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# Product Disclosure Statement Pathfinder Investment Funds

Issued by Pathfinder Asset Management Limited

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Dated: 25 September 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 on [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose). Pathfinder Asset 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.

This PDS replaces the PDS dated 15 September 2016.

# 1

## 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. Pathfinder Asset Management Limited (**Pathfinder**) will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of Pathfinder 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?

Pathfinder offers five funds (each a **Fund**) which you can invest in under this Product Disclosure Statement (**PDS**). The Funds will not be suitable for all investors. You should seek advice from a financial adviser to help you make an investment decision. Please also carefully read section 4 (*What are the risks of investing?*) on page 8 (which includes risks specific to each Fund).

These investment options are summarised below. More information about the investment target and strategy for each investment option is provided in section 3 of this PDS (*Description of your investment options*) on page 6.

| Pathfinder Fund                   | Description and investment objective  | Risk indicator <sup>1</sup>  | Estimated fund charges as a percentage of Fund net asset value and buy/sell spread as a percentage of Fund net asset value per unit (excluding GST) <sup>2</sup>         |
|-----------------------------------|---|--|--|
| <b>Global Responsibility Fund</b> | The Fund invests in global equities that satisfy Pathfinder's socially responsible screening. It achieves this by investing in Pathfinder's wholesale Responsible Investment Fund which targets a portfolio of 250 stocks.  | <p>Potentially lower returns ← → Potentially higher returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk Higher risk</p> | <p><b>Basic fee:</b> 0.30%</p> <p><b>Administrative fees:</b> 0.63%</p> <p><b>Buy spread:</b> 0.05% (for investing)</p> <p><b>Sell spread:</b> 0.05% (for redeeming)</p> |
| <b>Global Water Fund</b>          | The Fund invests directly in companies involved in the water industry that satisfy Pathfinder's socially responsible screening. The Fund targets a portfolio of 50 to 100 water stocks that are listed in developed markets.  | <p>Potentially lower returns ← → Potentially higher returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk Higher risk</p> | <p><b>Basic fee:</b> 1.10%</p> <p><b>Administrative fees:</b> 0.20%</p> <p><b>Buy spread:</b> 0.05% (for investing)</p> <p><b>Sell spread:</b> 0.05% (for redeeming)</p> |
| <b>Global Property Fund</b>       | The Fund invests directly in global property stocks that satisfy Pathfinder's socially responsible screening. The Fund targets a portfolio of 50 to 100 property stocks.  | <p>Potentially lower returns ← → Potentially higher returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk Higher risk</p> | <p><b>Basic fee:</b> 0.80%</p> <p><b>Administrative fees:</b> 0.20%</p> <p><b>Buy spread:</b> 0.05% (for investing)</p> <p><b>Sell spread:</b> 0.05% (for redeeming)</p> |
| <b>World Equity Fund</b>          | The Fund invests in global equities from both developed and emerging markets and incorporates socially responsible screening. The Fund targets a highly diversified portfolio of more than 500 underlying company exposures by investing in exchange traded funds (ETFs).     | <p>Potentially lower returns ← → Potentially higher returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk Higher risk</p> | <p><b>Basic fee:</b> 0.90%</p> <p><b>Administrative fees:</b> 0.41%</p> <p><b>Buy spread:</b> 0.05% (for investing)</p> <p><b>Sell spread:</b> 0.05% (for redeeming)</p> |
| <b>Commodity Plus Fund</b>        | The Fund invests in commodities (generally by using derivatives) and cash. The Fund currently invests in only 6 commodities being corn, wheat, gold, aluminium, crude oil and heating oil. At times the Fund can be fully invested in cash and so have no commodity exposure. | <p>Potentially lower returns ← → Potentially higher returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk Higher risk</p> | <p><b>Basic fee:</b> 0.80%</p> <p><b>Administrative fees:</b> 0.20%</p> <p><b>Buy spread:</b> 0.10% (for investing)</p> <p><b>Sell spread:</b> 0.10% (for redeeming)</p> |

<sup>1</sup> Notes in relation to the risk indicator:

- **The Global Responsibility Fund** was established in August 2017. Market index returns (rather than the Fund's actual returns) have been used to calculate the risk indicator for the period 30 June 2012 to 30 June 2017. Because of the use of index returns, the risk indicator may be a less reliable indicator of potential future volatility of the Fund. The market index used is the Morningstar Developed Markets Index.
- **The Global Property Fund** has been in existence for less than 5 years. The Fund's actual returns have been used to calculate the risk indicator for the period 22 July 2015 to 30 June 2017. Market index returns (rather than the Fund's actual returns) have been used to calculate the risk indicator for the period 30 June 2012 to 22 July 2015. This means the risk indicator may be a less reliable indicator of potential future volatility of the Fund. The market index used is the Morningstar Real Estate Sector Index.
- **The World Equity Fund** significantly changed its investment policy for currency hedging on 31 December 2013 and then moved from monthly to daily pricing on 4 March 2014. The Fund's actual returns have been used to calculate the risk indicator for the period 28 February 2014 to 30 June 2017. Market index returns (rather than the Fund's actual returns) have been used to calculate the risk indicator for the period 30 June 2012 to 28 February 2014. Because of the use of index returns, the risk indicator may be a less reliable indicator of potential future volatility of the Fund. The market index used is the Morningstar Global Markets Index.

<sup>2</sup> No performance fees are charged to any of the Funds. For more information about Fund fees, including an explanation of the buy spread and sell spread, see Section 5 (*What are the fees?*) on page 10.

