

Statement of Investment Policy and Objectives

PIE FUNDS MANAGEMENT SCHEME

Issued by Pie Funds Management Limited

DATED 2 FEBRUARY 2018

TABLE OF CONTENTS

| | |
|---|----------|
| Description of the Scheme and Funds | 3 |
| Investment philosophy | 3 |
| Key investment policies | 4 |
| Investment performance monitoring and reporting | 5 |
| Investment strategy and SIPO review | 6 |
| Glossary | 7 |
| Schedules: | |
| 1. Growth Fund - Investment Objectives and Strategy | 8 |
| 2. Dividend Fund - Investment Objectives and Strategy | 9 |
| 3. Emerging Companies Fund - Investment Objectives and Strategy | 10 |
| 4. Global Fund - Investment Objectives and Strategy | 11 |
| 5. Chairman's Fund - Investment Objectives and Strategy | 12 |
| 6. Conservative Fund - Investment Objectives and Strategy | 13 |
| 7. Growth 2 Fund - Investment Objectives and Strategy | 14 |
| 8. Growth UK & Europe Fund - Investment Objectives and Strategy | 15 |
| 9. Multi Strategy Fund - Investment Objectives and Strategy | 16 |

Description of the Scheme and Funds

The Pie Funds Management Scheme (**Scheme**) is registered under the Financial Markets Conduct Act 2013 as a managed investment scheme. Each fund in the Scheme is a separate trust within the Scheme, managed by Pie Funds Management Limited.

The Supervisor is Trustees Executors Limited (**TEL**).

This Statement of Investment Policy and Objectives (**SIPO**) sets out the investment policies and objectives for the funds. It can change from time to time without notice to investors (provided prior written notice is given to TEL).

The most current version of this SIPO, along with the Product Disclosure Statement (**PDS**), the Other Material Information Document (**OMI**) and other documentation relevant to the funds is available at www.piefunds.co.nz and on the Disclose register at www.companiesoffice.govt.nz/disclose.

Throughout the SIPO, we use 'Pie Funds', 'we', 'our' or 'us' to refer to Pie Funds Management Limited.

The Scheme is a managed investment scheme governed by a Governing Document dated 20 July 2016, as amended from time to time.

Each of the funds is a Portfolio Investment Entity (**PIE**) for tax purposes. Pie Funds is responsible for selecting and managing its investments. TEL is the administration manager for all the funds in the Scheme, and TEL, through its nominee T.E.A. Custodian Limited, is the Custodian of the Funds.

There are nine (9) funds in total under the Scheme (each a '**Fund**'), being:

1. Pie Australasian Growth Fund (**Growth Fund**);
2. Pie Australasian Dividend Fund (**Dividend Fund**);
3. Pie Australasian Emerging Companies Fund (**Emerging Companies Fund**);
4. Pie Global Small Companies Fund (**Global Fund**);
5. Pie Chairman's Fund (**Chairman's Fund**);
6. Pie Conservative Fund (**Conservative Fund**);
7. Pie Growth 2 Fund (**Growth 2 Fund**);
8. Pie Growth UK & Europe Fund (**Growth UK & Europe Fund**); and
9. Pie Multi-Strategy Fund (**Multi-Strategy Fund**).

The Investment Committee is responsible for monitoring the performance of the Funds against the SIPO and ensuring that the SIPO is adhered to. The Investment Committee also reviews investment decisions made by the Investment Team, the performance and portfolio composition of the Funds, stock market movements, sentiment and cash levels within the Funds and liquidity levels. The Investment Committee meets at least twice a month.

Investment philosophy

Our investment philosophy is that the share market often inefficiently prices Smaller Companies due to a lack of coverage by the investment community. We believe this environment breeds opportunity.

We are a high conviction fund manager. This means we aim to provide investors in the Funds with above average investment returns. We will be more defensive when we are concerned about valuation and market outlook and more aggressive when our view of valuations and market outlook is more positive.

Pie Funds manages each of the Funds directly.

Key investment policies

Below are the key investment policies that are relevant to achieving the investment objectives for the Funds.

Market risk management policy - hedging and derivatives

We may seek to hedge market risk, including during a market correction. By doing this, we aim to protect the Funds' assets, reduce downside volatility and investment drawdowns. We will do this at our discretion by:

- purchasing exchange-traded or OTC index or sector put options;
- short selling individual or baskets of listed shares and/or other OTC equity derivatives; and
- short selling exchange-traded Futures contracts.

