



Product Disclosure Statement

PIE CHAIRMAN'S FUND

Part of the Pie Funds Management Scheme

DATED 1 SEPTEMBER 2023

Issued by Pie Funds Management Limited

This is a replacement Product Disclosure Statement (PDS), replacing the PDS dated 1 April 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 advice provider 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 depend 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 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 accessing the higher potential growth of predominantly smaller companies[^]. It does this by investing predominantly in Other Pie Funds Products (defined on page 5).</p> <p>Objective: Generate capital growth over a period exceeding 5 years.</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): 1.83%**</p> <p>Performance fee No performance fee is charged.</p> <p>Please see Section 5: 'What are the fees?' for more information.</p>

**During times of extreme market volatility, the risk may be greater than indicated, particularly for this Fund, as it invests in funds which invest 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.*

*** Annual fund charges include an estimate of applicable underlying fund charges. See **Section 5 "What are the fees?"** for more information on fees.*

[^] By smaller companies, we mean companies which are considered by relevant industry standards to have a small market capitalisation relative to the exchange they are listed on.

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-profiler.

Who manages the Fund?

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

What are the returns?

Returns on your investment come 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. See **Section 2: 'How does this investment work?'** for more information.

How can you get your money out?

Your investment in the Fund is redeemable. However, in certain circumstances, we may defer payment or suspend your ability to withdraw. See **Section 2: 'How does this investment work?'** for more information.

Your investment in the Fund can be sold but there is no established market for trading this product, so you may be unable 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?'** for more information.

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?

The Fund is offered under a registered managed investment scheme, known as the Pie Funds Management Scheme ('Scheme'). The Scheme is governed by a trust deed ('Governing Document'). 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. Your interests are represented by units conferring an equal interest in the Fund and which are of equal value.

The value of units in the Fund fluctuates according to the changing value of the assets in which the Fund invests. 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 and liabilities of the Fund are the exclusive property / liabilities of the Fund. The assets of the Fund are not available to meet the liabilities of any other fund in the Scheme.

Distributions

As at the date of this PDS, we do not intend to make any income distributions from the Fund (but we retain the discretion to do so). Any income or capital gains will be included in the unit price.

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 other funds in the Scheme which are also managed by Pie Funds (**Other Pie Funds Products**).

The Other Pie Funds Products predominantly focus on investment in Australasian and globally listed equities of smaller companies.

Pie Funds has an active investment strategy for the Other Pie Funds Products in which the Fund invests, key features of which are:

1. Our belief that skilled active investing helps deliver good, long-term results.
2. We research investments to determine:
 - which types and mix of assets will best meet a fund's objective without unnecessary risk, given market conditions
 - how best to invest in those assets (e.g., directly, through exchange traded funds ('ETFs'), with physical securities or using derivatives)
 - which securities to invest in.

3. For the Other Pie Funds Products (in which the Fund invests) we look for a relatively small number of companies we believe the market has mispriced relative to the companies' outlook.

We pick companies we believe:

- are good quality;
- have qualities not currently recognised by the market, but;
- the market will come to recognise, and appropriately value, their quality.

We believe this approach will generate higher returns in the long term, but a fund may experience higher volatility and may underperform the relevant market index or our competitors for a time. It may also mean we may temporarily suspend withdrawals from an underlying Other Pie Funds Product in some circumstances.

4. Where we do not have key competencies in areas beneficial to investors, we engage with organisations e.g., research providers, which can provide them.

Benefits

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

- **Access to investments:** Through investment in some or all of the Other Pie Funds Products, which are actively managed by Pie Funds' experienced investment team, the Fund provides exposure to a diversified portfolio of investments.
- **Investment return:** The Other Pie Funds Products in which the Fund invests have differing investment objectives. Depending on the fund, it aims to either preserve and/or grow investors' capital by accessing the high potential growth of actively managed equities, coupled with the diversifying effects of cash, fixed income, and other asset classes.
- **ESG factors:** 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. Full details of how we integrate ESG factors into the investment process and the screening process are available in our Responsible Investment Policy which can be found at www.disclose-register.companiesoffice.govt.nz.

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 call us for more information.

The minimum additional investment amount is \$25,000. We can vary or waive minimums either generally or for selected investors at our discretion.

We can close this Fund or any of the underlying Other Pie Funds Products in order to preserve their capacity to generate excess returns.

Withdrawing your investments

You may withdraw all or part of your investment in the Fund by providing us with a completed withdrawal request in the form required by us ('**Withdrawal Request**') (subject to any deferral or suspension of withdrawals). Withdrawals will be transferred into your nominated bank account 15 business days after receipt of your completed Withdrawal Request ('**Withdrawal Date**').

We retain the discretion to increase this to 20 business days at any time, or to 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 withdrawal unit 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 withdrawal price is calculated by dividing the net asset value of the Fund by the total units on issue.

Withdrawal Requests can be cancelled at any point up until 3 business days before the Withdrawal Date.

You will generally not be permitted to reduce your investment in the Fund to less than the minimum initial investment amount.

We may, on 30 days' written notice, 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 withdraw your units if it is necessary for the Fund to maintain its 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 the Fund. The transfer instrument must be in writing in any 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 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 (and switch) Requests in respect of the Fund:

- for a period determined by us if Withdrawal Requests received in a 3-month period relate to more than 5% of the 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 (note, we could also pay out Withdrawal Requests in instalments in this situation);
- for a period determined by us if Withdrawal Requests received in a 3-month period relate to more than 10% of the 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 between funds in the Scheme (but not switch to a closed fund) by completing a switch form.