See section 4 of this PDS (*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 [www.sorted.org.nz](http://www.sorted.org.nz)

## Who manages the Funds?

The manager of the Funds is Pathfinder Asset Management Limited (see section 7 (*Who is involved?*) on page 13 for more information). In this PDS, Pathfinder Asset Management Limited is referred to as **Pathfinder, we, us, our** and the **Manager**.

## How can you get your money out?

You may redeem your investment in a Fund at any time. You must first give us three business days' notice (we may change this period) and you must use our redemption form. After the notice period we expect to pay you within 10 business days. The minimum redemption amount is \$5,000 (although we may change this).

More information about redeeming your investments can be found in section 2 of this PDS (*How does this investment work?*) on page 4. This includes information on the limited circumstances in which redemptions may be suspended or deferred.

Your investment in the Funds 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?

Each Fund is a portfolio investment entity (**PIE**). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (**PIR**). To determine your PIR, go to [www.ird.govt.nz/toii/pir/](http://www.ird.govt.nz/toii/pir/). See section 6 of this PDS (*What taxes will you pay?*) on page 12 for more information.

## Where can you find more key information?

Pathfinder is required to publish quarterly updates for each 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.path.co.nz](http://www.path.co.nz) or [www.business.govt.nz/disclosure](http://www.business.govt.nz/disclosure). We will also give you copies of those documents on request.

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# 2

## How does this investment work?

### Nature of Fund interests

This PDS offers the opportunity to invest in Pathfinder's Funds. You may invest in any Fund by buying units. The Fund in turn pools the money of all investors and invests in assets (such as shares) on behalf of all investors in the Fund. Your units do not give legal ownership to the assets as these are owned by the Fund. The units do however give you the right to a share of returns on the assets.

### Unit prices

The price you will pay for each unit depends on the value when you invest. We set the value of each unit as follows:

- (1) We calculate the total dollar amount of Fund assets. From this we subtract total Fund liabilities. The difference is called the "net assets" of the Fund.
- (2) We then divide the net assets by the number of units that have been issued.

This means that changes (both positive and negative) in the value of Fund assets will affect the price of units. We calculate the unit price each day. The buy spread is added to the unit price for investments into a Fund. The sell spread is subtracted from the unit price for redemptions.

### Distributions

None of the Funds currently pay distributions to investors. This means that any income received by a Fund is retained by it and is reflected in the unit price. Your return on your investment comes from any increase or decrease of the unit price. Returns are not guaranteed for any Fund.

### Overview of the Funds

The Funds are unitised trusts governed by a single Master Trust Deed, with each Fund being formed under its own Establishment Deed. Each Fund is operated separately, which means the assets of one Fund cannot be used to pay the liabilities of another Fund.

### Key benefits

The key benefits of investing in the Funds are:

- your money is managed by our investment professionals
- you can invest in markets that are difficult or expensive for many investors to access
- we provide diversification of investment exposures

### Investing responsibly

Our share Funds have a socially responsible investment focus. For the Global Water Fund, Global Responsibility Fund and Global Property Fund we have engaged Sustainalytics (a global environmental, social and governance (ESG) and corporate governance research and analysis firm) to assist our research process by:

- identifying company involvement in areas such as controversial weapons, thermal coal and others (based on revenue sources and business activity)
- monitoring and reviewing levels of current "controversy" (ESG related incidents) from company activities
- rating companies on environmental, social and governance criteria

The World Equity Fund, Global Water Fund, Global Responsibility Fund and Global Property Fund each apply the NZ Super Fund exclusions list. Pathfinder is also a signatory to the UN Principles of Responsible Investment.

## Your investment value

You can calculate the value of your investment at any time by multiplying the number of units you hold by the current redemption price (note that PIE tax may change the number of units you hold).

## Making investments

To invest you will need to complete our application form attached to this PDS. You must invest a minimum of \$5,000 in a Fund (we may change this amount). You can choose to make regular contributions on a monthly basis. There is no obligation for you to make any ongoing regular contributions once you have made your initial investment. You can stop regular contributions at any time by giving written notice to Pathfinder.

## Withdrawing your investments

You may redeem your investment in a Fund at any time. You must first give us three business days' notice (we may change this period) and you must use our redemption form. After the notice period we expect to pay you within 10 business days. You must redeem a minimum of \$5,000 in a Fund and must retain a minimum balance of \$5,000 (we may change these amounts).

Redemptions may be deferred or suspended in very limited circumstances. These include where financial, political or economic conditions would prejudice investors' interests. They may also apply where a large number of redemption requests have been received in a 3-month period.

## How to switch between funds

To switch between the Funds offered in this PDS you will need to complete our switching form. You must switch a minimum of \$5,000 (we may change this amount). If you switch you are redeeming from one Fund and re-investing in the other Fund. We will not charge you a fee for switching however the sell spread will apply to the redemption and the buy spread will apply to the re-investment.