In addition to hedging, we can vary the level of cash and short-term deposits that a Fund is holding if we believe it is appropriate. A Fund may be invested 100% in cash to mitigate the risk of a severe decline in the value of the Fund's units.

Currency hedging

We actively manage all currency exposure. We don't intend to 100% hedge the currency at all times; however, this decision is at our discretion. Overseas transactions may be unhedged.

We consider the diversification benefits of foreign currency against the benefits to the Funds from currency hedging. Currency hedges are generally rebalanced monthly to align with the current hedging policy set by the Investment Team (and monitored by the Investment Committee). Currency hedges may be adjusted during the month if there are significant deposits into or withdrawals from the relevant Fund, a change in the hedging policy or market conditions, or the Investment Team considers it appropriate.

Tactical asset allocation policy

Pie Funds may take short-term trading positions, in each Fund, where we believe a stock is mispriced and will typically not exceed 10% of the portfolio of the relevant Fund.

Liquidity and cash flow management policy

The expenses of each Fund (apart from Trading Expenses) are paid by Pie Funds (management company) rather than out of the assets of the Fund (other than the Conservative Fund, where Pie Funds pays all expenses directly).

Pie Funds holds cash within each Fund (i.e. exposure to cash and short-term deposits), as each Fund's investments may at times not be easily converted into cash to meet withdrawal requests. To ensure sufficient liquidity for withdrawals from the Funds, Pie Funds has discretion to increase the level of cash and short-term deposits in each Fund up to 100% of the portfolio. The liquidity and cash flow management policy is set by the Investment Team (and monitored by the Investment Committee).

Conflicts of interest policy

Pie Funds recognises that conflicts of interest or potential conflicts can present issues, particularly those between investors and Pie Funds (or between investors and individual staff). Pie Funds has adopted the Pie Funds 'Conflicts of Interest between Pie Funds (or individual staff) and Investors' Interests' Policy.

The Policy assists Pie Funds' directors and employees to recognise, disclose and manage conflicts of interest and potential conflicts between Pie Funds (or individual staff) and investors. The Policy also provides a procedure to manage and resolve any potential or apparent conflicts in a way that is fair to investors.

Pie Funds also has in place a Code of Conduct, a Code of Ethics and a Disclosure of Interest Policy which support the Conflicts Policy.

Investment trade allocation policy

Pie Funds' Investment and Trade Allocation Policy can be found on the Disclose Register at www.companiesoffice.govt.nz/disclose.

Proxy voting policy

Pie Funds' Proxy Voting Policy can be found on the Disclose Register at www.companiesoffice.govt.nz/disclose.

Pricing and valuation policy

Pricing and valuing the assets of each Fund is done by TEL, independent of Pie Funds, guided by an agreed methodology. This outsourcing arrangement is governed by a Services Agreement and Service Level Agreement between Pie Funds and TEL.

While pricing and valuation is undertaken by TEL, Pie Funds remains responsible for the pricing and valuation of the Funds. Pie Funds' Operations Team therefore conduct a review of each daily unit price report provided by TEL against Pie Funds' own data base systems to ensure records reconcile.

Taxation policy

Each Fund is a Portfolio Investment Entity (**PIE**). We attribute taxable income earned by the Fund to each investor in accordance with the proportion of their interest in the overall Fund. The income attributed to each investor is taxed at the investor's prescribed investor rate (**PIR**), currently capped at 28%. Unless the investor has a PIR of 0%, Pie Funds pays tax on an investor's behalf to the IRD and makes any necessary adjustments to an investor's interests in the relevant Fund (by way of cancellation or issue of units) to reflect that the relevant Fund pays tax at varying rates on behalf of different investors.

Pie Funds has outsourced these functions to the Securities Services division of TEL for each of the Funds.

Investment performance monitoring and reporting

Pie Funds' Investment Team and Investment Committee monitor each Fund's performance against the Fund's investment objectives and the SIPO.

Investment performance is monitored daily, but the performance of the Funds is also measured monthly, annually and since the inception of the relevant Fund.

Pie Funds receives daily reports from TEL about each Fund's pricing and asset valuations. Pie Funds also runs daily performance spreadsheets internally to ensure consistency and monitor performance.

The performance of each fund is measured on an absolute returns basis. Performance is measured net of fees but before tax.

Pie Funds does not benchmark the performance of the Funds, but may reference an appropriate local market index for comparative purposes to help investors understand a Fund's returns over particular periods.

Pie Funds reports each Fund's performance to investors in quarterly fund updates, the latest version of which is found at www.piefunds.co.nz and the Disclose Website at www.companiesoffice.govt.nz/disclose.

