

Fund Update

PIE FUNDS MANAGEMENT SCHEME: PIE AUSTRALASIAN DIVIDEND FUND

Fund update for the quarter ended: 31.12.18

This fund update was first made publicly available on 13.02.19

What is the purpose of this update?

This document tells you how the Pie Australasian Dividend Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Pie Funds Management Limited (**Pie Funds**) prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The Pie Australasian Dividend Fund will seek to provide investors with a regular dividend payment stream as well as long term capital growth 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 Pie Australasian Dividend Fund may also invest in other types of financial products such as cash and unlisted equities.

| | |
|-----------------------|---------------------------------|
| Total value of fund | \$121,705,737.41 as at 31.12.18 |
| Date the fund started | 16.09.11 |

How has the fund performed?

| | Average over past 5 years | Past Year |
|------------------------------------------------------------------------|---------------------------|-----------|
| Annual return (after deductions for charges and tax) | 11.88% | 5.34% |
| Annual return (after deductions for charges but before tax) | 12.11% | 6.64% |
| Market Index annual return (reflects no deduction for charges and tax) | 5.62% | -8.67% |

The S&P/ASX Small Ordinaries Accumulation Index (AUD) (**XSOAI**) 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.

Additional information about the market index is available on the offer register.

What are the risks of investing?

Risk indicator for the Pie Australasian Dividend Fund

| | | | | | | |
|-----------------------------|---|---|------------------------------|---|---|---|
| < Potentially Lower Returns | | | Potentially Higher Returns > | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| < Lower Risk | | | Higher Risk > | | | |

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. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

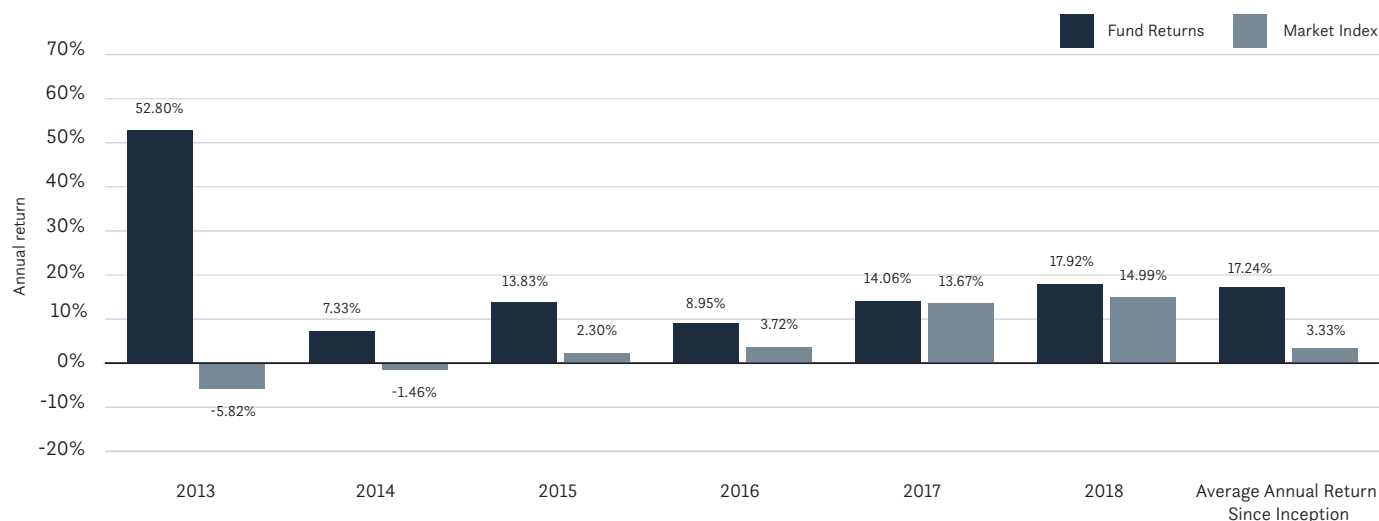
To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

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 past five years. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the product disclosure statement (**PDS**) for more information about the risks associated with investing in this fund.

Annual return graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 31 December 2018. Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (**PIR**) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?*

Investors in the Pie Australasian Dividend Fund are charged fund charges. In the year to 31 March 2018, these were:

| | % of net asset value |
|---------------------------------------------------|-------------------------------|
| Total fund charges | 4.68% |
| Which are made up of: | |
| Total management and administration charge | 1.57% |
| Including | |
| Manager's basic fee | 1.57% |
| Other management and administration charges | 0.00% |
| Total performance-based fees | 3.11% |
| Other charges | \$ amount per investor |
| Other charges | \$0.00 |

Fees are exclusive of GST, if any.