# 3

## Description of your investment options

Each Fund is managed by Pathfinder. The investment objectives and strategies reflect our long term approach to investing in global assets:

| Pathfinder Fund                   | Fund description<br>(investment objective and strategy)   | Target Investment Mix                                 | Risk Indicator | Minimum suggested investment timeframe |
|-----------------------------------|---|---|----------------|--|
| <b>Global Responsibility Fund</b> | <p><b>Objective:</b> (1) invest in global equities that satisfy Pathfinder's socially responsible screening and (2) achieve a medium to long term return higher than the Morningstar Developed Markets Index, 50% hedged to NZ dollars.</p> <p><b>Strategy:</b> The Fund invests in global equities that satisfy Pathfinder's socially responsible screening. It achieves this by investing in Pathfinder's wholesale Responsible Investment Fund which targets a portfolio of 250 stocks.</p>  | <p>Global equities 95% - 100%</p> <p>Cash 0% - 5%</p> | 5              | 5 years                                |
| <b>Global Water Fund</b>          | <p><b>Objective:</b> (1) invest in companies involved in the water industry that satisfy Pathfinder's socially responsible screening and (2) achieve a medium to long term return higher than the NASDAQ OMX Global Water Index, 50% hedged to NZ dollars.</p> <p><b>Strategy:</b> The Fund invests directly in companies involved in the water industry that satisfy Pathfinder's socially responsible investment screening, and are listed in developed markets. The allocations reflect Pathfinder's views on, among other things, the outlook for global markets, relative value between markets, market valuations and event risk. Water companies cover a wide range of activities, including water utilities, filtration, monitoring technology and the manufacture of pumps, pipes and irrigation equipment.</p>  | Global water shares 100%                              | 4              | 5 years                                |
| <b>Global Property Fund</b>       | <p><b>Objective:</b> (1) invest in global property stocks that satisfy Pathfinder's socially responsible screening and (2) achieve a medium to long term return higher than the Morningstar Real Estate Sector Index, 75% hedged to NZ dollars.</p> <p><b>Strategy:</b> The Fund invests directly in global property stocks that are listed in developed markets. The allocations reflect Pathfinder's views on, among other things, the outlook for global markets, relative value between markets, market valuations and event risk. The Fund has an overweight New Zealand listed property position (maximum 20%). The property stocks are expected to predominantly own industrial, office and retail property but can include other activities (such as trading and development) and other types of real estate assets (such as residential property, medical facilities and storage units).</p> | Property stocks 100%                                  | 5              | 5 years                                |
| <b>World Equity Fund</b>          | <p><b>Objective:</b> (1) invest in global equities from both developed and emerging markets, incorporating socially responsible screening and (2) achieve a medium to long term return higher than the Morningstar Global Markets Index, 50% hedged to NZ dollars.</p> <p><b>Strategy:</b> The Fund invests in exchange traded funds (ETFs) for exposure to global equities. The allocations reflect Pathfinder's view on (a) geographic regions (Europe, US, Asia etc) (b) company size (small, mid, large capitalisation etc) (c) sector (infrastructure, healthcare, technology etc) and (d) other groupings (such as high dividend yielding stocks).</p>  | Global equities 100%                                  | 5              | 5 years                                |

| Pathfinder Fund            | Fund description<br>(investment objective and strategy)   | Target Investment Mix | Risk Indicator | Minimum suggested investment timeframe |
|----------------------------|---|-----------------------|----------------|--|
| <b>Commodity Plus Fund</b> | <p><b>Objective:</b> (1) invest in the growth potential of commodities (generally by using derivatives) and cash and (2) achieve a medium to long term return higher than the Bloomberg Commodity Index fully hedged to NZ dollars.</p> <p><b>Strategy:</b> The Fund invests in commodities (generally by using derivatives) and cash. The Fund currently invests in only 6 commodities being corn, wheat, gold, aluminium, crude oil and heating oil. The weightings of each commodity are not fixed and can change frequently. The Fund can reduce commodity exposure and invest in cash. At times the Fund can be fully invested in cash and so have no commodity exposure. It does not invest in the shares of commodity producers, extractors or refiners.</p> | Commodities 100%      | 4              | 5 years                                |

Below are further details of the investment strategy for each Fund covering currency hedging, maximum cash holdings (for downside protection) and diversification of exposures:

| Pathfinder Fund                        | Currency hedging target <sup>1</sup> | Maximum cash holding | Target portfolio exposures (diversification)   |
|--|--------------------------------------|----------------------|--|
| <b>Global Responsibility Fund</b>      | 50%                                  | 70%                  | Invests in Pathfinder's wholesale Responsible Investment Fund which in turn targets investment in 250 stocks |
| <b>World Equity Fund</b>               | 50%                                  | 70%                  | 500+ companies via exchange traded fund (ETF) holdings   |
| <b>Global Property Fund</b>            | 75%                                  | 70%                  | 50-100 property stocks   |
| <b>Global Water Fund</b>               | 50%                                  | 70%                  | 50-100 water stocks  |
| <b>Commodity Plus Fund<sup>2</sup></b> | 100%                                 | 100% <sup>3</sup>    | 6 commodities  |

<sup>1</sup> For the Global Responsibility Fund, Global Water Fund, Global Property Fund and World Equity Fund the currency hedging target is a "generally preferred" position. However the actual currency hedging level can be much higher or lower. By contrast the Commodity Plus Fund aims to closely track its 100% currency hedging target.

<sup>2</sup> "Commodities" are the permitted exposures to commodities described in this PDS. These include commodity derivative contracts and associated cash.

<sup>3</sup> Although the Target Investment Mix is for 100% commodities, the Fund will often hold less than 100% in commodities. It will at times hold no commodities and 100% cash.

For each Fund the Statement of Investment Policy and Objectives (**SIPO**) sets out the Fund's investment objective and investment strategy. We will review the SIPO at least once each year which will include consultation with the Supervisor and approval from our Board. Changes must be made in accordance with the Trust Deed and the Financial Markets Conduct Act 2013. We are not required to notify you of any changes to the SIPO, however you can view the latest version of the SIPO at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

Further information about the assets in each Fund can be found in the fund updates at [www.path.co.nz](http://www.path.co.nz).



