



Product Disclosure Statement

PIE CHAIRMAN'S FUND

Part of the Pie Funds Management Scheme

DATED 1 APRIL 2021

Issued by Pie Funds Management Limited

This is a replacement Product Disclosure Statement, replacing the Product Disclosure Statement dated 1 February 2021.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer at www.disclose-register.companiesoffice.govt.nz. Pie Funds Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

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Key information summary

What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Pie Funds Management Limited ('Pie Funds', 'the Manager', 'we', 'us' or 'our') will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of Pie Funds and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

What will your money be invested in?

One fund is offered under this Product Disclosure Statement ('PDS'). The investment being offered is units in the Pie Chairman's Fund ('Fund'), which is a Fund within the Pie Funds Management Scheme.

This investment option is summarised below. More information about the investment target and strategy for the investment option is provided in **Section 3: 'Description of your investment option'**.

PIE CHAIRMAN'S FUND	
Description and investment objective	<p>The Fund seeks to provide investors with long term capital growth by investing predominantly in the Other Pie Funds Products (defined on page 5) which predominantly invest in listed equities.</p> <p>The Other Pie Funds Products focus on investment in listed equities of smaller, medium, large, and emerging^ companies, where value is greatest, and the opportunity of earnings growth is high.</p> <p>Objective: To generate capital growth, which outperforms the market index*.</p>
Risk indicator**	<p>Potentially Lower Returns < > Potentially Higher Returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower Risk < > Higher Risk</p>
Fees	<p>Estimated annual fund charges (% of net asset value): 1.89%***</p> <p>Performance fee No performance fee is charged.</p> <p>Please see Section 5: 'What are the fees?' for more information.</p>

*Market index information can be found in the Statement of Investment Policy and Objectives, available at www.piefunds.co.nz/Investor-Documents.

**During times of extreme market volatility, the risk may be greater than indicated, particularly for funds investing in smaller companies which can be more volatile during market sell down. Past performance may not be a reliable indicator for the risk of the Fund.

***After fees and before tax. Inclusive of dividends. Annual fund charges include an estimate of applicable underlying fund charges.

^ For definitions of 'smaller' 'medium', 'large' and 'emerging' companies, see **Section 3: 'Description of your investment option(s)'**.

Section 4 'What are the risks of investing?' explains the risk indicator and provides information about other risks that are not included in the risk indicator. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Who manages the Fund?

Pie Funds is the manager of the Fund. Please see **Section 7: 'Who is involved?'** for more information.

What are the returns?

The return on your investment comes from changes in the unit price and any income distributions made. We do not intend to make any regular distribution from the Fund, but we retain the discretion to do so. Please see **Section 2: 'How does this investment work?'** for more information. Your total returns will be made up of movements in the Fund's unit price and any distributions.

How can you get your money out?

Your investment in the Fund is redeemable. You may withdraw all or part of your investment in the Fund (subject to the applicable minimum withdrawal value and minimum investment amount and any deferral or suspension of withdrawals). Please see **Section 2: 'How does this investment work?'** for more information, including on the applicable withdrawal notice period.

Your investment in the Fund can be sold but there is no established market for trading these products. This means that you may not be able to find a buyer.

How will your investment be taxed?

The Fund is registered as a portfolio investment entity (PIE) for tax purposes. The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). This can be 0%, 10.5%, 17.5%, or 28%. See **Section 6: 'What taxes will you pay?'** on page 11.

Where can you find more key information?

Pie Funds is required to publish quarterly updates for the Fund. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at www.piefunds.co.nz. We can give you copies of these documents on request.

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How does this investment work?

How the Scheme and Fund work

The Fund is offered under a registered managed investment scheme ('Scheme') under the Financial Markets Conduct Act 2013 ('FMCA'). The Scheme is known as the Pie Funds Management Scheme and is governed by a trust deed ('Governing Document') dated 20 July 2016 (as amended) between Pie Funds and Trustees Executors Limited ('Supervisor'). The Fund is established as a separate trust within the Scheme.

The fund enables you to pool your money with others who have invested in the Fund. This pool is used to buy investments that are managed on behalf of all investors in the Fund. Your interests are represented by units, which confer an equal interest in the Fund and are of equal value, rather than directly receiving an interest in the Fund's assets. Your units will represent the value of your interest in the Fund.

