees of 0.29% per annum of the Gross Asset Value of the Trust Fund with a minimum of \$32,000 per annum. (The administrator shall be entitled to receive, in addition to such fees, any goods and services tax that may be payable.) These fees are agreed between the Manager and the Registry division of Trustees Executors. There is no limit imposed by the Trust Deed on the amount of these fees. These fees will be charged to the Trust Fund and are in addition to the fees charged by the Manager.

- 11.2 The Trustee has not had at any time during the five years preceding the specified date, a material interest, whether direct or indirect, in the Trust. The director of the Manager, Christopher Stephen Donahoe, is a Unitholder in the Trust.

12. Material Contracts

The Trust has not entered into any material contracts (other than contracts in the ordinary course of business) in the two years preceding the specified date.

13. Pending Proceedings

There are no pending proceedings or arbitrations as at the date of this Prospectus that may have a material adverse effect on the Trust.

14. Issue Expenses

- (a) Issue expenses in relation to this Prospectus including legal, accounting and audit fees are estimated to be \$5,000.
- (b) For Units issued during the term of this Prospectus the Manager will charge investors a maximum Entry **Fee** of 5% of the application monies. Approved financial intermediaries who introduce investors may be paid part or all of this fee.

15. Other Terms of Offer and Units

There are no other terms to disclose.

16. Financial Statements and Auditors' Report

- 16.1 Financial Statements for the year ended 30 June 2007 were presented for registration under the Financial Reporting Act 1993 on 20 November 2007.
- 16.2 The auditors' report in respect of the Financial Statements for the year ended 30 June 2007, dated 9 November 2007, was unqualified and is set out in Appendix B.
- 16.3 Financial Statements for the year ended 30 June 2007 are set out in Appendix B.
- 16.4 The auditors' report in respect of the summary of financial statements set out in this Prospectus is set out on page 21.

17. Places of Inspection of Documents

Copies of the Master Trust Deed, the Establishment Deed, any amendments to these Deeds, and the latest Financial Statements for the Trust may be inspected during normal business hours without payment of any fee at the office of the Manager.

Affinity Funds Management Limited
184 Hinemoa Street,
Birkenhead, Auckland

Or online at: www.affinityfunds.co.nz

and can also be examined on the Companies Office website, www.companies.govt.nz. Where relevant documents are not available on the website, a request for the documents can be made by telephoning the Companies Office Contact Centre on 0508 266 726 (toll-free). A fee may be payable.

18. Other Material Matters

Risk Factors

The Trust's performance depends on the movement of its Unit Price which is in turn determined by the market value of the underlying assets. For this reason the Manager and the Trustee do not guarantee the value of Units, the payment of income or the performance of the Trust.

The value of Units can fluctuate both above and below the price initially paid by Unitholders (reflecting the changes in value of the underlying assets), and it is recommended that investments in the Trust be viewed as long term.

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. Investors should be investing for the medium to long term. In particular, due to initial charges and any market movements, if a Unitholder redeems Units early, the likelihood is increased that that Unitholder may not receive the amount originally invested.

The Trust will invest in assets which are predominantly operating in one market sector, and as such, the volatility of this Trust is likely to be higher than for funds investing more broadly. To date, the Trust has invested principally in one underlying trust, the AXA Framlington Health Fund, although this Fund has diverse global investments. Since 30 June 2001, the Trust has also invested directly in Australasian health care equities, and in a listed U.K. based biotechnology unit trust. The Manager is continuing to seek out other sub-managers and other direct investments with a view to improving the returns from the Trust.

A further risk is a lack of geographical diversification. As most of the health care technology companies in the world are US based companies, the underlying assets of the Trust could be dominated by US domiciled companies. Therefore any downturn in the US economy or the US sharemarket may have a higher impact on the Trust's return than other funds with more geographically diversified assets.

Also, as the Trust's assets are often denominated in currencies other than the New Zealand dollar and are not hedged, movements in exchange rates may cause the value of Units to fluctuate.

Taxation

- (a) As at the date of this Prospectus 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 only to the extent that it can be foreseen to crystallise in the near future. Tax paid by the Trust will give rise to imputation credits and/or foreign dividend withholding payments.
- (b) Cash distributions from a Trust are treated as taxable income of Unitholders in the same way as dividend distributions from a company.
- (c) As discussed on page 6 under "Redemption of Units", a Unitholder may dispose of Units by requesting the Manager to either purchase the Unitholder's Units or arrange redemption of the Unitholder's Units by the Trust. In the case of:
 - (i) redemption by the Trust, part of the redemption proceeds may be treated as a dividend for income tax purposes; and
 - (ii) purchase by the Manager, the sale proceeds may be taxable. Please refer to paragraph (f) below.

- (d) In the case of a redemption under (c)(i) above, 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 Unitholder'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 Unitholder. To the extent that there are imputation credits or foreign dividend withholding payment credits available, the Manager shall distribute these credits with the redemption.
- (e) If a taxable distribution is made to Unitholders, the Manager can attach imputation credits or dividend withholding payment credits to the distribution. Unitholders will be notified of the credits attached to any taxable distribution. Where there are insufficient credits to cover all income distributed, resident withholding tax will be deducted at the required rate of 33%. This rate will be changed as required by the Inland Revenue Department for non-residents or on presentation of a resident withholding tax exemption certificate.
- (f) Provided New Zealand resident individual Unitholders purchase Units as a long term investment, they should not be liable for income tax on gains made from the sale of those Units under current legislation. However, if the Units are purchased for the purpose of resale, as part of an undertaking or scheme for profit, or as part of a business, then such gains may be liable for income tax.
- (g) 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 the Trust.

Personal Information Rights

Any personal information held about Unitholders will be held securely and the Manager will not, except for the purpose of acquisition of Units, or when required or authorised by law, disclose the information to any other person other than the Trustee.

Pursuant to the Privacy Act 1993, Unitholders have a right of access to and to correct information held about them by the Manager.

This information may be used by the Manager to introduce other products or services offered by the Manager to Unitholders unless advised otherwise by a Unitholder in writing.

The Manager may communicate information regarding a Unitholder's holdings in the Trust to the Trustee, to that Unitholder's adviser, and to other persons, as required by law, unless advised otherwise by the Unitholder in writing.

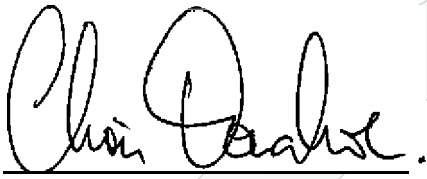
19. Manager's Statement

By signing this Prospectus, the director of the Manager states that, in his opinion, after due enquiry by him, the value of the Trust's assets relative to its liabilities (including contingent liabilities) and the ability of the Trust to pay its debts as they become due in the normal course of business has not materially and adversely changed during the period from 30 June 2007 to the date that this Prospectus is delivered to the Registrar of Companies for registration.

20. Unit Trustee's Statement

See page 19.

Signed by the sole director of Affinity Funds Management Limited.



Chris Donahoe

Christopher Stephen Donahoe