Investment strategy and SIPO review

Investment strategy

Pie Funds believes in active and high conviction management of funds.

Each investment opportunity for a Fund is assessed using Pie Funds' unique scorecard system, based on factors including:

- quality of management;
- Earnings Per Share growth;
- Forward Price Earnings ratio;
- gap to Discounted Cash Flow valuation;
- earnings reversions;
- evidence of smart money (e.g. director's buying); and
- the Investment Team's experience of what drives an asset's price.

Each variable is given a weighting, providing a total score. A company will meet our criteria for inclusion in a Fund, and is then subject to regular screening.

The Investment Team regularly reviews the investment strategy for each Fund.

In addition, the Investment Committee does regular, detailed reviews of each Fund. This includes a risk assessment which considers liquidity, stock market and currency risk, the weightings of each position, the overall composition of the Funds and the Funds overall compliance with this SIPO.

Some Funds can invest in externally managed funds which also invest in Smaller Companies. All externally managed funds are subject to rigorous research using a range of tools.

This includes onsite visits by Pie Funds to the fund managers' premises and completion by the fund managers of detailed due diligence documents which may cover:

- ownership structure of the fund management companies;
- operation and compliance;
- investment decision-making process;
- portfolio composition;
- investment mandate and strategy;
- past performance;
- key personnel; and
- reporting protocols and transparency.

Pie Funds routinely and systematically screens all managed funds invested in, including by:

- reviewing relevant reporting from the fund managers about the managed fund's performance, composition and changes;
- having regular calls with the fund managers to raise any issues or questions; and
- meeting face-to-face with the fund managers.

SIPO

The SIPO is reviewed annually by Pie Funds' Investment Committee. The Investment Committee may also review (and, if necessary, amend) the SIPO because of adverse market or other events, such as the poor investment performance of an asset in a Fund's portfolio or an adverse market announcement by a Smaller Company to which a Fund's portfolio is exposed.

Pie Funds may change the SIPO in accordance with the requirements of the Governing Document and the FMCA, including the requirement for prior written notice to the Supervisor. Any proposed changes would also be approved by the Investment Committee following an annual or ad hoc review meeting.

The Manager will give at least 30 day's written notice to investors if they will be materially affected by amendments to the SIPO.

The Investment Committee could consider the following factors in an annual SIPO review:

- a change in investment strategy or objective of a fund;
- a change in personnel;
- a change to a policy; and
- a change in risk factors.

Glossary

Authorised Investments: Investments that are authorised by the Scheme's Governing Document.

Conditions of Establishment: In relation to each Fund, the written conditions of establishment of that Fund agreed between the Pie Funds (as the manager) and the Supervisor and as may from time to time be amended in accordance with the Governing Document.

Discounted Cash Flow valuation: A valuation method used to estimate the value of an investment opportunity. Discounted cash flow analysis uses future free cash flow projections and discounts them back to the present date using a discount rate appropriate to the relevant investment in order to arrive at a present value.

Earnings Per Share (EPS): The portion of the company's net profit allocated to each outstanding ordinary share. Earnings Per Share serves as an indicator of a company's profitability.

Emerging Companies: Refers to companies the shares in which at the time of investment have a Market Capitalisation of up to approximately \$250 million (or the equivalent in local currency).

ETF: An exchange traded fund, a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund.

Forward Price Earnings: A measure of the P/E of a company using forecasted earnings for the P/E calculations.

Futures: A financial contract to purchase an asset (or the seller to sell an asset), such as a physical commodity, or an index, at a predetermined future date and price.

Gross Asset Exposure: The combined value of the Fund's long positions and short positions expressed as a percentage of the Fund's Net Fund Value. It provides a measure of the extent to which leverage is being used.

Market Capitalisation: The total value of the company's shares on issue.

Medium Companies: Refers to companies which are considered by relevant industry standards to have a medium Market Capitalisation relative to the exchange that they are listed on, and may also include unlisted Smaller Companies.

Net Fund Value: A Fund's net assets, less the aggregate of any accruals for fees and expenses.

Other Pie Funds Products: Growth Fund, the Dividend Fund, the Emerging Companies Fund, the Global Fund, the Growth 2 Fund, the Growth UK & Europe Fund, the Multi-Strategy Fund, and any other managed funds of which Pie Funds is the manager from time to time (other than the Chairman's Fund and the Conservative Fund).

OTC or Over the Counter: Refers to a security which is not traded on a formal stock exchange.