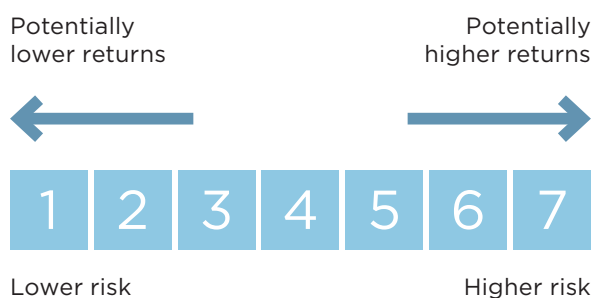
# 4

## 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.

#### Risk indicator example



The risk indicators for the Funds can be found on page 1.

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](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 (described under the heading "Other specific 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 5 year period ending 30 June 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 each Fund.

### General investment risks

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

**Market risk:** This is the risk that events affect financial markets generally. Global markets can be severely impacted by events such as recession, political instability, economic uncertainty, technological change, financial market disruption or instability within particular countries or industries. Any of these can impact markets for shares, commodities, property and currencies.

**Single asset class risk:** Each Fund is only invested in one asset class (either equities or commodities) meaning none of the Funds are diversified across asset classes. If market prices for the relevant asset class fall, it will generate losses for that Fund.

**Currency risk:** This is the risk that the value of the New Zealand dollar fluctuates against the value of foreign currencies. Each Fund is valued in New Zealand dollars, however some or all of its investments will be denominated in other currencies. While we can use currency hedging in each Fund, we cannot eliminate the risk of currency volatility or losses. This means we cannot predict the extent to which these may affect Fund returns.

**Liquidity risk:** This is the risk that a Fund cannot easily sell its investments or can only sell at a much lower price than in normal market conditions. This may affect the value of a Fund's assets. In very extreme cases it could mean you may not be able to redeem your units when you want to.

**Credit risk:** This is the risk that the financial strength of a party to a contract with the Fund worsens. If such a party (which includes banks and brokers) defaults on its obligations to the Fund or becomes insolvent then the value of the Fund will be affected.

## Other specific risks

There are circumstances that significantly increase risks for investors that are not reflected in the risk indicator. These include:

**Manager risk:** Pathfinder is a boutique fund manager. As a boutique there is a higher impact of key staff leaving than there is in large fund managers. Loss of key Pathfinder personnel could adversely affect its performance (and therefore Fund performance).

**Hedging market risk:** Each Fund may use one or more strategies from time to time to mitigate (or “hedge”) the risk of loss from underlying investments. Such strategies may include holding a higher proportion of assets in cash and the use of derivatives (such as futures and/or options). It is important to note that if the relevant market was to fall (1) there is no guarantee protection strategies will be in place at the time, (2) the protection strategies can only ever help limit (but never eliminate) losses from a market fall and (3) these strategies may also give rise to a cost for a Fund. There is also a risk that using these strategies may mean the Fund does not participate (or does not fully participate) in rising markets.

**Risk specific to the Global Water Fund – water industry risks:** There are risks for companies in the water industry that not all companies face. These include changes to: water availability, water industry regulation and levels of infrastructure spending by governments.

**Risk specific to the Global Property Fund – property industry risks:** There are risks for property companies that not all companies face. These include trends in local/global property markets, rental growth and the adequacy of insurance cover for natural disasters.

**Risk specific to the Global Responsibility Fund and World Equity Fund – investment “tilts”:** We can adjust weightings to particular geographic regions, company sizes, industry sectors or other groupings for these Funds (we call this process “tactical tilts”). There is no guarantee that returns generated by our tactical tilts will be higher than market returns (and they could be lower).

## Risks specific to the Commodity Plus Fund:

- *Specialised investment:* Commodities are regarded as an “alternative” asset class and may not be suitable for all investors. Because of this specialised nature, commodity investments should only be a small component of a diversified investment portfolio. Seek advice from a financial adviser.
- *Only six commodities:* The Fund currently only has exposure to six commodities (which is fewer than broad commodity market indexes). This means returns from one commodity (whether positive or negative) can have a large impact on Fund returns.
- *Investment in commodity futures:* The Fund invests in commodity futures and does not own physical commodities. Returns from investing in commodity futures (which are derivative contracts) may be higher or lower than returns based on owning the physical commodity.

The Funds will not be suitable for all investors. You should seek advice from a financial adviser to help you make an investment decision.

For more information on the risks of investing in the Fund, see the “Other Material Information” document on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

# 5

## What are the fees?

You will be charged fees for investing in the Funds. Fees are deducted from your investment and will reduce your returns. If Pathfinder invests in other funds, those 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..
- **One-off fees** (for example, the initial buy / sell spread).

