

## Schroder Investment Funds

Product Disclosure Statement for an offer of units in the **Schroder Sustainable Global Core PIE Fund** and the **Schroder Sustainable Global Core PIE Fund (Hedged)**, which are part of the Schroder Investment Funds

Investment Management by Schroder Investment Management Australia Limited

Dated 12 October 2023

Issued by FundRock NZ Limited

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 on <https://disclose-register.companiesoffice.govt.nz/>. FundRock NZ Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you make an investment decision.

# 1. 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. FundRock NZ Limited, ('FundRock NZ', 'we', 'our' or 'us') will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of FundRock NZ and of its investment manager 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?

There are two funds ('Funds' and each a 'Fund') offered under this Product Disclosure Statement ('PDS'). These investment options are summarised below. More information about the investment target and strategy of each investment option is provided in section 3, "Description of your investment option(s)".

Fund	Risk Indicator <sup>1</sup>	Estimated Annual Fund Charges (% of the Fund's net asset value)	Indicative <sup>3</sup> buy/sell spread							
<p><b>Schroder Sustainable Global Core PIE Fund</b></p> <p>The Fund adopts an actively managed strategy designed to target outperformance relative to the MSCI World ex Tobacco Index (net dividends reinvested) NZD after fees with limited risk relative to the index. This strategy provides the benefits of index-based investing from a risk and cost perspective with the advantage of relative performance upside potential.</p> <p>The Fund also targets a weighted average carbon intensity<sup>2</sup> lower than the benchmark index and is managed with reference to labour standards, and environmental, social and governance ('ESG') considerations when selecting, retaining and realising the Fund's investments by applying revenue exclusion screens (referred to as Negative Screens) and assessing companies on ESG characteristics. Schroders will then decide whether a company is eligible for inclusion in the Fund, based on this assessment and when determining position sizing within the portfolio.<sup>4</sup></p>	<div><div>Lower risk/ potentially lower returns</div><div>Higher risk/ potentially higher returns</div></div> <table><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr></table>	1	2	3	4	5	6	7	0.39%	0.15%/ 0.10%
1	2	3	4	5	6	7				
<p><b>Schroder Sustainable Global Core PIE Fund (Hedged)</b></p> <p>The Fund adopts an actively managed strategy designed to target outperformance relative to the MSCI World ex Tobacco Index (net dividends reinvested) NZD (Hedged) after fees with limited risk relative to the index. This strategy provides the benefits of index-based investing from a risk and cost perspective with the advantage of relative performance upside potential.</p> <p>The Fund also targets a weighted average carbon intensity<sup>2</sup> lower than the benchmark index and is managed with reference to labour standards, and ESG considerations when selecting, retaining and realising the Fund's investments by applying revenue exclusion screens (referred to as Negative Screens) and assessing companies on ESG characteristics. Schroders will then decide whether a company is eligible for inclusion in the Fund, based on this assessment and when determining position sizing within the portfolio.<sup>4</sup></p> <p>The Fund mitigates currency risk by hedging most major foreign currency exposures to the New Zealand dollar.</p>	<div><div>Lower risk/ potentially lower returns</div><div>Higher risk/ potentially higher returns</div></div> <table><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr></table>	1	2	3	4	5	6	7	0.39%	0.15%/ 0.10%
1	2	3	4	5	6	7				

<sup>1</sup> The Funds have been in existence for less than 5 years and therefore market index returns (rather than the Funds' actual returns) have been used to fill in the risk indicator for the period 30 September 2018 to 30 September 2023. As a result of market index returns being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the Funds.

<sup>2</sup> Please refer to section 2 of this PDS for further information about the Fund's carbon intensity reduction goal.

<sup>3</sup> Buy/sell spreads are, as at the date of this PDS, indicative only and will typically apply to each investment/redemption and be borne by you through the unit price used for subscriptions and withdrawals. For the most up to date buy/sell spreads see [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/](https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/). Buy/sell spreads benefit a Fund and are not a fee paid to FundRock NZ or to the investment manager, see section 5, "What are the Fees" for further details.

<sup>4</sup> Refer to section 2 of this PDS for more detail about the ESG criteria applied to each Fund.