PIE: Portfolio Investment Entity as defined in the Income Tax Act 2007.

Price Earnings Ratio (P/E): A ratio used to value a company by comparing its current share price to its per-share earnings.

Smaller Companies: Refers to companies which are considered by relevant industry standards to have a small Market Capitalisation relative to the exchange that they are listed on. Smaller Companies also includes Emerging Companies, and may also include unlisted smaller companies.

Trade Expenses: The actual cost of buying and selling investments, such as brokerage fees and spreads, including those costs incurred by underlying funds.

1

Schedule: Growth Fund Investment Objectives and Strategy

Investment objective

The Growth Fund seeks to provide investors with capital growth over the recommended 5 year timeframe. It will invest predominantly in a concentrated portfolio of hand-picked listed Australian and New Zealand Smaller Companies, where Pie Funds considers value is greatest and the opportunity of earnings growth is high. The Fund may also invest in financial products such as Medium Companies, cash and unlisted equities.

Investment strategy

The Fund invests in a concentrated portfolio of Australasian equity positions. Short-term trading positions may be taken where we believe a stock is mispriced and will typically not exceed 10% of the portfolio of the Fund. However turnover and trading activity of this portion of the portfolio is likely to be high.

The Fund will not hold more than 20 equity positions at any one time. No equity position will exceed 20% of the Fund at any time.

During periods of uncertainty, the Growth Fund can increase its cash position up to 100% of the portfolio to reduce downside volatility.

We do not formally benchmark the performance of the Growth Fund or have benchmark asset allocation or ranges for the Growth Fund against which we monitor and rebalance actual asset allocations. The Growth Fund is an absolute return fund.

Even though this is an absolute returns fund, we may reference the S&P/ASX Small Ordinaries Accumulation Index (AUD) (**XSOAI**) for comparative purposes in demonstrating the Growth Fund's returns. This index represents the small cap members of the S&P/ASX 300 Index, but excludes those in the S&P/ASX 100 Index. The index provides a benchmark for small to medium cap investments which pay a dividend. The index assumes the dividends are reinvested and so measures both growth and dividend income.

Authorised investments*

Subject to compliance with the Investment Strategy for the Growth Fund, the Growth Fund can directly invest in any of the Authorised Investments.

The authorised investments of the Growth Fund are:

- Australasian listed and unlisted equities;
- Cash, bonds and cash equivalents;
- Derivatives such as Contracts for Difference, equity options and futures;
- ETFs; and
- Any other investment permitted by the Supervisor.

**Subject to applicable laws and our Governing Document, if we believe it is in the best interests of our unit holders, we may vary the authorised investments including to exclude an investment or to add any investment.*

2

Schedule: Dividend Fund Investment Objectives and Strategy

Investment objective

The Dividend Fund seeks to provide investors with a regular dividend payment stream or reinvestment and long-term capital growth. The Dividend Fund does this by investing predominantly in a portfolio of hand-picked listed Australian and New Zealand Smaller Companies that pay a dividend, where Pie Funds considers value is greatest and the opportunity of earnings growth is high. The Fund may also invest in financial products such as cash and unlisted equities.

Investment strategy

The Dividend Fund will invest in a concentrated number of equity positions. Pie Funds intends to invest mostly in listed Australian and New Zealand Smaller Companies, whose potential we do not consider to be fully realised by the market. The Dividend Fund will identify Smaller Companies exhibiting long-term earnings growth and a sustainable dividend distribution policy. The Dividend Fund may also invest in financial products such as cash. The Fund will not hold more than 25 equity positions at any one time.

Short-term trading positions may be taken where we believe a stock is mispriced and will typically not exceed 10% of the portfolio of the Fund. However turnover and trading activity of this portion of the portfolio is likely to be high. No equity position will exceed 20% of the Fund at any time.

During periods of uncertainty the Dividend Fund can increase its cash position up to 100% of the portfolio to reduce downside volatility.

We do not formally benchmark the performance of the Dividend Fund or have benchmark asset allocation or ranges for the Dividend Fund against which we monitor and rebalance actual asset allocations. The Dividend Fund is an absolute return fund.

Even though this is an absolute return fund, we may reference the S&P/ASX Small Ordinaries Accumulation Index (AUD) (**XSOAI**) for comparative purposes in demonstrating the Dividend Fund's returns. This index represents the small cap members of the S&P/ASX 300 Index, but excludes those in the S&P/ASX 100 Index. The index provides a benchmark for small to medium cap investments which pay a dividend. The index assumes the dividends are reinvested and so measures both growth and dividend income, which is considered appropriate for the Dividend Fund as it pays a bi-annual distribution at present.