Fund fees (exclusive of GST) are set out in the table below. These are calculated as a percentage of the net asset value of the Fund assets each year:

| Total management and administrative charges |                                     |   |                                      |
|---|-------------------------------------|---|--------------------------------------|
| Pathfinder Fund                             | Pathfinder's basic fee <sup>1</sup> | Other management and administration fees <sup>2</sup> | TOTAL ANNUAL FUND CHARGES (EXCL GST) |
| Global Responsibility Fund                  | 0.30%                               | 0.63%   | 0.93%                                |
| Global Water Fund                           | 1.10%                               | 0.20%   | 1.30%                                |
| Global Property Fund                        | 0.80%                               | 0.20%   | 1.00%                                |
| World Equity Fund                           | 0.90%                               | 0.41%   | 1.31%                                |
| Commodity Plus Fund                         | 0.80%                               | 0.20%   | 1.00%                                |

The fees charged to each Fund are explained below:

- 1. Pathfinder's basic fee:** For each Fund we charge an annual management fee which is calculated daily and charged monthly. This covers our investment management services plus all expenses in connection with the Fund (aside from the "other management and administration fees" described below). This is an estimate because if "administration fees" (described below) are higher or lower than stated in the table, we will adjust "Pathfinder's basic fee" by an equal amount to compensate.
- 2. Other management and administration fees:** These have two parts:
  - **Administration fees:** These are the fees of Public Trust (supervision and custody) and MMC Limited (fund accounting and registry). Administration fees are an estimate and may vary slightly.
  - **Underlying fund costs:** These are other charges incurred from a Fund investing in other underlying funds. This applies to two of the Funds:
    - *Global Responsibility Fund:* this is management fees and expenses in the wholesale Pathfinder Responsible Investment Fund.
    - *World Equity Fund:* this is management fees from underlying exchange traded funds (ETFs). These charges are an estimate based on the actual external costs incurred by the World Equity Fund in the year to 31 March 2017 and at the date of this PDS. Actual charges for the World Equity Fund over the most recent 12 months are available in the latest fund update.

**Additional charges:** The Supervisor is entitled to charge "special" fees to a Fund for services of an unusual or onerous nature outside its regular services. While there is no limit on these charges, none have ever been charged to a Fund.

## Individual action fees

The Funds have buy / sell spreads which are explained below:

**Buy / sell spreads:** When you subscribe for or redeem units in a Fund (including when you switch between Funds) the buy / sell spread will be a cost to you. The buy spread is added to the unit price when you buy units. The sell spread is deducted from the unit price when you sell units. The Funds' current buy / sell spreads, calculated as a percentage of net asset value per unit, are:

| Pathfinder Fund            | Buy spread<br>(for investing) | Sell spread<br>(for redeeming) |
|----------------------------|-------------------------------|--------------------------------|
| Global Responsibility Fund | 0.05%                         | 0.05%                          |
| Global Water Fund          | 0.05%                         | 0.05%                          |
| Global Property Fund       | 0.05%                         | 0.05%                          |
| World Equity Fund          | 0.05%                         | 0.05%                          |
| Commodity Plus Fund        | 0.10%                         | 0.10%                          |

**Why we have buy / sell spreads:** The buy spread and sell spread belong to the Fund and are intended to cover transaction costs in relation to the units issued or redeemed. This is because these costs should be borne by the investor entering or leaving the Fund and not by other investors. These amounts are not paid to us. There is no GST on the buy spread or sell spread.

There are no other one-off fees currently being charged to any of the Funds.

## Example of how fees apply to an investor

Angela invests \$10,000 in the Global Water Fund. The buy spread of 0.05% is added to the unit price, which is a cost to Angela of \$5. This brings the starting value of her investment to \$9,995.

She is also charged management and administration fees, which work out to about \$149 (including GST, if any) per annum (1.30% plus GST, if any, on \$9,995). These fees might be more or less if her account balance has increased or decreased over the year.

**Estimated total fees for the first year:**

Individual action fees: \$5

Fund charges (including GST, if any): \$149

See the latest fund update for an example of the actual returns and fees investors were charged over the past year.

This example only applies to the Global Water 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 fees can be changed

We can change the fees of a Fund from time to time. We may also introduce new fees. To increase fees or introduce new fees we must first give 2 months' notice to investors in that Fund. The types of fees that may be introduced for a Fund are set out in the Master Trust Deed and each Fund's Establishment Deed (see [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)).

Pathfinder must publish a fund update for each Fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

# 6

## What taxes will you pay?

Each Fund is a portfolio investment entity (**PIE**). 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/](http://www.ird.govt.nz/toii/pir/). 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 Pathfinder (or if you invest through a custodial service, the provider of that service) your PIR when you invest or if your PIR changes. If you do not tell Pathfinder (or, if applicable, the provider of the custodial service you invest through), 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.

(Note that the Global Responsibility Fund, Global Water Fund and World Equity Fund have registered as Foreign Investment Zero-Rate PIEs. Special PIR rules apply for certain non-resident investors in Foreign Investment Zero-Rate PIEs.)

It is your responsibility to tell Pathfinder your IRD number. There is a pending tax law change expected to apply to new investors from 1 April 2018. If enacted this would require us to redeem units of new investors who do not provide their IRD number within 6 weeks. These investors would be required to exit the Fund.

# Who is involved?

**Pathfinder Asset Management Limited:** Pathfinder is the manager of the five Funds offered under this PDS. We are a boutique fund manager established in 2009. Pathfinder is substantially owned by its founders (John Berry and Paul Brownsey) who are both involved in the business day to day.

John and Paul both invest in each of the five Pathfinder Funds. We believe this is the best way to align our interests with those of our investors (better, for example, than charging performance fees).

Our Board comprises four Directors. Two of the Board members are independent directors – Sandy Maier and Catherine Savage. The other two Directors are the co-founders of Pathfinder – John Berry and Paul Brownsey. We also have an Investment Committee for oversight of our Funds.

Full biographies of our Board and Investment Committee can be found on [www.path.co.nz](http://www.path.co.nz).