See section 4 of the PDS, "What are the risks of investing" for an explanation of the risk indicator and for 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](https://www.sorted.org.nz/tools/investor-kickstarter).

## **Who manages the Schroder Investment Funds?**

FundRock NZ is the manager of the Scheme.

See section 7 of the PDS, "Who is involved?" for more information.

## **What are the returns?**

Investment returns are calculated by the increase or decrease in the unit price, and any income distributions made by the Fund.

We expect to make distributions semi-annually in respect of the periods ending on the last business day of 30 September and 31 March. You may choose to reinvest your distributions or receive them in cash.

See section 2 of the PDS, "How does this investment work?" for more information.

## **How can you get your money out?**

Investments in the Funds are redeemable on request. We may suspend or defer redemptions in certain circumstances set out in the Trust Deed.

See section 2 of the PDS, "How does this investment work?" for more information.

Your investment in the Funds can be sold but there is no established market for trading this financial product. This means that you may not be able to find a buyer for your investment.

## **How will your investment be taxed?**

Each Fund offered under this PDS is a portfolio investment entity ('PIE').

The amount of tax you pay in respect of a PIE 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](https://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate).

See section 6 of the PDS, "What taxes will you pay?" for more information.

## **Where can you find more key information?**

We are required to publish quarterly updates for the Funds. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates (when prepared) are available at <https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/>. We will also give you copies of those documents on request.

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## 2. How does this investment work?

This document is an offer to purchase units ('Units') in the Funds. The Funds are a part of the Schroder Investment Funds managed investment scheme ('Scheme'), established under a trust deed ('Trust Deed'). Capitalised terms in this PDS have the same meaning as in the Trust Deed (including the relevant Scheme and Fund Establishment Deeds for the Schroder Investment Funds) unless they are otherwise defined in this document.

The money you invest buys Units in the Funds. Units do not constitute legal ownership of a Fund's assets but give you rights to returns from the Fund.

As manager of the Scheme, we have appointed Schroder Investment Management Australia Limited ('Schroders') as the investment manager for the Scheme. As investment manager, Schroders is responsible for making decisions about what the Funds invest in, in accordance with the Statement of Investment Policy and Objectives ('SIPO') for the Scheme.

The price of each Unit you receive depends on the value of the relevant Fund at the time you invest and the buy spread adjustment that applies to the relevant Fund. We calculate the unit price for a Fund by subtracting the total value of the Fund's liabilities from the market value of its assets and dividing that number by the number of Units the Fund has issued.

A change in the value of the assets of the Fund you are invested in affects the price of your Units. The unit price for the Fund will change as the market value of the Fund's assets changes.

The Schroder Investment Funds consists of two funds – the Schroder Sustainable Global Core PIE Fund and the Schroder Sustainable Global Core PIE Fund (Hedged). Each Fund is established as a separate and distinct trust. The assets of one Fund cannot be used to satisfy the liabilities of the other Fund.

Trustees Executors Limited is the supervisor ('Supervisor') of the Scheme and, in that role, monitors and supervises our management of the Scheme. The assets of the Funds are held in independent custody by Trustees Executors Limited who is appointed by the Supervisor. Trustees Executors Limited has appointed JP Morgan Securities Australia Limited as sub-custodian for the Funds,

The significant benefits of investing in the Funds include:

- Global diversification through a highly diversified portfolio, which minimises stock-specific risk. Schroders' research suggests that there is a long-term premium available to investors focused on valuations and on business quality. Schroders exploits this through the Funds' broad investment universe of more than 10,000 ESG-rated stocks globally.
- Schroders actively integrate ESG considerations into the investment process through exclusions, assessments of ESG characteristics of each company (using Schroders' proprietary ESG ratings), ongoing research of ESG themes, as well as an active programme of company engagement and voting.

- Limited index-relative risk as top-down risks are carefully managed by applying index-relative limits on the weights of regions, sectors and stocks in Schroders' portfolio construction process.
- Dedicated and well-resourced QEP investment team with clear ownership and accountability for meeting the investment objective of the Funds.

The return on your investment comes from:

- Any increase or decrease in the unit price, and
- Any income distributions made from the Funds.