The number of units you receive is dependent on the amount of money you invest and the unit price as at the date your deposit is processed. The value of units in the Fund fluctuates according to the changing value of the assets in which the Fund is invested. It is intended the Fund will be valued and unit prices published on each business day.

As at the date of this PDS, we do not intend to make any regular distributions from the Fund, but we retain the discretion to do so. Instead, income will be retained in the Fund and reflected in the unit price.

Your total returns are determined by changes in the value of the underlying assets in the Fund and reflected in movements in the Fund's unit price and any distributions made to you. The key factor that will determine the value of your returns is the value of the investments made by the Fund. The total value of your investment in the Fund at any time is the number of units you hold in the Fund multiplied by the current unit price.

The assets of the Fund are the exclusive property of the Fund and the liabilities of the Fund are the exclusive liabilities of the Fund. The assets of the Fund are not available to meet the liabilities of any other fund in the Scheme.

Significant features

Investments in the Fund may be made only by invitation from Pie Funds. The Fund has been established to provide investors with the opportunity to gain exposure to Pie Funds' other funds, which predominantly focus on investment in listed smaller, medium, larger, and emerging companies, including some or all of the other products issued by Pie Funds (Other Pie Funds Products).

The Other Pie Funds Products predominantly focus on investment in Australasia and globally listed equities of smaller, emerging, and medium companies whose potential we do not consider to be fully realised by the market, but where we consider the value is greatest and the opportunity of earnings growth is high. Direct investments would be made with the same predominant focus.

By smaller companies, we mean companies which are considered by relevant industry standards to have a small market

capitalisation (the total value of the company's shares on issue) relative to the exchange that they are listed on. Smaller companies includes emerging companies and may also include unlisted companies.

By emerging companies, we mean companies which have (at the time of investment) a market capitalisation of up to \$250 million in local currency.

By medium companies, we mean companies the shares in which we determine have a medium market capitalisation relative to the exchange that they are listed on.

During periods of uncertainty, the Fund can increase its cash position up to a maximum of 100% of the portfolio to mitigate the risk of a severe decline in the value of the Fund's units.

Significant benefits

Investing in the Fund offers a range of benefits, including:

- **Access to investments:** The Fund provides exposure to the investments of some or all of the Other Pie Funds Products.
- **ESG returns:** Pie Funds integrates ESG factors into its investment process by not directly investing in companies whose principal business includes certain activities (e.g., tobacco or firearms manufacturing).

We believe competent management of Environmental, Social and Governance ('ESG') matters positively contributes to the long-term value of companies. We screen direct investments and, also, integrate ESG considerations within the investment process such as research and recommendations for investments, monitoring company and external manager holdings, and selection and monitoring of investment managers. Where the Funds invest through external managers, ETFs or derivatives, the screening criteria may not always apply.

Full details of how we integrate ESG factors into the investment process and the screening process are available in our ESG Policy which can be found at www.disclose-register.companiesoffice.govt.nz.

- **Investment return:** The Funds have differing investment objectives. Depending on the Fund, it aims to either preserve and/or grow your capital by accessing the high potential growth of actively managed equities, coupled with the diversifying effects of cash, fixed income, and other asset classes.
- **Team:** The Funds are managed by Pie Fund's experienced investment team, with particular expertise in active equity investments.

Making investments

The minimum initial investment amount for the Fund is \$500,000. We may change the minimum initial investment amount from time to time.

Applications to invest in the Fund will be accepted by Pie Funds only if the person has received an invitation to invest in the Fund from Pie Funds. Provided you have received the necessary invitation, you may invest any amount from the minimum initial investment amount up to any maximum amount determined by us in New Zealand dollars by completing an online application form (www.piefunds.co.nz) or contact us on +64 9 486 1701 for more information.

The minimum additional investment amount is \$25,000. Subject to the Governing Document, we can vary or waive minimums either generally or for selected investors at our discretion.

Withdrawing your investments

You may withdraw all or part of your investment in the Fund by completing, and providing to us, a withdrawal request in the form required by us ('Withdrawal Request') (subject to the minimum withdrawal amount and any deferral or suspension of withdrawals). Withdrawal funds will be transferred into your nominated bank account twenty (20) business days after receipt of your completed Withdrawal Request ('Withdrawal Date').

We retain the discretion to increase this to three (3) months in unusual circumstances, including large one-off or multiple withdrawals or during periods of extreme market volatility.

We will confirm the Withdrawal Date with you on receipt of the Withdrawal Request.