Our contact details are:

**Postal address:**

Pathfinder Asset Management Limited  
PO Box 33-1380  
Takapuna, Auckland 0740

**Physical address:**

Pathfinder Asset Management Limited  
Level 3, 507 Lake Road  
Takapuna, Auckland 0622

**Phone:** 09 489 3802

**Email:** [john.berry@path.co.nz](mailto:john.berry@path.co.nz)

## Who else is involved:

The following persons are also involved in Pathfinder's Funds:

| Function  | Name                   | Description of role  |
|---|------------------------|--|
| Supervisor and Custodian                            | Public Trust           | Supervisor and custodian of the Funds under the Financial Markets Conduct Act 2013. This means they are responsible for supervising Pathfinder as manager of the Funds. They also hold assets of the Funds on behalf of investors. |
| Administration manager                              | MMC Limited            | Provide administration functions for the Funds such as fund accounting and registry.   |
| Auditor   | PricewaterhouseCoopers | Auditor of the Funds.  |
| Environmental, social and governance (ESG) research | Sustainalytics         | Provide ESG research for Pathfinder's investment process.  |

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## How to complain

Any enquires or complaints about your investment can be made to Pathfinder Asset Management Limited (see the contacts details contained in section 7 of this PDS (*Who is involved?*) on page 13).

If Pathfinder does not resolve your complaint, you may direct your complaint to either:

### **Financial Services Complaints Limited (FSCL)**

PO Box 5967  
Lambton Quay  
Wellington 6145

**Phone:** 0800 347 257

**Email:** [info@fscl.org.nz](mailto:info@fscl.org.nz)

FSCL is an independent dispute resolution scheme.  
It will not charge you a fee to investigate or resolve your complaint.

### **Public Trust**

Level 9  
34 Shortland Street  
Auckland 1010

**Phone:** 09 985 5300

**Email:** [enquiry@trustee.co.nz](mailto:enquiry@trustee.co.nz)

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## Where you can find more information

**Offer and scheme registers:** Further information relating to Pathfinder's Funds (for example, financial statements) is available on the offer register and the scheme register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose). A copy of information on the offer register or scheme register is available on request to the Registrar of Financial Service Providers.

**By request to Pathfinder:** Pathfinder can provide you additional information upon request, including current unit prices, fund updates and annual reports. We do not currently charge for providing this information. You will find our contact details in section 7 (*Who is involved?*) on page 13.

**Transaction confirmations and annual reports:** If you invest directly into the Funds (rather than through a custodial service) we will send you confirmation of your transactions. This will happen when units are issued to you, when you redeem units and when you transfer units. An annual report for the Funds will also be made available to you.

**Annual tax statement:** Each year you will also be sent a tax statement. This will tell you how much PIE income was allocated to you and how much tax has been paid at your selected PIR. We will ask you to confirm your IRD number and PIR.

**Our website:** You can find general information about us, the Funds (including Fund updates) and our team on our website [www.path.co.nz](http://www.path.co.nz).



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## How to apply

To invest in a Pathfinder Fund please fill out the application form at the end of this PDS and send it to us c/o MMC Limited, PO Box 106 039, Auckland 1143. You will also need to pay your investment amount (by cheque or direct credit). We will require verification of your identity and address. We may also require confirmation of the source of your application monies (this is required by anti-money laundering regulations).

Further copies of this PDS and application forms can be obtained from our website which is [www.path.co.nz](http://www.path.co.nz).



# Application Form

## Pathfinder Investment Funds

Thank you for choosing to invest with Pathfinder Asset Management Limited (Pathfinder)

Please confirm you have completed this form and included:

- ☐ your identification documents (see page 24)
- ☐ your proof of address document (see page 24)
- ☐ your bank statement or printed deposit slip (see page 24)
- ☐ your cheque made payable to Pathfinder Nominees Limited (see page 20)
- ☐ your Trust or Company documents as appropriate (see page 24)

Please mail these to Pathfinder, c/o MMC Limited, P.O. Box 106-039, Auckland 1143

### INVESTOR TYPE

#### 1 What type of investor are you?

Please tick one:

- |   |  |                                      |
|---|--|--------------------------------------|
| <input type="checkbox"/> Individual                   | <input type="checkbox"/> Joint ownership       | <input type="checkbox"/> Company     |
| <input type="checkbox"/> Trust                        | <input type="checkbox"/> Superannuation scheme | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Other (please specify) _____ |  |                                      |

### INVESTOR ONE

#### 2 Investor details (also trustees, trust settlor and company directors to complete here)

Title: \_\_\_\_\_ First name/s: \_\_\_\_\_ Last name: \_\_\_\_\_

Date of birth: \_\_\_\_\_ IRD number:

Country of birth: \_\_\_\_\_ Occupation: \_\_\_\_\_

If you are not living in NZ please state your country of residence: \_\_\_\_\_

Tax status: ☐ NZ tax resident

☐ US tax resident (please contact us directly for additional information)

List any other countries you are a citizen or tax resident of: \_\_\_\_\_

Insert your US or other tax identification number (or equivalent): \_\_\_\_\_

PIR rate (tick appropriate box): ☐ 0% ☐ 10.5% ☐ 17.5% ☐ 28%

Address: (cannot be a PO Box)

\_\_\_\_\_ Mobile: \_\_\_\_\_

\_\_\_\_\_ Home phone: \_\_\_\_\_

Postcode: \_\_\_\_\_ Email: \_\_\_\_\_



# Application Form (continued)

## Pathfinder Investment Funds

### INVESTOR TWO

Title: \_\_\_\_\_ First name/s: \_\_\_\_\_ Last name: \_\_\_\_\_

Date of birth: \_\_\_\_\_ IRD number:

Country of birth: \_\_\_\_\_ Occupation: \_\_\_\_\_

If you are not living in NZ please state your country of residence: \_\_\_\_\_

Tax status: ☐ NZ tax resident

☐ US tax resident (*please contact us directly for additional information*)

List any other countries you are a citizen or tax resident of: \_\_\_\_\_

Insert your US or other tax identification number (or equivalent): \_\_\_\_\_

PIR rate (*tick appropriate box*): ☐ 0% ☐ 10.5% ☐ 17.5% ☐ 28%

Address: (*cannot be a PO Box*)

\_\_\_\_\_ Mobile: \_\_\_\_\_

\_\_\_\_\_ Home phone: \_\_\_\_\_

Postcode: \_\_\_\_\_ Email: \_\_\_\_\_

### INVESTOR THREE

Title: \_\_\_\_\_ First name/s: \_\_\_\_\_ Last name: \_\_\_\_\_

Date of birth: \_\_\_\_\_ IRD number:

Country of birth: \_\_\_\_\_ Occupation: \_\_\_\_\_

If you are not living in NZ please state your country of residence: \_\_\_\_\_

Tax status: ☐ NZ tax resident

☐ US tax resident (*please contact us directly for additional information*)

List any other countries you are a citizen or tax resident of: \_\_\_\_\_

Insert your US or other tax identification number (or equivalent): \_\_\_\_\_

PIR rate (*tick appropriate box*): ☐ 0% ☐ 10.5% ☐ 17.5% ☐ 28%

Address: (*cannot be a PO Box*)

\_\_\_\_\_ Mobile: \_\_\_\_\_

\_\_\_\_\_ Home phone: \_\_\_\_\_

Postcode: \_\_\_\_\_ Email: \_\_\_\_\_



# Application Form (continued)

## Pathfinder Investment Funds

### INVESTING FOR A TRUST OR COMPANY

#### Investing for a Trust or Company

Full name of Trust / Company: \_\_\_\_\_

Trading name (if different): \_\_\_\_\_

Country where established: \_\_\_\_\_ Date established: \_\_\_\_\_

Identifier or registration number: \_\_\_\_\_

Registered office: \_\_\_\_\_

Postal address: \_\_\_\_\_

IRD number:

State type of trust (family, charitable etc): \_\_\_\_\_

PIR rate (tick appropriate box): ☐ 0% ☐ 10.5% ☐ 17.5% ☐ 28%

Tax status: ☐ NZ tax resident

☐ US tax resident (please contact us directly for additional information)

List any other countries the Trust / Company is a tax resident of: \_\_\_\_\_

Insert your US or other tax identification number (or equivalent): \_\_\_\_\_

Tick here if the Trust / Company has a US controlling person: ☐

Describe the nature of the Trust / Company's business activity: \_\_\_\_\_

*Note: Each trustee, trust settlor and company director to complete "Individual Investor" details on pages 17 and 18.*

### INVESTING FOR A MINOR

#### Investing on behalf of a minor (16 years and under)

Please complete their investor details on page 17. We also require your details below:

Your title: \_\_\_\_\_ Your first name/s: \_\_\_\_\_

Your date of birth: \_\_\_\_\_ Your last name: \_\_\_\_\_

Your relationship with the minor: \_\_\_\_\_

Your contact number: \_\_\_\_\_ Your IRD number:



# Application Form (continued)

## Pathfinder Investment Funds

### INVESTMENT DETAILS

#### 3 Investment details

##### Source of wealth (please select as appropriate)

☐ Earned income    ☐ Savings/investments    ☐ Sale of assets    ☐ Inheritance    ☐ Gift

☐ Other (please specify) \_\_\_\_\_

##### Investment purpose (provide explanation if appropriate)

I/we confirm that my/our purpose of investing in Pathfinder's funds is to earn a long term investment return. If this statement does not apply please set out your purpose for investing:

##### Annual income (in NZD) (please complete if your application amount exceeds \$100,000)

My/our annual income is:    ☐ \$0 - \$50,000    ☐ \$50,000 - \$100,000  
☐ \$100,000 - \$500,000    ☐ \$500,000 - \$1 million    ☐ in excess of \$1 million

##### Select Fund/s

I/we wish to invest NZ\$ \_\_\_\_\_ to purchase units in the following Pathfinder Investment Fund(s) (minimum of \$5,000 per Fund):

- Pathfinder Global Water Fund    NZ\$ \_\_\_\_\_
- Pathfinder Global Responsibility Fund<sup>1</sup>    NZ\$ \_\_\_\_\_
- Pathfinder Global Property Fund    NZ\$ \_\_\_\_\_
- Pathfinder World Equity Fund    NZ\$ \_\_\_\_\_
- Pathfinder Commodity Plus Fund    NZ\$ \_\_\_\_\_

### YOUR PAYMENT

#### Your payment

Please confirm how you will make payment (tick as appropriate):

☐ **Cheque**    please make payable to "Pathfinder Nominees Limited" and cross it "not transferable"

☐ **Direct credit**    please deposit to the appropriate account(s) of Pathfinder Nominees Limited:

- Pathfinder Global Water Fund:    **Westpac Bank 03-0104-0189792-000**
- Pathfinder Global Responsibility Fund:    **Westpac Bank 03-0502-0369449-02**
- Pathfinder Global Property Fund:    **Westpac Bank 03-0252-0005051-000**
- Pathfinder World Equity Fund:    **Westpac Bank 03-0104-0191796-000**
- Pathfinder Commodity Plus Fund:    **ANZ Bank 06-0507-0102970-000**

Please reference your payment with your IRD number and your name.

