

# Fund Update

## PIE FUNDS MANAGEMENT SCHEME: PIE MULTI-STRATEGY 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 Multi-Strategy 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 Multi-Strategy Fund seeks to achieve positive long-term returns in a variety of market conditions by investing across a diverse range of assets and global markets. The Fund will use multiple investment strategies or themes, giving it the ability to reallocate capital between them to capitalise on market opportunities. With a bias towards equities, which may include short selling, the Fund will seek investments that help grow and protect capital.

Total value of fund	\$62,559,471.83 as at 31.12.18
Date the fund started	01.11.17

### How has the fund performed?

	Past Year
<b>Annual return</b> (after deductions for charges and tax)	-5.63%
<b>Annual return</b> (after deductions for charges but before tax)	-4.50%
Market Index annual return (reflects no deduction for charges and tax)	-6.35%

The market index is a composite index (67% MSCI World Total Return (Net) Index USD/33% NZBond Bank Bill Index NZD).

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.

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

### What are the risks of investing?

Risk indicator for the Pie Multi-Strategy Fund<sup>1</sup>

< 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](http://www.sorted.org.nz/tools/investor-kickstarter).

Note that even the lowest category does not mean a risk-free investment, and there are other risks 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 last 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.

## What fees are investors charged?\*

Investors in Pie Multi-Strategy Fund are charged fund charges. As the fund has not been in existence for the whole of the most recent scheme year, our best estimate of the total annual fund charges are<sup>2</sup>:

	% of net asset value
<b>Total fund charges</b>	<b>1.76% (estimate)<sup>2</sup></b>
Which are made up of:	
<b>Total management and administration charges</b>	<b>1.76% (estimate)<sup>3</sup></b>
Including	
Manager's basic fee	1.76% (estimate)
Other management and administration charges	0.00%
<b>Total performance-based fees</b>	<b>0.00% (estimate)<sup>4</sup></b>
<b>Other charges</b>	<b>\$ amount per investor</b>
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.

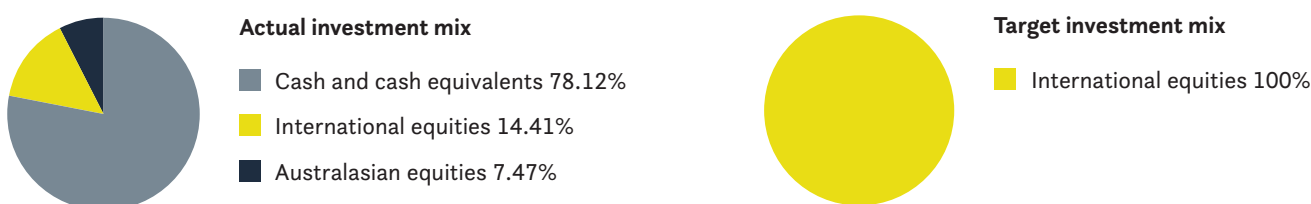
## Example of how this applies to an investor

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 incurred a loss after fund charges were deducted of \$450 (that is -4.50% of her initial \$10,000). Lucy did not pay any other charges. This gives Lucy a total loss after tax of \$563 for the year.

## What does the fund invest in?

This shows the types of assets that the fund invests in.<sup>5</sup>



**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 79.00% (unhedged 21.00%).

## Top 10 investments

	Name	% of fund net assets	Type	Country
1	ANZ Call Account	22.77%	Cash and cash equivalents	NZ
2	JPMorgan Currency Call Account	12.42%	Cash and cash equivalents	NZ
3	ASB Bank Term Deposit	8.13%	Cash and cash equivalents	NZ
4	Bank Of China Term Deposit	8.11%	Cash and cash equivalents	NZ
5	ASB Bank Term Deposit	8.04%	Cash and cash equivalents	NZ
6	Bank Of China Term Deposit	8.04%	Cash and cash equivalents	NZ
7	ASB Bank Term Deposit	6.45%	Cash and cash equivalents	NZ
8	Flow Traders NV	4.38%	International equities	Netherlands
9	Medallion Financial Corporation	3.91%	International equities	US
10	Aveo Group Ltd	2.98%	Australasian equities	AU

The total value of the top 10 individual assets of the fund make up 85.23% 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
Doug Jopling	Senior Investment Analyst and Co-Portfolio Manager	0 years and 11 months	CEO of IMS Payroll	2 years and 6 months

## Further information

You can also obtain this information, the PDS for the Pie Multi-Strategy Fund, and some additional information from the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

## Notes

1. As the Fund has not been in existence for five full years, its risk category has been calculated using market index returns as well as actual returns. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. Market index returns have been used for the period from 1 January 2014 - 30 September 2017.
2. As the fund commenced on 1 November 2017, a full scheme year had yet to be completed. Therefore in accordance with clause 63(4) of schedule 4 of the Financial Markets Conduct Regulations 2014 (FMC Regulations), instead of providing the actual total fund charges for the fund, we have provided the total annual fund charges calculated as a percentage of net asset value based on a best estimate of the relevant charges in accordance with clause 32 of schedule 4 of the FMC Regulations.
3. The determination of these fees is based on estimates based on Pie Funds' experience with other schemes it manages.
4. The determination of these fees is based on estimates using the market index (67% MSCI World Total Return (Net) Index USD/33% NZBond Bank Bill Index NZD) average annual return for the last 5 years, as the fund has only been in existence since 1 November 2017.
5. For further information on each of the asset classes refer to the PDS and SIPO.