The applicable unit selling price will be calculated using the unit price struck two business days before the Withdrawal Date above, not the day the Withdrawal Request is received by us. The unit selling price is calculated by dividing the net asset value of the Fund by the number of units on issue in the Fund.

Withdrawal Requests can be cancelled up until three (3) business days before the Withdrawal Date.

We may, on 30 days' written notice to you, compulsorily withdraw your units from the Fund if your balance falls below the minimum investment amount of the Fund and pay the proceeds to your nominated bank account. In certain cases, we may also withdraw your units if it is necessary for the Fund to maintain its portfolio investment entity ('PIE') status.

Right to sell units

If the minimum investment amount is met, you may sell or transfer all or any of the units you hold in a Fund. The transfer instrument must be in writing in any usual or common form which we approve and signed by both the transferor (you) and the transferee. We can decline to register a transfer if the withdrawal conditions above are not met, if any duties, taxes or other commissions, fees and charges are unpaid or for non-compliance with the law.

Suspending withdrawals

We may suspend Withdrawal Requests in respect of a Fund:

- for a period determined by us if Withdrawal Requests (received in a three (3) month period) relate to more than 5% of the number of units on issue for the Fund and we consider that it is in the general interests of all investors in the Fund to do so in accordance with the Governing Document;
- for a period determined by us if Withdrawal Requests (received in a three (3) month period) relate to more than 10% of the number of units on issue for the Fund (after notifying the Supervisor); or
- for up to 90 days (or such other period determined by us in consultation with the Supervisor) if we determine that the withdrawal is not practicable, would or may be prejudicial to the general interests of investors in the Fund, is not desirable for the protection of the Fund or would threaten the Fund's eligibility for PIE status, and we give a repayment suspension notice to the relevant investors and the Supervisor.

Where Withdrawal Requests are suspended, the withdrawal price payable to investors will be calculated on the day the units are withdrawn. We can vary or waive the minimum withdrawal amounts at any time.

How to switch between funds

You may switch to another Fund issued by Pie Funds (other than 'closed' Funds) by completing a switch form. You will be required to confirm you have read and understand the Product Disclosure Statement for the new fund.

A request to switch will be treated as though it was both a Withdrawal Request and an application for units in the relevant fund you are switching to and we will apply the withdrawal proceeds in payment of the application monies due. Each unit sold or issued by us in accordance with a switch request will be sold or issued at the relevant unit price.

Switches can be cancelled at any point up until three (3) business days before the applicable switch date (effectively, the Withdrawal Date).

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Description of your investment option

PIE CHAIRMAN'S FUND	
Investment objective and strategy	<p>To generate capital growth by investing predominately in the Other Pie Funds Products (defined on page 5).</p> <p>The Other Pie Funds Products focus on investment in listed equities of smaller[^], medium, large, and emerging companies where value is greatest, and the opportunity of earnings growth is high. There is no target investment mix for the Fund.</p>
Risk indicator*	<div style="text-align: center;"> </div> <p>The Fund does not have a five year return history. Accordingly, the risk indicator was prepared using Fund returns since inception and market index returns for the balance of the five year period. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the Fund.</p>
Minimum suggested timeframe	5 years

**During times of extreme market volatility, the risk may be greater than indicated. Past performance may not be a reliable indicator for the risk of the Fund.*

The Scheme has a Statement of Investment Policy and Objectives ('SIPO') that Pie Funds has established in consultation with the Supervisor. The SIPO sets out the investment philosophy, strategies, and objectives for each fund. Pie Funds may change the SIPO (providing prior written notice of this to the Supervisor). If we propose to change the SIPO in a manner which materially affects investors, we will give affected investors at least 30 days' prior written notice of the change.

The current SIPO and further information about the assets in the Fund can be found in the fund updates at www.piefunds.co.nz and on the Disclose website at www.disclose-register.companiesoffice.govt.nz.

[^]Definitions set out below:

Types of companies	Definition
Smaller, Medium, Large	Companies which have small, medium, and large market capitalization (respectively) relative to the exchange on which they are listed.
Emerging	Companies which have (at the time of investment) a market capitalisation of up to \$250 million in local currency).

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What are the risks of investing?

Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator



For the risk indicator for the Fund, see pages 2 and 7.

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks (described under the heading 'Other specific risks') that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 31 December 2020. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund update for this Fund.

During times of extreme market volatility, the risk may be greater than indicated, particularly for funds investing in smaller companies which can be more volatile during market sell down.

