

Product Disclosure Statement

PIE GROWTH UK & EUROPE FUND

Part of the Pie Funds Management Scheme

DATED 11 DECEMBER 2017

Issued by Pie Funds Management Limited

This is a replacement PDS, replacing the PDS dated 24 July 2017.

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.companiesoffice.govt.nz/disclose. Pie Funds Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.



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Key information summary

What is this?

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

What will your money be invested in?

One investment option is offered under this Product Disclosure Statement (PDS). The investment being offered is units in the Pie Growth UK & Europe Fund (**the 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 the 'Description of your investment option' section on page 7.

PIE GROWTH UK & EUROPE FUND

Brief description of the fund and its investment objective

The Fund will seek to provide you with long term earnings growth by investing in a small number of growth oriented companies, where Pie Funds considers the value is greatest and the opportunity of earnings growth is high. In particular, we intend to invest mostly in listed UK and European Smaller Companies, whose potential we do not consider to be fully realised by the market. The Fund may also invest in other types of financial products such as cash and unlisted equities.

At any given time, short term trading positions are not likely to exceed 10% of the portfolio of the Fund, however turnover and trading activity of this portion of the portfolio is likely to be high.

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

There is no target investment mix for the Fund. However, there will be a strong focus on international equities.

Risk indicator



Market index returns rather than the Fund's actual returns have been used to fill in the risk indicator, as the Fund is less than five years old. 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 Fund. Market index returns were used for the period from 1 October 2012 to 31 October 2016.

Fees

Estimated annual fund charges (% of net asset value): 3.79%

Performance fee

Yes - Performance-based fees are charged. The estimate above includes an estimated performance fee of 2.29% of net asset value. Please see 'What are the fees?' on page 9 for more information.

The estimated performance-based fee is based on the average annual return of the market index (S&P Morningstar UK Small cap NR BGBP) for the last 5 years (13.87%).

See 'What are the risks of investing' on page 8 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 <https://www.sorted.org.nz/tools/investor-kickstarter>.

Who manages the Pie Growth UK & Europe Fund?

Pie Funds is the manager of the Fund. Please see 'Who is involved?' on page 11 for more information.

What are the returns?

We do not intend to make any regular distributions from the Fund, but we retain the discretion to do so. Please see 'How does this investment work?' on page 5 for more information. Your total returns will be made up of movements in the Fund's unit price and any distributions.

How can you get your money out?

Investments in the Fund are redeemable. You may withdraw all or part of your investment in the Fund (subject to the minimum withdrawal value, minimum investment amount and any deferral or suspension of withdrawals), provided you give three (3) calendar months' notice in writing to us to that effect (**Withdrawal Request**). Please see 'Withdrawing your investments' on page 6 for more information.

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

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 of the PDS 'What taxes will you pay?' on page 11 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 will also give you copies of those documents on request.

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How does this investment work?

How the Fund works

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

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

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

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

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

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

Significant features

The Fund, through its investment predominantly in a concentrated portfolio of hand-picked listed UK and European Smaller Companies, has exposure to companies whose potential we do not consider to be fully realised by the market, but where we consider the value is greatest and the opportunity of earnings growth is high. The Fund may also invest in other types of financial products such as cash and unlisted equities.

By Smaller Companies, we mean companies which are considered by relevant industry standards to have a small Market Capitalisation (the total value of the company's shares on issue) relative to the exchange that they are listed on. Smaller Companies may also include unlisted companies.

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

Significant benefits

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

- **Access to investments:** The Fund provides exposure to listed UK and European Smaller Companies.
- **Investment return:** The Fund aims to provide you with above average investment returns and to achieve long term capital growth by investing in a concentrated portfolio of hand-picked listed Smaller Companies.
- **Team:** The Fund offers access to an experienced investment team, with particular expertise in managing investments in Smaller Companies. They actively manage the Fund.
- **Reporting:** Fund performance information is available at www.piefunds.co.nz. In addition, you will receive quarterly fund updates and access to an Annual Report and an annual PIE tax certificate following the Fund's financial year end (31 March).

Making investments

As at the date of this PDS, the minimum initial investment amount for the Fund is \$25,000. Pie Funds may change these limits from time to time.

You can invest in the Fund by completing an online application form (www.piefunds.co.nz) or give us a call for more information.

After making an initial investment, you can invest any time by making a:

- lump sum payment (minimum of \$1,000); or
- regular contribution (no minimum).