We expect to make six monthly distributions for each Fund in respect of the periods ending on the last business day in March and September. We expect to pay distributions within 10 business days to your nominated bank account. You can elect for your distributions from a Fund to be paid in cash or reinvested in that Fund.

If you do not make a distribution election the default option is reinvestment.

### Carbon Intensity Reduction Goal

Schroders' goal is that the Weighted Average Carbon Intensity of each Fund will be lower relative to the MSCI World ex Tobacco Index Weighted Average Carbon Intensity. This will be achieved by selecting companies using Schroders' own proprietary tools to identify and assess a company's environmental characteristics.

### ESG Criteria

Schroders considers ESG characteristics when selecting, retaining and realising investments for the Funds. Companies in the investment universe are assessed on their governance, environmental and social profile, across a wide range of underlying measures. The ESG characteristics of a company will impact the eligibility of the company for inclusion in the portfolio and sizing of its position in the Fund. Within governance, criteria assessed include risk to shareholders, business oversight, accounting risk and dividend policy. Environmental considerations include climate change related risks alongside broader environmental impact and opportunities such as environmental policy and strategy, water and waste management, carbon strategy, and land management. Social criteria reflects areas such as business involvement, safety, employee welfare, supply chain management and data privacy. Companies will be given a rating depending on whether the Schroders investment team considers the relevant criteria to be positive (for example, implementing good governance policies) or negative (poor supply chain management), and the rating will determine eligibility for inclusion and position sizing in the portfolio.

### *Negative screening*

For these Funds specifically, Schroders implements a list of ESG exclusions (e.g. companies with significant exposures to tobacco, cluster munitions, nuclear weaponry manufacture, thermal coal mining) based on both industry classifications and revenue exposures, as determined by the investment team in order to create a socially responsible investment universe. Through Schroders' comprehensive ESG integration (including monitoring and active ownership), the Funds will also generally be tilted towards stocks with a good internal ESG rating and away from those with a poor internal ESG rating.

For further information about Schroder's approach to labour standards and ESG considerations when investing, please refer to the 'Investment philosophy – ESG considerations' section in the SIPO.

The SIPO can be found on the Disclose website at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

### **Making investments**

You can make lump sum or regular investments into a Fund. The minimum initial investment amount for each Fund is \$25,000. Thereafter, the minimum additional investment into a Fund is \$5,000. These minimum amounts may be varied or waived at our discretion. If you are investing through a platform the minimums may be lower than those stated in this PDS. The application process is described in section 10 of the PDS, "How to apply".

Each time you make an application into a Fund, we will apply your investment at the unit price for that Fund, adjusted for the applicable buy spread for that Fund.

A 'Valuation Time' is a day on which the Fund's net asset value is calculated for the purposes of unit pricing, which will be every Business Day in New Zealand, except if the Business Day is a day on which major offshore

markets are closed, in which case the Fund will not be valued until the next Business Day when major offshore markets are open.

If an application is received and accepted before the cut-off time of the Fund on a Valuation Time, units will be issued at the issue price determined as at the end of the next Valuation Time (unless we determine otherwise at our discretion). If an application is received and accepted at or after the cut-off time on a Valuation Time, units will be issued at the issue price determined as at the end of the following Valuation Time (unless we determine otherwise at our discretion).

The cut-off time for the receipt of applications and cleared funds for each Fund is currently 2pm New Zealand time.

We may, in our absolute discretion, refuse any application without giving any reason. If we refuse your application, your application payment will be returned to you in full, without interest.

### **Withdrawing your investments**

You may request redemption of some or all of your investment at any time.

When you redeem all or part of your investment from a Fund, we will redeem your investment at the unit price for that Fund, adjusted for the applicable sell spread for that Fund.

If a redemption is received and accepted before the cut-off time of that Fund on a Valuation Time, units will be redeemed at the redemption price determined as at the end of the next Valuation Time (unless we determine otherwise at our discretion). If a redemption is received and accepted at or after the cut-off time on a Valuation Time, units will be redeemed at the redemption price determined as at the end of the following Valuation Time (unless we determine otherwise at our discretion).

The cut-off time for the receipt of redemption requests for the Funds is currently 2pm New Zealand time.

If an investor's redemption request is in a format approved by the Manager, payment will normally be made within five Business Days of our receiving a redemption request from you.