General investment risks

A Fund's value may move up and down and the risk indicator can be affected by:

- **Market risk:** The performance of a Fund will be affected by the performance of investment markets generally. The value of investments may go up or down in line with market movements. Markets will be affected by various factors including investor sentiment, political events, inflation, prevailing interest rates, economic and regulatory conditions, and broader events like changes in technology and environmental events. In adverse market conditions, it is more likely the Fund's value will go down, particularly those Funds with heavy equity concentration.
- **Investment return risk:** Past performance is no guarantee of future performance. As Pie Funds is an active manager, there is a risk that a Fund may underperform compared with its investment objectives or with the market.

Manager risk: Investment management decisions (such as allocation of a Fund's investments between asset classes, investment sectors and individual investments) may affect a Fund's returns, as will the performance of the businesses underlying the investments

- **Liquidity risk:** Some investments, particularly those in smaller, emerging and/or unlisted companies may not be easily and quickly converted into cash. This may be due to insufficient availability of buyers, trading suspensions, fund outflows or disruption/falls in the market. This risk is mitigated by having controls on the maximum size of positions, the overall liquidity of the fund relative to its withdrawal period, the maximum number of funds which can invest in smaller illiquid companies and longer withdrawal periods for those funds investing in smaller companies. There is also a risk that you may not be able to withdraw your investment in certain circumstances (see page 6).
- **ESG risk:** A Fund may be affected by environmental, social or governance issues impacting the companies in which we invest e.g. issues arising from environmental impacts of a company's activities. This risk is mitigated (but not eliminated) by us performing thorough due diligence, and by each potential investment opportunity in a company being rigorously analysed before inclusion in a Fund's portfolio.
- **Key personnel:** The departure of any of Pie Funds' key personnel could impact on the performance of a Fund if we are unable to recruit a suitable replacement.
- **Currency risk:** A Fund may be invested in foreign currencies, so returns may be affected by movements against the New Zealand dollar. If the NZD appreciates, the value of the foreign currency investment will drop (in NZD terms) which may adversely affect the domestic value of international investments. We actively manage currency exposure, but it is not our intention to 100% hedge the currency. This decision is at our discretion.
- **Concentration risk:** For Funds that hold a concentrated portfolio, returns may depend on the performance of individual investments. The concentration exposure may mean increased volatility in a Fund's unit price, affecting performance.
- **Short selling risks:** Funds may short sell, including by using derivatives which derive their value from underlying assets. When going short through derivatives, the derivatives will simulate the sale of an underlying security that a seller has borrowed, to be repurchased in the future, with the expectation this is done for a lower price than initially sold for. As the theoretical upper limit on a share price is unlimited, the potential (loss and negative impact on returns) is also unlimited. If the shares are borrowed to facilitate short selling, the lender may request return of the shares which gives rise to the possibility these shares will have to be bought at a time not of our choosing, potentially resulting in losses.

Other specific risks

In addition to the general risks above, the following specific risks apply to particular Funds:

- **Interest rate risks:** particularly relevant for the Conservative Fund, this is the risk that the value of the investment changes due to interest rate changes. The value of longer-dated fixed interest securities can fluctuate significantly with relatively small changes in market interest rates. In a negative interest rate environment, this may negatively impact your investment to the extent the Fund holds impacted products e.g. term deposits.

- **Fund of fund risks:** The Funds may invest in other Pie Funds products and externally managed funds including Exchange Traded Funds. Investments in the Funds may be affected by changes in an underlying fund or business environment. There may be a risk of an underlying fund having its assets frozen for a period or the manager suspending withdrawals. This may impact on your ability to withdraw or switch.

For more information about specific types of risks, please refer to the Other Material Information document, available at www.disclose-register.companiesoffice.govt.nz.

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What are the fees?

You will be charged fees for investing in the Fund. Fees are deducted from your investment and will reduce your returns. If Pie Funds invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long term; and
- one-off fees (for example, any individual action fees).

Estimated annual fund charges % of net asset value	
Management and administration charges*	1.89%
Total	1.89%

**This includes an estimate of applicable underlying fund charges.*

Actual fund charges will depend on the actual investment mix of the Fund and this may vary from the estimates. Actual charges will be available in the latest fund updates (when prepared).

Fees are exclusive of GST (i.e. GST will be added, where applicable).