The Fund is not currently 'soft closed', however Pie Funds has the ability to 'soft close' the Fund to further investments at any time without notice to investors. In the event the Fund is 'soft

closed', it may have only limited capacity offerings made from time to time at our discretion.

Subject to the Governing Document, we can vary or waive minimums either generally or for selected investors in our discretion.

Withdrawing your investments

You may withdraw all or part of your investment in the Fund by completing, and providing to us, a withdrawal request in the form required by us (**Withdrawal Request**) (subject to any deferral or suspension of withdrawals). Withdrawals will be effected on the date which is three (3) calendar months after the date of us receiving a completed Withdrawal Request (**Withdrawal Date**). The applicable unit selling price will be calculated as at the Withdrawal Date, not the day the Withdrawal Request is received by us. The unit selling price is calculated by dividing the net asset value of the Fund by the number of units on issue in the Fund on the Withdrawal Date.

The minimum withdrawal amount is NZ\$1,000 (unless the Withdrawal Request relates to all units held by you in the Fund). You will generally not be permitted to decrease your investment in the Fund to less than the minimum initial investment amount.

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

Right to sell units

Provided 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 usual or common form which we approve and signed by both the transferor (you) and the transferee (the person the units are being sold or transferred to). We can decline to register a transfer if the withdrawal conditions detailed above are not met, if any duties, taxes or other commissions, fees and charges are unpaid or for non-compliance with the law.

Suspending withdrawals

We may suspend Withdrawal Requests in respect of a Fund:

- for a period determined by us if Withdrawal Requests (received in a three (3) month period) relate to more than 5% of the number of units on issue for the Fund and we consider that it is in the general interests of all investors in the Fund to do so in accordance with the Governing Document;
- for a period determined by us if Withdrawal Requests (received in a three (3) month period) relate to more than 10% of the number of units on issue for the Fund (after

notifying the Supervisor); and

- 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

As at the date of this PDS, you may only switch from the Fund by delivering a notice in writing to us (provided the relevant fund you are switching to has not been 'soft closed'). The minimum switch amount is NZ\$1,000, provided the amount held in the Funds you are switching from and to will continue to have at least the applicable minimum initial investment amount, unless the switch is in respect of your entire investment in the Fund. Please ensure you read the Product Disclosure Statement of the fund you are switching to.

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 moneys due. Each unit sold or issued by us in accordance with a switch request will be sold or issued at the relevant unit price.

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Description of your investment option

PIE GROWTH UK & EUROPE FUND	
Investment objectives and investment strategy	<p>The Fund will seek to provide you with long term earnings growth by investing in a small number of growth oriented companies, where Pie Funds considers the value is greatest and the opportunity of earnings growth is high. In particular, we intend to invest mostly in listed UK and European Smaller Companies, whose potential we do not consider to be fully realised by the market. The Fund may also invest in other types of financial products such as cash and unlisted equities.</p> <p>At any given time, short term trading positions are not likely to exceed 10% of the portfolio of the Fund, however turnover and trading activity of this portion of the portfolio is likely to be high.</p> <p>During periods of uncertainty, the Fund can increase its cash position up to a maximum of 100% of the portfolio to mitigate a severe decline in the value of the Fund’s units.</p> <p>There is no target investment mix for the Fund. However, there will be a strong focus on UK and Europe equities.</p>
Risk indicator	<p style="text-align: center;">Potentially Lower Returns < > Potentially Higher Returns</p> <div style="text-align: center;"> <p>1 2 3 4 5 6 7</p> </div> <p style="text-align: center;">Lower Risk < > Higher Risk</p> <p>Market index returns rather than the Fund’s actual returns have been used to fill in the risk indicator, as the Fund is less than five years old. 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 Fund. Market index returns were used for the period from 1 October 2012 to 31 October 2016.</p>
Suggested time frame	5 years minimum

The Scheme has a Statement of Investment Policy and Objectives (**the SIPO**) that Pie Funds has established in consultation with the Supervisor. The SIPO sets out the investment philosophy, strategies and objectives for each fund. Pie Funds may make changes to the SIPO and provide the Supervisor with prior written notice of these. If we propose to change the SIPO in a manner which materially affects investors, we will also give affected investors at least 30 days’ prior written notice of the change. Further information about the assets in the Fund can be found in the fund updates (when prepared) and the SIPO available at www.piefunds.co.nz and on the Disclose website at www.companiesoffice.govt.nz/disclose.

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What are the risks of investing?