See the PDS for more information about the basis on which performance fees are charged. Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds, although these are not currently charged by Pie Funds).

*The fees are represented as a percentage of net asset value (**NAV**). While Pie Funds charges fees as a percentage of gross asset value (**GAV**); the law insists the fees be disclosed as a percentage of NAV. As a result, there will be discrepancies between the fees set out in this document and the actual fees incurred.

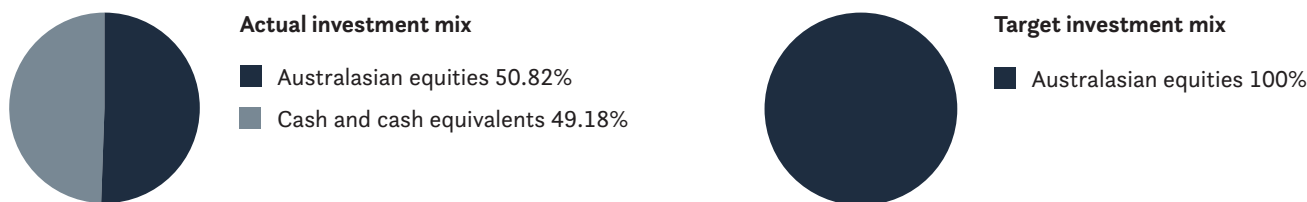
Example of how this applies to an investor

Small differences in fees and charges can have a big impact on your investment over the long term.

Lucy had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Lucy received a return after fund charges were deducted of \$664 (that is 6.64% of her initial \$10,000). Lucy did not pay any other charges. This gives Lucy a total return after tax of \$534 for the year.

What does the fund invest in?

This shows the types of assets that the fund invests in.¹



Hedging: We actively manage all currency exposure. It is not our intention to 100% hedge the currency at all times; some overseas securities may be unhedged. The hedged foreign currency exposure is 72.38% (unhedged 27.62%)

Top 10 investments

| | Name | % of fund net assets | Type | Country |
|----|--------------------------------|----------------------|---------------------------|---------|
| 1 | JPMorgan Currency Call Account | 21.52% | Cash and cash equivalents | NZ |
| 2 | ANZ Call Account | 17.91% | Cash and cash equivalents | NZ |
| 3 | Macquarie Telecom Group Ltd | 5.28% | Australasian equities | AU |
| 4 | Bank Of China Term Deposit | 5.03% | Cash and cash equivalents | NZ |
| 5 | ANZ Bank Term Deposit | 5.03% | Cash and cash equivalents | NZ |
| 6 | Baby Bunting Group Ltd | 4.17% | Australasian equities | AU |
| 7 | Noni B Ltd | 3.54% | Australasian equities | AU |
| 8 | Midway Ltd | 3.44% | Australasian equities | AU |
| 9 | Eclipx Group Ltd | 3.14% | Australasian equities | AU |
| 10 | Service Stream Ltd | 3.06% | Australasian equities | AU |

The total value of the top 10 individual assets of the fund make up 72.12% of the net asset value of the fund.

Key personnel

| Name | Current position | Time in current position | Previous or other current position | Time in previous or other current position |
|----------------|-----------------------------------------------------------------|--------------------------|------------------------------------------------------------------------------------------|--------------------------------------------|
| Michael Taylor | CEO, CIO and Executive Director | 11 years and 6 months | Manager at BOS International | 2 years and 0 months |
| Roy Knill | Non-Executive Director and Chairman of the Investment Committee | 5 years and 9 months | Director at CityMed | 16 years and 0 months |
| Paul Gregory | Head of Investments | 1 year and 1 month | Director, External Communications and Investor Capability at Financial Markets Authority | 2 years and 1 month |
| Mark Devcich | Head of Research and Portfolio Manager | 7 years and 3 months | Accountant at PwC | 2 years and 6 months |
| Mike Ross | Senior Investment Analyst and Co-Portfolio Manager | 3 years and 5 months | Financial Communications Advisor at Cato Counsel | 1 year and 6 months |

Further information

You can also obtain this information, the PDS for the Pie Australasian Dividend Fund, and some additional information from the offer register at www.companiesoffice.govt.nz/disclose.

Notes

1. For further information on each of the asset classes refer to the PDS and the SIPO.