We reserve the right to refuse a redemption request for less than \$5,000 or a redemption request that would result in you holding less than \$25,000 in a Fund (except where all of your units are to be redeemed).

We may also either defer or suspend Fund withdrawals.

Fund redemptions may be deferred or dealt with in instalments if:

- we receive one or more redemption requests, within 60 Business Days, totalling more than 10% of the relevant Fund's units on issue, and
- we consider deferral to be in the general interests of all of the investors in that Fund.

Fund redemptions may be suspended in accordance with the Trust Deed in a number of circumstances if we believe allowing investors to take their money out would not be practicable or would materially prejudice investors generally. For instance, suspension could apply if we decide to wind up a Fund, or we are unable to realise underlying fund holdings. If withdrawals are suspended and you submit a withdrawal request, we will not process it until the suspension is lifted.

In the case of either a deferral or suspension, investors will receive the redemption price applicable at the end of the deferral or suspension period (or redemption prices in the case of deferred redemptions which are paid out over a period of time).

More information about deferrals and suspensions can be found in the OMI document for the Scheme and in the Trust Deed.

### **How to switch between Funds**

You can switch your investment between the Funds in the Scheme. However, your ability to switch between the Funds may be limited if you have invested into a Fund via an approved platform.

A switch from one Fund to another is treated as a redemption from one Fund and an application to invest in the other Fund.

You will not be charged a switch fee but the buy and sell spreads may apply on each redemption and application for a switch. Buy and sell spreads may be varied or waived at our discretion. More information about the buy and sell spreads can be found in section 5, "What are the fees?".

### 3. Description of your investment option(s)

Fund	Target Investment Mix	Risk Category <sup>5</sup>	Minimum Suggested Investment Timeframe
<p><b>Schroder Sustainable Global Core PIE Fund</b></p> <p>The investment objective of the Fund is to outperform relative to the MSCI World ex Tobacco Index (net dividends reinvested) after fees with low index-relative risk across a broad range of market environments.</p> <p>The Fund also targets a weighted average carbon intensity<sup>6</sup> lower than the benchmark index and is managed with reference to labour standards, and ESG considerations when selecting, retaining and realising the Fund's investments by applying revenue exclusion screens (referred to as Negative Screens) and assessing companies on ESG characteristics. Schroders will then decide whether a company is eligible for inclusion in the Fund, based on this assessment and when determining position sizing within the portfolio.<sup>6</sup></p> <p>The Fund implements a list of ESG exclusions (e.g. tobacco, cluster munitions, nuclear weaponry, and thermal coal mining) based on both industry classifications and revenue exposures.</p>	International equities <sup>7</sup> - 100% <sup>8</sup>	5	5+ years
<p><b>Schroder Sustainable Global Core PIE Fund (Hedged)</b></p> <p>The investment objective of the Fund is to outperform relative to the MSCI World ex Tobacco Index (net dividends reinvested) (Hedged) after fees with low index-relative risk across a broad range of market environments.</p> <p>The Fund also targets a weighted average carbon intensity<sup>6</sup> lower than the benchmark index and is managed with reference to labour standards, and ESG considerations when selecting, retaining and realising the Fund's investments by applying revenue exclusion screens (referred to as Negative Screens) and assessing companies on ESG characteristics. Schroders will then decide whether a company is eligible for inclusion in the Fund, based on this assessment and when determining position sizing within the portfolio.<sup>6</sup></p> <p>The Fund implements a list of ESG exclusions (e.g. tobacco, cluster munitions, nuclear weaponry, and thermal coal mining) based on both industry classifications and revenue exposures.</p>	International equities (hedged to NZD) <sup>7</sup> - 100% <sup>8</sup>	6	5+ years

We can make changes to the SIPO of the Scheme in accordance with the Trust Deed and the Financial Markets Conduct Act 2013 ('FMC Act'). Before making changes to the SIPO, we will consider if the changes are in your best interests and consult with the Supervisor. We will give notice of changes to investors of the Funds prior to effecting any material change and any material changes to the SIPO will be advised in the Fund's annual report. The most current SIPO for the Scheme can be found on the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

Further information about the assets in each Fund can be found in the fund update (when available) at <https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/>.