Authorised investments*

Subject to compliance with the Investment Strategy for the Dividend Fund, the Dividend Fund can directly invest in any of the Authorised Investments.

The authorised investments of the Dividend Fund are:

- Australasian listed and unlisted equities;
- Cash, bonds and cash equivalents;
- Fixed interest;
- ETFs;
- Derivatives such as Contracts for Difference, equity options and futures; and
- Any other investment permitted by the Supervisor.

**Subject to applicable laws and our Governing Document, if we believe it is in the best interests of our unit holders, we may vary the authorised investments including to exclude an investment or to add any investment.*

Schedule: Emerging Companies Fund Investment Objectives and Strategy

Investment objective

The Emerging Companies Fund seeks to provide investors with long term capital growth by investing predominantly in a concentrated portfolio of hand-picked Emerging Companies, where Pie Funds considers value is greatest and the opportunity of earnings growth is high. The Fund may also invest in financial products such as cash and unlisted equities.

Investment strategy

The Emerging Companies Fund will invest in a concentrated number of equity positions. Pie Funds intends to invest mostly in Australian and New Zealand Emerging Companies, whose potential we do not consider to be fully realised by the market. The Emerging Companies Fund may also invest in financial products such as cash.

The Fund will not hold more than 30 equity positions at any one time.

Short-term trading positions may be taken where we believe a stock is mispriced and will typically not exceed 10% of the portfolio of the Fund. However turnover and trading activity of this portion of the portfolio is likely to be high. No equity position will exceed 20% of the Fund at any time.

During periods of uncertainty the Emerging Companies Fund can increase its cash position up to 100% of the portfolio to reduce downside volatility

We do not formally benchmark the performance of the Emerging Companies Fund or have benchmark asset allocation or ranges for the Emerging Companies Fund against which we monitor and rebalance actual asset allocations. The Emerging Companies Fund is an absolute return fund. Even though this is an absolute return fund, we may reference the S&P/ASX Emerging Companies Index (Total Return) (AUD) (**XECAI**) for comparative purposes in demonstrating the Emerging Companies Fund's returns. This index complements the larger capitalisation indices in the S&P/ASX index suite by providing an investable benchmark representing the performance of companies ranked outside the S&P/ASX 300 by capitalisation. The index provides investors with a tool to effectively analyse characteristics of the microcap segment of the market. The index assumes the dividends are reinvested and so measures both growth and dividend income.

Authorised investments*

Subject to compliance with the Investment Strategy for the Emerging Companies Fund, the Emerging Companies Fund can directly invest in any of the Authorised Investments.

The authorised investments of the Emerging Companies Fund are:

- Australasian listed and unlisted equities;
- Cash, bonds and cash equivalents;
- Fixed interest;
- Derivatives such as Contracts for Difference, equity options and futures;
- ETFs; and
- Any other investment permitted by the Supervisor.

**Subject to applicable laws and our Governing Document, if we believe it is in the best interests of our unit holders, we may vary the authorised investments including to exclude an investment or to add any investment.*

4

Schedule: Global Fund Investment Objectives and Strategy

Investment objective

The Global Fund seeks to provide investors with long-term capital growth by investing directly in listed Smaller Companies globally.

The Global Fund also invests in managed funds, cash and may invest in exchange traded funds (ETFs), unlisted Smaller Companies and in Other Pie Funds Products.

Investment strategy

The Global Fund will predominately invest directly in globally listed Smaller Companies. The Global Fund may also invest in managed funds whose managers have similar characteristics to Pie Funds, including:

- highly experienced investment professionals;
- investment by the portfolio managers in the managed funds;
- a focus on protecting capital as well as providing competitive long-term returns; and
- a willingness to protect fund capacity to preserve the ability to generate returns.

Further, the Global Fund will invest directly in cash and may invest in ETFs, unlisted Smaller Companies and in the Other Pie Funds Products. Direct investments are subject to the same standards as those applied to the Other Pie Funds Products.

Short-term trading positions may be taken where we believe a stock is mispriced and will typically not exceed 10% of the portfolio of the Fund. However, turnover and trading activity of this portion of the portfolio is likely to be high. No equity position will exceed 20% of the Fund at any time.

During periods of uncertainty, the Global Fund can increase its cash position up to 100% of the portfolio to reduce downside volatility.

We do not formally benchmark the performance of the Global Fund or have benchmark asset allocation or ranges for the Global Fund against which we monitor and rebalance actual asset allocations. The Global Fund is an absolute return fund.