Fee types

Management and administration charges

There are no management fees payable to Pie Funds in respect of the management of the Fund. A management fee may be introduced by us on three (3) months' written notice to you, subject to approval by the Supervisor.

However, an administration fee is charged to the Fund by Pie Funds Management Limited. This is currently \$50,000 per annum. From 1 July 2021, the administration fee will be charged monthly at 0.09% of the total gross asset value of the Fund. Pie Funds uses the administration fee to pay for the Supervisor's fee and expenses in relation to custody, registry management and investment accounting, audit costs for the Fund and any other expenses of the Fund.

Management fees are charged within the Other Pie Funds Products in which the Fund invests. The management fees of Other Pie Funds Products are charged as a percentage of gross asset value. These management fees are deducted from within each of the Other Pie Funds Products and will therefore affect the amount of your returns from the Fund.

Performance-based fee

No performance fees are currently charged.

Individual action fee

No individual action fees are currently charged (e.g. entry, exit or switch fees).

Example of how fees apply to investors

Lucy invests NZ\$10,000 in the Chairman's Fund.

She is charged management and administration fees, which work out to about NZ\$189p.a. (1.89% of NZ\$10,000). These fees might be more or less if her account balance has increased or decreased over the year.

Estimated total fees for the first year

Fund charges: NZ\$189

See the latest fund update for an example of the actual returns and fees investors were charged over the past year.

This example applies only to the Chairman's Fund. If you are considering investing in other funds or investment options in the Scheme, this example may not be representative of the actual fees you may be charged.

The fees can be changed

Either Pie Funds or the Supervisor may increase fees or impose new fees in relation to the Fund on giving three (3) months' written notice to investors.

Pie Funds must publish a fund update for the Fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at www.piefunds.co.nz.

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What taxes will you pay?

The Fund is a portfolio investment entity. The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate. It is your responsibility to tell us your PIR when you invest or if your PIR changes. If you do not tell us, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax

year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

Please refer to the Other Material Information document at www.disclose-register.companiesoffice.govt.nz for further information on the tax consequences of your investment.

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Who is involved?

About the Manager

Pie Funds is a fund manager established in 2007. Our aim is to minimise risk and maximise profit through the application of our specialised investment philosophy, methodology and expertise, providing you with above-average investment returns by investing in a concentrated portfolio of hand-picked companies.

Pie Funds

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Takapuna Auckland 0622
Telephone: +64 9 486 1701
Email: clients@piefunds.co.nz

Who else is involved?

	Name	Role
Supervisor	Trustees Executors Limited	Responsible for supervising the Fund and us as Manager.
Custodian	MMC Limited	Holds the Funds separate to us, and on behalf of the Supervisor.
Administration Manager	MMC Limited	Provides Scheme administration functions including unit pricing, fund accounting and registry functions.

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How to complain

Pie Funds

In the first instance, please direct complaints to: Level 1, 1 Byron Avenue, Takapuna, Auckland 0622 Attention: Client Services Manager
Telephone: +64 9 486 1701 Email: clients@piefunds.co.nz

If we are unable to resolve your complaint, you may also contact the Supervisor at:

Trustees Executors Limited

Level 11, 51 Shortland Street
PO Box 4197, Auckland 1010
T: 0800 878 783
Email: cts@trustees.co.nz
Attention: Corporate Trustee Services

Pie Funds and the Supervisor are members of an independent, approved dispute resolution scheme run by Financial Services Complaints Limited (FSCL).

If your complaint has not been resolved, you may refer it to FSCL. FSCL will not charge a fee to investigate or resolve a complaint.

FSCL

Level 4, 101 Lambton Quay
PO Box 5967, Wellington 6140
T: 0800 347 257

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Where you can find more information

Further information relating to the Scheme and the Fund is available on:

- our website: www.piefunds.co.nz; and
- the offer register and scheme register (for example, financial statements) at www.disclose-register.companiesoffice.govt.nz.

You are entitled to a copy of the information on the offer register or scheme register on request to the Registrar. You can also obtain a copy of any of these documents on request and free of charge from Pie Funds at www.piefunds.co.nz.

10 How to apply

To apply, please fill in the online application form at www.piefunds.co.nz or give us a call on **+64 9 486 1701**.

Please note that we may, in our absolute discretion, accept or reject, in whole, any application or postpone the processing of the application pending receipt of cleared funds. We are not required to give any reasons for a refusal or a postponement. Application monies received in respect of rejected applications will be refunded as soon as practicable, without interest.