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. We have the discretion to waive or reduce the period for switching.

Switches can be cancelled at any point up until 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>Capital growth over a period exceeding 5 years.</p> <p>The Fund seeks to provide investors with long-term capital growth by accessing the higher potential growth of predominantly smaller companies[^]. It does this by investing predominantly in the Other Pie Funds Products (defined on page 5).</p>
Target Investment Mix	 <p>Target investment mix</p> <ul style="list-style-type: none"> ● Cash and cash equivalents 15% ● International equities 45% ● Australasian equities 40% <p>The investment mix shown above is indicative only as to what is expected to apply over the course of an economic cycle and should be considered a general guide only. We may deploy investment strategies which differ materially from these targets subject to compliance with the SIPO.</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>
Minimum recommended investment timeframe	5 years

**During times of extreme market volatility, the risk may be greater than indicated, particularly for this Fund, as it invests in funds which invest 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.*

The Scheme's Statement of Investment Policy and Objectives ('SIPO') has been established by Pie Funds in consultation with the Supervisor. It contains the investment philosophy, strategies, and objectives for each fund. Pie Funds may change the SIPO (by providing prior written notice 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.

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

[^] By smaller companies, we mean companies which are considered by relevant industry standards to have a small market capitalisation relative to the exchange they are listed on.

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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-profiler.

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 June 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 this Fund.

During times of extreme market volatility, the risk may be greater than indicated, particularly for this Fund as it invests in funds which invest in smaller companies, which can be more volatile during market sell-down.

General investment risks

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

- **Market risk:** The performance of the 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 pandemics, failures of major global financial institutions, changes in technology and environmental events. In adverse market conditions, it is more likely the Fund's value will go down, particularly where the Fund is invested in Other Pie Funds Products with heavy equity concentration.
- **Investment return risk:** Past performance is not a guarantee of future performance. As Pie Funds is an active manager, there is a risk that the Fund may underperform compared with its investment objectives or with the relevant market indices.

- **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:** The Fund may be affected by environmental, social or governance issues impacting the companies in which we invest via the underlying Other Pie Funds Products 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 the Fund if we are unable to recruit a suitable replacement.
- **Currency risk:** The Fund may have exposure to foreign currencies through its investment in Other Pie Funds Products, and as a result returns may be affected by movements between other currencies and the New Zealand dollar (NZD). 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.
- **Portfolio concentration risk:** As the Other Pie Funds Products hold relatively concentrated portfolios, returns of the Fund may be dependent on the performance of individual investments of the Other Pie Funds Products in which the Fund invests. The concentrated exposure may lead to increased volatility in the Fund's unit price and may affect performance. This strategy differs from many comparable funds, therefore, there is a risk this Fund will experience significant deviations in performance from its market peers.
- **Short selling risks:** The Other Pie Funds Products 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 the Fund:

- **Fund of fund risks:** The Fund invests in Other Pie Funds Products and may invest in externally managed funds, including ETFs. Investments in the Fund 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 risks, please refer to the Other Material Information document, available 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 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 (e.g., annual fund charges). Small differences in these fees can have a big impact on your investment over the long term; and
- one-off fees (e.g., individual action fees) (currently none).

Estimated annual fund charges (% of net asset value)	
Management and administration charges*	1.83%
Total	1.83%

*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.

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

Fee types

Management and administration charges

The management and administration charges cover:

- Normal Fund operating costs, such as supervisor, custodial, accounting, audit and legal costs and are paid monthly. These costs are deducted from, and reflected in, the unit price of the Fund; and
- Underlying fund charges, including management fees charged within the Other Pie Funds Products in which the Fund invests. If we are unable to determine the underlying external fund charges, these have been estimated from recent financial statements based on the actual costs as a percentage of average net asset value that were charged for the fund's previous financial year.

Management and administration charges do not include transaction costs (these are the actual costs such as brokerage incurred in the buying and selling of the assets within the Other Pie Funds Products).

Management and administration charges are calculated and accrued daily and paid monthly in arrears.

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\$183p.a. (1.83% 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\$183

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

The fees may change, or new fees imposed, provided we give you 3 months' notice. We must publish a fund update for the Fund showing the actual fees 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 ('PIE'). 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. If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue.

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.

You must provide us with your IRD number when you invest. Usually, failure to do so within 6 weeks means we will need to close your account.

We may be notified by Inland Revenue to update your PIR if they believe it is incorrect. We are required to apply this updated PIR (subject to you subsequently notifying us of a different PIR). Contact Inland Revenue for more information.

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.

Pie Funds

Level 1, 1 Byron Avenue
PO Box 33 1079
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	Apex Investment Administration (NZ) Limited ('Apex')	Appointed by the Supervisor to hold assets of the Fund on behalf of investors.
Administration Manager	Apex	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) – a Financial Ombudsman Service.

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

FSCL

Level 4, 101 Lambton Quay
PO Box 5967,
Wellington 6140
T: 0800 347 257
Email: complaints@fscl.org.nz

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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 (e.g., 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 of Financial Service Providers. 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 **+649 486 1701**.

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