

# Fund Update

## PIE FUNDS MANAGEMENT SCHEME: PIE CLIMATE FRIENDLY FUND

### Fund update for the quarter ended: 30.06.18

This fund update was first made publicly available on 27.07.18.

### What is the purpose of this update?

This document tells you how the Pie Climate Friendly 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 Climate Friendly Fund seeks to provide investors with long-term capital growth, by investing in large global companies, over a rolling three-year period. The Fund will invest predominantly in companies with lower exposure to carbon emissions and fossil fuel reserves.

Total value of fund	\$11,763,765.86 as at 30.06.18
Date the fund started	01.05.18

### How has the fund performed?

	Past Year
<b>Annual return</b> (after deductions for charges and tax)	Not Applicable
<b>Annual return</b> (after deductions for charges but before tax)	Not Applicable
Market Index annual return (reflects no deduction for charges and tax)	10.57%

The MSCI ACWI Low Carbon Leaders Index is based on the MSCI ACWI Index, its parent index, and includes large and mid-cap stocks across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries\*. The index addresses two dimensions of carbon exposure – carbon emissions and fossil fuel reserves – providing clients with an effective tool for limiting the exposure of their portfolios to carbon risk. By excluding companies with the highest carbon emissions intensity and the largest owners of carbon reserves per dollar of market capitalization, the index aims to achieve at least 50% reduction in its carbon footprint. The index also aims to maintain wide and consistent market exposure by minimizing the tracking error relative to the MSCI ACWI Index. The MSCI Global Low Carbon Leaders Indexes use MSCI ESG CarbonMetrics data from MSCI ESG Research Inc.

\*DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. EM countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

### What are the risks of investing?

Risk indicator for the Pie Climate Friendly 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 1 July 2013 - 30 June 2018. 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 Climate Friendly 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>1.74% (estimate)<sup>2</sup></b>
Which are made up of:	
<b>Total management and administration charges</b>	<b>1.25% (estimate)<sup>3</sup></b>
Including	
Manager's basic fee	1.25% (estimate)
Other management and administration charges	0%
<b>Total performance-based fees</b>	<b>0.49% (estimate)<sup>4</sup></b>
<b>Other charges</b>	\$ 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. Small differences in fees and charges can have a big impact on your investment over the long term.

\*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\*

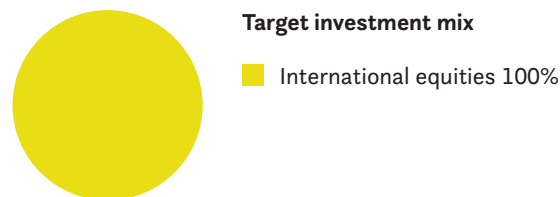
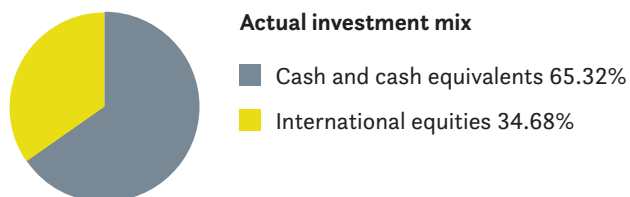
Lucy had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Lucy received a return after fund charges were deducted of \$883 (that is 8.83%) of her initial \$10,000). Lucy did not pay any other charges. This gives Lucy a total return after tax of \$883 for the year.

\*As the fund has not been in existence for a full calendar year, the figures in this example are based on the market index annual return less the estimated fees above.

## What does the fund invest in?

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

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.



**Currency Hedging:** The Fund's foreign currency exposure is actively managed, with the unhedged exposure being 11%.

## Top 10 investments

	Name	% of fund net assets	Type	Country
1	ANZ Call Account	46.67%	Cash and cash equivalents	NZ
2	iShares MSCI ACWI Low Carbon Target ETF	4.15%	International Equities	US
3	JPM Currency Call Account	4.14%	Cash and cash equivalents	NZ
4	Rightmove PLC	2.98%	International equities	GB
5	Auto Trader Group PLC	2.90%	International equities	GB
6	ANZ Bank Term Deposit	2.59%	Cash and cash equivalents	NZ
7	Bank of China Term Deposit	2.58%	Cash and cash equivalents	NZ
8	Bank of China Term Deposit	2.58%	Cash and cash equivalents	NZ
9	Bank of China Term Deposit	2.58%	Cash and cash equivalents	NZ
10	Bank of China Term Deposit	2.58%	Cash and cash equivalents	NZ

The total value of the top 10 individual assets of the fund make up 73.75% 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 0 months	Manager at BOS International	2 years and 0 months
Roy Knill	Non-Executive Director and Chairman of the Investment Committee	5 years and 3 months	Director at CityMed	14 years and 0 months
Paul Gregory	Head of Investments	0 years and 7 months	Director, External Communications and Investor Capability at Financial Markets Authority	2 years and 1 month
Mark Devcich	Head of Research and Portfolio Manager	6 years and 6 months	Accountant at PwC	2 years and 6 months
Victoria Harris	Senior Investment Analyst and Co-Portfolio Manager	1 year and 2 months	Milford Asset Management	5 years and 10 months

## Further information

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

## Notes

- 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 July 2013 - 31 March 2018.
- As the fund commenced on 1 May 2018, 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.
- The determination of these fees is based on estimates based on Pie Funds' experience with other schemes it manages.
- The determination of these fees is based on estimates using the market index (MSCI ACWI Low Carbon Leaders Net Total Return Index USD) average annual return for the last 5 years, as the fund has only been in existence since 1 May 2018.
- For further information on each of the asset classes refer to the PDS and SIPO.