Even though the fund is an absolute return fund, we may reference the S&P Global SmallCap (Total Return) Index (USD) (SBERGLU) for comparative purposes in demonstrating the Global Fund's returns. This index comprises the stocks representing the lowest 15% of float-adjusted market cap in each developed and emerging country and is considered an appropriate index for the Global Fund because it broadly reflects the asset class of the fund's ultimate investments. The index assumes the dividends are reinvested and so measures both growth and dividend income.

Authorised investments*

Subject to compliance with the Investment Strategy for the Global Fund, the Global Fund can invest in any of the Authorised Investments listed above, either through investment in other managed funds or directly.

The authorised investments of the Global Fund are:

- International listed and unlisted equities;
- Other Pie Funds Products;
- Cash, bonds and cash equivalents;
- Pooled investments;
- Managed funds;
- Fixed interest;
- ETFs;
- Derivatives such as Contracts for Difference, equity options and futures; and
- Any other investment permitted by the Supervisor.

**Subject to applicable laws and our Governing Document, if we believe it is in the best interests of our unit holders, we may vary the authorised investments including to exclude an investment or to add any investment.*

5

Schedule: Chairman's Fund Investment Objectives and Strategy

Investment objective

The Chairman's Fund seeks to provide investors with long term capital growth by accessing the higher potential growth of predominantly Smaller Companies.

Investment strategy

The Chairman's Fund invests predominantly in Other Pie Funds Products. The Fund may also invest directly in Smaller Companies and cash.

At any given time, an investment in any one of the Other Pie Funds Products may not exceed 50% of the assets of the Fund. The proportion of each type of asset invested in (including investments in the Other Pie Funds Products) is otherwise at Pie Funds' sole discretion.

During periods of uncertainty the Chairman's Fund can increase its cash position up to 100% of the portfolio to reduce downside volatility.

Further information in relation to how the investment strategy is implemented is set out above in the 'Investment Strategy and SIPO Review' section of this SIPO.

We do not formally benchmark the performance of the Chairman's Fund or have benchmark asset allocation or ranges for the Chairman's Fund against which we monitor and rebalance actual asset allocations. The Chairman's Fund is an absolute return fund.

However, we may reference the S&P/ASX Small Ordinaries Accumulation Index (AUD) (**XSOAI**) for comparative purposes in demonstrating the Chairman's Fund's returns. This index represents the small cap members of the S&P/ASX 300 Index, but excludes those in the S&P/ASX 100 Index. The index provides a benchmark for small to medium cap investments which pay a dividend. The index assumes the dividends are reinvested and so measures both growth and dividend income.

Authorised investments*

Subject to compliance with the Investment Strategy for the Chairman's Fund, the Chairman's Fund can directly invest in any of the Authorised Investments.

The authorised investments of the Chairman's Fund are:

- Listed and unlisted equities (Australasian and International);
- Other Pie Funds Products;
- Cash, bonds and cash equivalents;
- Pooled investments;
- Fixed interest;
- ETFs;
- Derivatives such as Contracts for Difference, equity options and futures; and
- Any other investment permitted by the Supervisor.

**Subject to applicable laws and our Governing Document, if we believe it is in the best interests of our unit holders, we may vary the authorised investments including to exclude an investment or to add any investment.*

Schedule: Conservative Fund Investment Objectives and Strategy

Investment objective

The Conservative Fund seeks to provide investors with a return which outperforms the official cash rate (OCR).

Investment strategy

The Conservative Fund invests predominantly (approximately 80%) with New Zealand registered banks (the intention being at least two such banks) in cash held on call or term deposit for no more than 12 months.

The Conservative Fund may also invest (approximately 20%) in equities either directly or through the Other Pie Funds Products. We may also invest in authorised investments as set out below.

We do not formally benchmark the performance of the Conservative Fund or have benchmark asset allocation or ranges for the Conservative Fund against which we monitor and rebalance actual asset allocations. The Conservative Fund is an absolute return fund.

We may reference the NZBond Bank Bill Index (NZD) for comparative purposes in demonstrating the Conservative Fund's returns. This index represents a passively managed short-term money market portfolio and is comprised of instruments defined by rates from the RNBZ 24 hour cash rate and bills with a maturity of 1 month to 3 months. This index provides a benchmark which is considered appropriate for the Conservative Fund because it broadly reflects the asset class.

Authorised investments*

Subject to compliance with the Investment Strategy for the Conservative Fund, the Conservative Fund can directly invest in any of the Authorised Investments.