<sup>5</sup> The Funds have been in existence for less than 5 years and therefore market index returns (rather than the Funds' actual returns) have been used to fill in the risk indicator for the period 30 September 2018 to 30 September 2023. As a result of market index returns being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the Funds.

<sup>6</sup> Refer to section 2 of this PDS for information about the Fund's carbon intensity reduction goal and more detail about the approach to labour standards and ESG considerations when investing. Please also refer to section C of the SIPO for further information.

<sup>7</sup> International equities includes investments in Australasian equities and listed property securities.

<sup>8</sup> The Fund is expected to be fully invested. However, a portion of the portfolio, up to 10%, may be allocated to cash and cash equivalents for liquidity purposes.



## 4. 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.

Lower risk/ potentially lower returns				Higher risk/ potentially higher returns		
1	2	3	4	5	6	7

See section 3 of the PDS, “Description of your investment option(s)” for the risk indicator for the Funds offered under this PDS.

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](http://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 30 September 2023. 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 the Fund (when it is available).

### General investment risks

Some of the things that may cause a Fund's value to move up and down, which affect the risk indicator, are:

**Market risk:** Economic, political, and other events (e.g. pandemics, natural disasters, and terrorist acts) may cause the overall investment market to fall in value. A fall in the market may lead to a decrease in the price of securities held by the Funds irrespective of the merits or otherwise of the individual securities.

**Security risk:** This is the risk attributed to the circumstances of an individual security. It can relate to management, operational, product, industry and other factors. Even if the Funds are well diversified, falls in the price of an individual security may affect the value of your investment.

**Strategy risk:** The Funds' investment strategy may mean that the Funds perform differently from the market as a whole. The Funds may at times underperform equity funds that use other investment strategies.

**Currency risk:** Both Funds have the ability to invest offshore and hence are exposed to currency risk. Currency risk stems from the value of foreign currencies moving differently to the New Zealand dollar. For example, a fall in an investor's local currency can result in an increase in the value of their international investments. Conversely, a rise in that currency can decrease the value of an investor's international investments. The Schroder Sustainable Global Core PIE Fund (Hedged) mitigates currency risk by hedging most major foreign currency exposures to the New Zealand dollar. Other foreign currency exposure is either partially hedged using one of the major currencies that is in Schroders' view correlated with the relevant currency (as a proxy), or not hedged depending on what Schroders deems to be cost-efficient. This approach seeks to minimise the impact of currency fluctuations on Fund returns, but it does not necessarily eliminate the Fund's exposure to all currency movements and it may not prove effective.

**Liquidity risk:** Sometimes, when securities are not traded frequently or in large amounts or when market conditions are difficult, buying interest can dry up. This can make it hard for investors to sell securities at short notice and at a desired price. In periods of illiquidity, we may not be able to sell securities or may need to sell securities at a lower price than desired (possibly with higher transaction costs associated with the withdrawal), to



pay withdrawal requests and the generally acceptable timeframe for satisfying withdrawal requests may not be able to be met.

## Other specific risks

**Integrated financial product risk:** An integrated financial product is one that incorporates non-financial factors alongside financial factors when making investment decisions. The Funds, as explained in section 2 of this PDS, consider non-financial factors in order to pursue sustainability goals. There is a risk that each Fund may not achieve its sustainability goals and may therefore not deliver the intended outcomes for those people who invested in the relevant Fund for these sustainability goals. Further, and as explained in Section 2 of this PDS, the Funds implement negative screening to exclude certain companies with low ESG ratings. This results in a smaller investable universe and may result in the particular Fund missing out on certain profitable investment opportunities in order to achieve that Fund's sustainability goals (which Schroders believes will produce better long-term capital growth).

Further information on additional risks is contained in the OMI document which can be found on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 5. What are the fees?

You will be charged fees for investing in the Funds. Fees are deducted from your investment and will reduce your returns. If we invest 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;
- one-off fees (for example, trading costs).