Understanding the risk indicator

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



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

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

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

Note that even the lowest category does not mean a risk-free investment, and there are other risks 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 period from 1 October 2012 to 30 September 2017. 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.

General investment risks

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

- **Company specific risk:** the Fund may be affected by unexpected changes in a company's operations, shareholder base, governance and/or ownership structure, business environment or solvency;
- **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 a range of factors including investor sentiment, political events, inflation, prevailing interest rates, economic and regulatory conditions and broader events like changes in technology and environmental events;
- **Investment manager risk:** investment management decisions (such as allocation of the Fund's investments between asset classes, investment sectors and individual investments) made by us may affect the Fund's returns, as will the performance of the businesses underlying the investments;
- **Currency risk:** as a portion of the underlying investments of the Fund may be invested in overseas jurisdictions in foreign currencies, returns may be affected by movements between other currencies and the New Zealand dollar;
- **Derivative risk:** the Fund may use derivative instruments such as futures and options, and contracts for difference (CFDs), which may be used for the purposes of short selling. Derivatives are financial contracts whose value depends on the future value of underlying assets such as shares, bonds, currency or cash. As a result of using derivative instruments, the investment movements may be more volatile than if the Fund is invested solely in shares. Risks associated with derivative instruments include the Fund not being able to meet its respective payment obligations as they arise. Short selling can be done through CFDs.
- **Product risk:** changes made to the Fund, including changes to investment strategy, fees and charges or minimum investment amounts could impact on the Fund's returns.
- **Portfolio Concentration Risk:** As the Fund may hold a concentrated portfolio (e.g. between 10-20 investments), returns of the Funds may be dependent upon the performance of individual investments. The concentrated exposure may lead to increased volatility in a Fund's unit price and may affect performance.
- **Key personnel:** the departure of any of Pie Funds' key personnel could impact on the performance of the Fund if we were unable to recruit a suitable replacement. Pie Funds has a small team. Many of the staff have had a long tenure at Pie Funds; and
- **Liquidity risk:** we may not be able to easily convert some investments into cash and withdrawals may be suspended because of either inadequate market depth, disruptions in the market place, investment into illiquid securities or our inability to accurately value securities.

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What are the fees?

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

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

Annual fund charges (estimate) % of net asset value	
Management fee	1.50%
Estimated performance-based fee	2.29%
Total	3.79%

Actual fund charges will depend on the actual performance of the underlying investments and this will vary from the estimates. Actual charges will be available in the latest fund updates (when prepared). For more information on the basis of estimation of fees and expenses, see the Other Material Information document at www.companiesoffice.govt.nz/disclose.

Annual fund charges

The annual fund charges for the Fund are made up of:

- the management fee; and
- the performance-based fee.

Fees are exclusive of GST, where applicable.

As at the date of this PDS, there are no individual action fees charged in respect of the Fund. Under the Governing Document, Pie Funds can introduce entry or exit fees, a buy/sell spread or a switching fee on three (3) months' written notice to investors.

Management fee

The Fund has an annual management fee which is accrued on a daily basis and paid to Pie Funds monthly in arrears.

As at the date of the PDS, the management fee is 1.5% of the gross asset value of the Fund.

Pie Funds pays the Supervisor's fees, custodian's fees and all expenses associated with the running of the Funds (excluding any brokerage or transaction fees incurred for buying and selling investments) out of the management fee. As at the date of this PDS, these fees and expenses will not affect the amount of returns to investors from the Funds.

Performance-based fee

A performance-based fee is charged in relation to a Fund where the net asset value per unit for the Fund exceeds the relevant Fund's High Water Mark. Further detail in relation to the performance based fee is below:

	DESCRIPTION
How the performance-based fee is charged	Where the net asset value per unit for the Fund exceeds the High Water Mark. The High Water Mark is the net asset value per unit (before tax) at the end of the most recent period in respect of which a performance-based fee was paid to us. No performance-based fee is paid if the High Water Mark is not reached for the relevant performance period (see below).
Performance-based fee on excess return	The performance-based fee is equal to 15% of the amount by which the performance of the Fund exceeds the High Water Mark, for the relevant performance period (see below).
Performance payment review date and performance period	The performance-based fee for the Fund is accrued each business day and payable six monthly within 10 business days of 30 June and 31 December, provided this can be changed by agreement between us and the Supervisor.
Performance-based fee cap	There is no cap on the level of performance-based fee.
Hurdle rate of return	N/A. This means that there is no minimum return (other than the High Water Mark) that must be achieved before a performance-based fee applies.
Linked to a benchmark?	No, the Fund's performance-based fee is not linked to the performance of a benchmark. So, a performance-based fee may be paid even if the Fund does not achieve (after fees but before tax) the return of the market index. However, the predicted performance used to estimate the annual funds charges is based on the average annual return of the relevant benchmark for the last 5 years. See 'Example of how fees apply to an investor'.