The authorised investments of the Conservative Fund are:

- Cash, bonds and cash equivalents;
- Listed and unlisted equities (Australasian and International);
- Other Pie Funds Products;
- Pooled investments;
- Fixed interest; and
- Any other investment permitted by the Supervisor from.

**Subject to applicable laws and our Governing Document, if we believe it is in the best interests of our unit holders, we may vary the authorised investments including to exclude an investment or to add any investment.*



Schedule: Growth 2 Fund

Investment Objectives and Strategy

Investment objective

The Growth 2 Fund seeks to provide investors with long-term capital growth by investing predominantly in a concentrated portfolio of hand-picked listed Australian and New Zealand Smaller Companies and Medium Companies, where Pie Funds considers value is greatest and the opportunity of earnings growth is high. The Fund may also invest in financial products such as cash and unlisted equities.

Investment strategy

The Growth 2 Fund will invest in a concentrated number of growth-orientated companies, where we consider value is greatest and the opportunity of earnings growth is high. Pie Funds will invest mostly in listed Australian and New Zealand Smaller Companies and Medium Companies, whose potential Pie Funds considers has not been fully realised by the market. The Growth 2 Fund may also invest in financial products such as cash and unlisted equities. The Fund will not hold more than 20 equity positions at any one time.

Short-term trading positions may be taken where we believe a stock is mispriced and will typically not exceed 10% of the portfolio of the Fund. However, turnover and trading activity of this portion of the portfolio is likely to be high. No equity position will exceed 20% of the Fund at any time.

During periods of uncertainty the Growth 2 Fund can increase its cash position up to 100% of the portfolio to reduce downside volatility.

We do not formally benchmark the performance of the Growth 2 Fund or have benchmark asset allocation or ranges for the Growth 2 Fund against which we monitor and rebalance actual asset allocations. The Growth 2 Fund is an absolute return fund.

Even though this is an absolute return fund, we may reference the S&P/ASX Small Ordinaries Accumulation Index (AUD) (XSOAI) for comparative purposes in demonstrating the Pie Growth 2 Fund's returns. This index represents the small cap members of the S&P/ASX 300 Index, but excludes those in the S&P/ASX 100 Index. The index provides a benchmark for small to medium cap investments which pay a dividend. The index assumes the dividends are reinvested and so measures both growth and dividend income.

Authorised investments*

Subject to compliance with the Investment Strategy for the Growth 2 Fund, the Growth 2 Fund can directly invest in any of the Authorised Investments.

The authorised investments of the Growth 2 Fund are:

- Australasian listed and unlisted equities;
- Cash, bonds and cash equivalents;
- ETFs;
- Derivatives such as Contracts for Difference, equity options and futures; and
- Any other investment permitted by the Supervisor.

**Subject to applicable laws and our Governing Document, if we believe it is in the best interests of our unit holders, we may vary the authorised investments including to exclude an investment or to add any investment.*

Schedule: Growth UK & Europe Fund Investment Objectives and Strategy

Investment objective

The Growth UK & Europe Fund seeks to provide investors with long-term capital growth by investing predominantly in a concentrated portfolio of hand-picked listed UK and European Smaller Companies, where Pie Funds considers the value is greatest and the opportunity of earnings growth is high. The Fund may also invest in financial products such as cash and unlisted equities.

Investment strategy

The Growth UK & Europe Fund will invest in a concentrated number of investments. The Fund will not hold more than 20 equity positions at any one time.

Short-term trading positions may be taken where we believe a stock is mispriced and will typically not exceed 10% of the portfolio of the Fund. However, turnover and trading activity of this portion of the portfolio is likely to be high. No equity position will exceed 20% of the Fund at any time.

During periods of uncertainty the Growth UK & Europe Fund can increase its cash position up to 100% of the portfolio to reduce downside volatility.

We do not formally benchmark the performance of the Growth UK & Europe Fund or have benchmark asset allocation or ranges for the Growth UK & Europe Fund against which we monitor and rebalance actual asset allocations. The Growth UK & Europe Fund is an absolute return fund.

Even though this is an absolute return fund, we may reference the Morningstar UK Small Cap NR GBP Index for comparative purposes in demonstrating the Growth UK & Europe Fund's returns. This index represents UK small cap stocks. These stocks fall between the 90th and 97th percentile in full market capitalisation in the UK. In aggregate, this index represents approximately 7% of the full market capitalisation in the UK. This index includes dividends when measuring price growth.