### Annual Fund Charges (% of net asset value of the Fund)

Fund	Total annual fund charges (incl. GST) (estimated, of the Fund's net asset value)
Schroder Sustainable Global Core PIE Fund	0.39%
Schroder Sustainable Global Core PIE Fund (Hedged)	0.39%

The charges outlined above include all normal day-to-day costs and expenses applicable to the relevant Fund including, but not limited to, the following:

- the management fee paid to us and the investment management fee paid to Schroders;
- any investment management fees deducted within an underlying fund or paid to an underlying investment manager;
- the Supervisor's fee and the custody fee;
- costs incurred by us, the Supervisor and the investment manager in carrying out each of our respective duties (including costs reasonably and properly incurred relating to professional advice or assistance such as fees charged by auditors, solicitors, valuers and other advisers including advice or assistance sought for matters relating to functions under Relevant Law);
- bank account charges applicable to the relevant Fund; and
- costs for administration services, including unit registry, asset registry, unit pricing and investment accounting costs and costs associated with the provision of financial information related to the relevant Fund.

The Annual Fund Charges are calculated daily and paid monthly in arrears. The Annual Fund Charges do not include extraordinary expenses charged to each Fund such as costs of any litigation, investor meetings or one-off engagements of advisers to help comply with new regulation.

## GST

The GST treatment of each of these components varies and may change in the future, which is why GST and Annual Fund Charges have been estimated.

### Individual action fees and trading costs (% of amount contributed or withdrawn)

#### Individual action fees

There are no individual action fees currently being charged to investors in the Funds offered under this PDS.

#### Trading costs

Buy/sell spreads - When you enter or leave a Fund, any buy or sell spreads are typically applicable at that time and will be a cost to you. The buy spread is added to the unit price on entry to a Fund, and the sell spread is deducted from the unit price on exit from a Fund. The buy/sell spreads belong to a Fund and are not fees paid to us or Schroders. The purpose of buy/sell spreads is to make sure that any transaction costs incurred as a result of an investor entering or leaving a Fund are borne by that investor, and not by other investors in that Fund. There is no GST charged on buy/sell spreads.

We aim to set buy/sell spreads at levels which reflect expected trading costs. Buy/sell spreads in the table below are as at the date of this PDS and are indicative.

Fund	Buy spread	Sell spread
Schroder Sustainable Global Core PIE Fund	0.15%	0.10%
Schroder Sustainable Global Core PIE Fund (Hedged)	0.15%	0.10%

We may change the buy/sell spreads from time to time to reflect the latest trading costs and market conditions. In stressed market conditions buy/sell spreads may materially increase. For the most up to date buy/sell spreads see <https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/>.

There are no other one-off fees currently being charged to investors in the Funds offered under this PDS.

#### **Example of how fees apply to an investor**

Anthony invests \$25,000 in the Schroder Sustainable Global Core PIE Fund. He is charged a buy spread of 0.15%. This brings the starting value of his investment to \$24,962.50.

He is also charged management and administration fees, which work out to about \$97.35 (0.39% of \$24,962.50). These fees might be more or less if his account balance has increased or decreased over the year.

#### **Estimated total fees for the first year**

Fund charges: \$97.35

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

This example applies to both the Schroder Sustainable Global Core PIE Fund and the Schroder Sustainable Global Core PIE Fund (Hedged).

#### **The fees can be changed**

We can change fees from time to time. We can also add new fees. We may waive or decrease a management fee without notice. We may increase the management fee, or start charging additional fees, by giving you at least three months' notice. The rules about fee changes are in the Trust Deed, which can be found on the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

We must publish a fund update for the Funds showing the fees actually charged during the most recent year. Fund updates, including past updates, when prepared, are available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 6. What taxes will you pay?

Each Fund is a PIE. The amount of tax you pay is based on your PIR. To determine your PIR, go to [www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](http://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate). If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. 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.

## 7. Who is involved?

### About FundRock NZ

FundRock NZ is the manager of the Scheme. Our contact details are below:

Level 2, Woodward House  
1 Woodward Street  
PO Box 25003  
Wellington 6146

Telephone: (04) 499 9654  
Email: [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)

### Who else is involved?

Title	Name	Role
Supervisor	Trustees Executors Limited	Supervisor of the Scheme under the FMC Act, responsible for supervising FundRock NZ as the manager of the Scheme.
Custodian	Trustees Executors Limited	The Custodian appointed by the Supervisor, in their role as Supervisor, to hold the assets of each Fund on behalf of investors. The Custodian has appointed JP Morgan Securities Australia Limited as sub-custodian for each Fund.
Investment Manager	Schroder Investment Management Australia Limited	Appointed by us to define and review the Funds' investment mandates and for making decisions about what the Funds invest in.
Administrator	Apex Investment Administration (NZ) Limited	Appointed by us to manage core administration functions including unit pricing and fund accounting.
Registry Manager	Apex Investment Administration (NZ) Limited	Appointed by us to manage the registry.