Example of how fees apply to an investor

Lucy invests NZ\$10,000 in the Growth UK & Europe Fund.

Lucy is charged management and administration fees, which work out to about NZ\$150 p.a. (1.5% of NZ\$10,000)*. These fees might be more or less if her account balance has increased or decreased over the year.

Lucy may also be charged a performance-based fee, if her fund earned more than its High Water Mark.

Estimated total fees for the first year*

Fund charges: NZ\$379

Fund charges include estimated management charges (about NZ\$150) and an estimate of performance-based fees (about NZ\$229**).

See the latest fund update available at www.companiesoffice.govt.nz/disclose for an example of the actual returns and fees investors were charged over the past year.

This example applies only to the Pie Growth UK & Europe 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 management fees and performance-based fees are charged as a percentage of gross asset value. However, the law insists that fees are disclosed in this PDS as a percentage of net asset value. As a result, there may be some discrepancies between the estimated charges as set out in this example and the actual charges incurred. Gross asset value represents the total value without deducting any fees or liabilities whereas net asset value has already taken fees/liabilities into account.*

*** The estimated performance-based fee is based on the average annual return of the market index (S&P Morningstar UK Small cap NR BGBP) for the last 5 years (13.87%).*

The fees can be changed

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

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

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What taxes will you pay?

The Fund is a portfolio investment entity. The amount of tax you pay is based on your prescribed investor rate (**PIR**). To determine your PIR, go to www.ird.govt.nz/toii/pir/pir-index.html. 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 Pie Funds your PIR when you invest or if your PIR changes. If you do not tell Pie Funds, a default rate may be applied. If the advised PIR is lower than the correct PIR, you will need to complete a personal tax return and pay any tax shortfall, interest, and penalties. If the default rate or the advised PIR is higher than the correct PIR, you will not get a refund of any overpaid tax.

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

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Who is involved?

About the Manager

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

Pie Funds

Level 1
1 Byron Avenue
Takapuna
Auckland 0622
Attention: Client Services Manager
Telephone: +64 9 486 1701
Email: clients@piefunds.co.nz

Who else is involved?

- **Supervisor**
Trustees Executors Limited
Responsible for supervising the Fund under the Financial Markets Conduct Act 2013, responsible for supervising Pie Funds as manager of the Fund.
- **Custodian**
Trustees Executors Limited
(acting through its nominee company T.E.A. Custodians Limited)
Appointed by the Supervisor to hold assets of the Fund on behalf of investors.
- **Administration Manager**
Securities Services division of Trustees Executors Limited
Appointed by Pie Funds to provide administration functions for the Fund.

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How to complain

Our clients are important to us so if you have any concerns, please, in the first instance, direct any complaints to:

Pie Funds Management Limited

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 7

51 Shortland Street
PO Box 4197
Auckland 1140

Attention: Senior Manager, Client Services
Telephone: +64 9 308 7100

Both Pie Funds and the Supervisor are members of an independent, approved dispute resolution scheme run by Financial Services Complaints Limited (FSCL). If your complaint has not been resolved, or if you are not happy with the resolution, you may contact FSCL. You can contact FSCL at:

Financial Services Complaints Limited

Level 4, 101 Lambton Quay
Wellington 6011
PO Box 5967
Wellington 6145

Telephone: 0800 347 257
Website: www.fscl.org.nz

FSCL will not charge a fee to you to investigate or resolve a complaint.

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Where you can find more information

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

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

You are entitled to a copy of the information on the offer register or scheme register on request to the Registrar. You can also obtain a copy of any of these documents on request and free of charge from Pie Funds at the address under 'Who is involved?' on page 11.



How to apply

Investing is easy and in just a few steps, you'll be on your way to investing with us. Just fill in the online application form at www.piefunds.co.nz or give us a call on +64 9 486 1701.

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

Pie Funds has the ability to 'soft close' the Fund to further investments. In the event the Fund is 'soft closed', it will have only limited capacity offerings made from time to time at our discretion.