Authorised investments*

Subject to compliance with the Investment Strategy for the Growth UK & Europe Fund, the Growth UK & Europe Fund can directly invest in any of the Authorised Investments. The authorised investments of the Growth UK and Europe Fund are:

- International listed and unlisted equities;
- Cash, bonds and cash equivalents;
- Fixed interest;
- ETFs;
- Derivatives such as Contracts for Difference, equity options and futures; and
- Any other investment permitted by the Supervisor.

**Subject to applicable laws and our Governing Document, if we believe it is in the best interests of our unit holders, we may vary the authorised investments including to exclude an investment or to add any investment.*

Schedule: Multi-Strategy Fund

Investment Objectives and Strategy

Investment objective

The Multi-Strategy Fund seeks to provide investors with long-term capital growth, regardless of movement in equity, interest-rate or currency markets.

Investment strategy

The Multi-Strategy Fund invests across assets, global markets and market conditions and can go both long and short.

The Multi-Strategy Fund will use multiple investment strategies or themes, reallocating capital between them to capitalise on market opportunities. The Multi-Strategy Fund will be invested in up to 10 strategies at any one time. However, each strategy may have multiple investments. A strategy may be a theme such as interest rates, or resources. .

With a bias towards equities which may include short selling, the fund will seek investments that help grow and protect capital. To assist in achieving our investment objective, investments may include, but are not limited to, equities long/short, fixed interest, cash (multi-currency), unlisted investments, property, ETFs and derivatives such as Contracts for Difference (CFDs), equity options and futures.

Unlisted equity investments will be limited to 15% of the fund at the time of investment. Further, no equity position will exceed 20% of the Fund at any time. The maximum Gross Asset Exposure (the combined value of long positions and short positions) of the Fund, considering the leverage arising from the use of short-selling and derivatives, is 200% of the Fund's Net Fund Value.

There is no defined asset allocation strategy for this fund. The portfolio manager actively invests in the assets he/she determines is the most appropriate to maximise returns. The Multi-Strategy Fund can increase its cash position up to 100% of the portfolio to reduce downside volatility

Short selling

The Multi-Strategy Fund may 'short sell'. Short selling is different from long positions – the typical positions in the other Pie Funds – which are shares a Fund buys and holds with the objective of selling for a higher price.

The Multi-Strategy Fund can short sell in two ways. It can use a stock lending facility, which means:

- The Fund borrows a share (or security), then sells it on market.
- The intention of this is that the Fund subsequently repurchases the share (or security), for a lower price than it was originally sold for. The share or security is then returned to the party it was borrowed from (note the Fund will pay a fee for borrowing in this way).
- The Fund and its investors make money on short positions if the share price of the borrowed security falls (the reverse of how money is made on long positions).

The Multi-Strategy Fund may also short sell by using derivatives. This has the same purpose and the fund and investors make money the same way. But instead of borrowing a physical share (or security) the fund uses a derivative to simulate selling the share (or security) (note the Fund will pay a fee for borrowing in this way).

Benchmark

We do not formally benchmark the performance of the Multi-Strategy Fund or have benchmark asset allocation or ranges for the Multi-Strategy Fund against which we monitor and rebalance actual asset allocations. The Multi-Strategy Fund is an absolute return fund. However, we may reference a composite index (67% MSCI World Total Return (Net) Index (USD)/33% NZBond Bank Bill Index (NZD)) for comparative purposes in demonstrating the Multi-Strategy Fund's returns. The MSCI World Total Return (Net) Index (USD) is a free float-adjusted market capitalisation index designed to measure the equity market performance of developed markets. The NZBond Bank Bill Index (NZD) represents the performance of a portfolio of bills with a maturity of 31 days to 90 days. The combination of these two indices is considered an appropriate benchmark as they broadly reflect the asset class of the fund's ultimate investments.

Authorised investments*

Subject to compliance with the Investment Strategy for the Multi-Strategy Fund, the Multi-Strategy Fund can directly invest in any of the Authorised Investments.

There are no classes of investment which are expressly prohibited for investment by the Multi-Strategy Fund. Classes include, but are not limited to:

- Listed and unlisted equities (Australasian and International);
- Other Pie Funds Products;
- Cash, bonds and cash equivalents;
- Pooled investments;
- International managed funds;
- Fixed interest;
- ETFs;
- Derivatives such as Contracts for Difference, equity options and futures; and
- Any other investment permitted by the Supervisor.

**Subject to applicable laws and our Governing Document, if we believe it is in the best interests of our unit holders, we may vary the authorised investments including to exclude an investment or to add any investment.*