## 8. How to complain

Any complaints or problems with the investment should be directed to us for resolution through our internal dispute resolution process:

FundRock NZ  
Level 2, Woodward House  
1 Woodward Street  
PO Box 25003  
Wellington 6140

Telephone: (04) 499 9654  
Email: [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)

If you are not satisfied with the outcome of your complaint to us, you may refer the matter to the Supervisor for resolution through its internal dispute resolution process:

Trustees Executors Limited  
PO Box 4197, Shortland Street,  
Auckland 1140  
Level 11, 51 Shortland Street,  
Auckland 1010

Telephone: 0800 878 783  
Email: [complaints@trustees.co.nz](mailto:complaints@trustees.co.nz)

If your complaint is not able to be resolved through our internal dispute resolution process or that of the Supervisor, you may refer your complaint to the dispute resolution scheme operated by the Insurance and Financial Services Ombudsman, an approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. We are a registered financial service provider and member of this scheme. The Insurance and Financial Services Ombudsman's service is provided at no cost to you. The contact details for the Scheme are:

Insurance and Financial Services  
Ombudsman  
Level 2, Solnet House  
70 The Terrace  
PO Box 10-845  
Wellington 6143

Telephone: 0800 888 202  
Email: [info@ifso.nz](mailto:info@ifso.nz)

The Supervisor is a member of an approved dispute resolution scheme operated by Financial Services Complaints Limited ('FSCL'). If your complaint to the Supervisor has not been resolved, you can refer it to FSCL by phoning 0800 347 257 or writing to:

Financial Services Complaints  
Limited  
Level 4, 101 Lambton Quay  
PO Box 5967 Wellington 6140

Email: [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz)

The FSCL scheme will not charge a fee to any complainant to investigate or resolve a complaint.

## 9. Where you can find more information

Further information relating to the Scheme and the Funds, including financial statements (when prepared), is available on the offer register and the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) and a copy of information on the offer register or scheme register is available on request to the Registrar of Financial Service Providers.

### Other information we will provide

You can also obtain the following information free of charge:

Information	How to obtain
Fund information relevant to you	You can inspect documents we hold that are relevant to you, and other documents that are legally required to be provided to you, at our offices during normal business hours, or request an extract of those documents, by written request to us at the addresses on the previous page.
Quarterly fund updates	The quarterly fund updates for the Funds are publicly available from our website and can be requested from us (when prepared).

If you invest directly into a Fund, we will send you confirmation information relating to your transactions when Units are issued to you, as well as when you withdraw or transfer your Units. We will also make available to you an annual report in respect of the Scheme (when prepared).

You will also be sent an annual tax statement, which will include the amount of PIE income allocated to you and the amount of tax paid at your chosen PIR. You will also be asked to confirm your IRD number and PIR.

You can find general information about the Funds, our management team, and us on our website <https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/>.

## 10. How to apply

If you are making an investment directly with us, then you will be required to complete the application form, which can be obtained from the manager by calling on (04) 499 9654 or emailing [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz), and send it to:

FundRock NZ  
PO Box 25003  
Wellington 6140

Email: [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)

You can also apply to invest in a Fund through approved investment administration and custodial service platforms (also known as 'wrap platforms' or 'PIE investor proxies'). Many adviser groups and distributors prefer using wrap platforms in providing services to their clients. When reading this PDS you should remember that if your investments are purchased through a wrap platform they will be held by a custodian on your behalf. In that case you should refer to the wrap platform's service terms and relevant material for how you may invest in a Fund. The terms of these wrap platform services are separate and independent to the offer of the Funds under this PDS.

Please take time to read this PDS and other information contained on the scheme register (<https://disclose-register.companiesoffice.govt.nz/>) before making your investment decision.