<sup>1</sup> The Pathfinder Global Responsibility Fund is available for investment from 2 October 2017.



# Application Form (continued)

## Pathfinder Investment Funds

### YOUR BANK

#### Your bank

You must provide us detail of your NZ domiciled bank. We also require a bank deposit slip or bank statement to verify this account:

Name of your bank: \_\_\_\_\_

Name on the account: \_\_\_\_\_

Account number

### DISTRIBUTION OPTIONS

#### Distribution options

If any distributions are made by a Fund I/we elect to receive them as follows:

☐ Reinvest in additional units in that Fund; or

☐ Direct credit to my/our above bank account

If you do not make a selection then reinvestment will apply.

### YOUR FINANCIAL ADVISER

#### 4 Your financial adviser

Adviser details (if this application is by recommendation of an Authorised Financial Adviser, please complete their details below):

Adviser name: \_\_\_\_\_ Company name: \_\_\_\_\_

Contact phone: \_\_\_\_\_ Their email: \_\_\_\_\_

### YOUR DECLARATIONS

#### 5 Your declarations

##### Investor declarations:

*Electronic communication:* I/we consent to receiving information electronically from Pathfinder or Public Trust (as supervisor) regarding my/our investment (using the email address I/we provided in the "Investor Details" section). This includes financial statements, Fund updates and other communications in relation to my/our investment.

*Electronic identity verification:* For the purpose of verifying my identity, by signing this form I consent to the personal information that I have provided being used with (and, where necessary, disclosed to) the following sources: (1) the NZTA for the purpose of checking the Drivers Licence and MOTO databases (2) the Department of Internal Affairs for the purpose of checking the Passport, Birth Certificate and Citizenship Certificate databases (3) Land Information New Zealand (4) the Companies Office (5) Centrix Group Limited (and I authorize Centrix to use any information that they hold in their credit reporting bureau about me to compare the information that I have provided) and (6) the White Pages.

*PDS provided:* I/we confirm that I/we have read and retained the attached Product Disclosure Statement (PDS) dated 25 September 2016 for the Pathfinder Investment Funds.

*Trust Deed binding:* I/we understand that the terms and conditions of the Trust Deed will be binding on me/us.

*Other important declarations:* I/we confirm I/we have read and are bound by the declarations on pages 22 and 23 relating to "anti-money laundering", "information and privacy", "custodians" and "Portfolio Investor Proxies (PIPs)".



# Application Form (continued)

## Pathfinder Investment Funds

YOUR SIGNATURE

### 6 Your signature

#### Investor signing *(please note all applicants must sign)*

Signature of investor 1: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of investor 2: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of investor 3: \_\_\_\_\_ Date: \_\_\_\_\_

Signature if you are investing on behalf of a minor (16 years and under):

\_\_\_\_\_ Date: \_\_\_\_\_

You may (but are not required to) have the minor sign:

\_\_\_\_\_ Date: \_\_\_\_\_

### Certificate of non-revocation of power of attorney

I, \_\_\_\_\_ of \_\_\_\_\_

hereby certify that \_\_\_\_\_ of \_\_\_\_\_

has appointed me his / her / its Attorney under a deed dated \_\_\_\_\_

I have executed this application as Attorney under the Power of Attorney and in accordance with the powers given to me. I have not received any notice or information of the revocation of the Power of Attorney by the death or liquidation of the donor or otherwise.

Signature of Attorney \_\_\_\_\_ Date: \_\_\_\_\_

### Anti-money laundering

This section applies to anti-money laundering, countering financing of terrorism and sanctions laws (AML Laws) in New Zealand. I/we acknowledge that these apply to Pathfinder and I/we also agree:

- 1) not to do anything that could cause Pathfinder to breach the AML Laws;
- 2) to provide Pathfinder with all information and other assistance it reasonably requires to comply with the AML Laws; and

I/we represent and warrant that I/we have no cause to believe the money used to invest in the Fund(s) are the proceeds of crime, money laundering or will be used to finance terrorism.



# Application Form (continued)

## Pathfinder Investment Funds

### Information and privacy

This section applies to personal information that I/we are providing to Pathfinder and Public Trust (as supervisor) as part of this application, and to any personal information I/we may provide in the future. I/we agree that:

- 1) all information about me/us disclosed in this form may be used by Pathfinder or disclosed to and used by Public Trust (as supervisor) for the purpose of managing the Funds and my/our holding, including compliance with the AML Laws; and
- 2) I/we will inform Pathfinder of any changes to the information provided by me/us to Pathfinder or Public Trust (as supervisor).
- 3) Pathfinder may disclose my information: (a) as required by law, (b) as requested by a tax authority or regulatory body (such as the FMA) or (c) to Pathfinder's professional advisers or providers in relation to management of the Funds.

I/we know that I/we can request access to and correction of any information held about me/us by Pathfinder and Public Trust (as supervisor).

### Custodians

This section applies if I/we are a custodian applying on behalf of another person(s). If this applies then:

- 1) I/we warrant to Pathfinder and Public Trust (as supervisor) that the other person(s) has received a copy of the current Product Disclosure Statement for the Pathfinder Investment Funds prior to this application being submitted; and
- 2) that person(s) is my/our 'customer' in terms of the AML Laws and I/we have and will comply with my/our obligations in respect of that person(s) under the AML Laws, including to verify the identity of that person(s) and source of their funds.

### Portfolio Investor Proxies (PIPs)

This section applies if I/we are a Portfolio Investor Proxy. I/we agree to:

- 1) monitor the holdings of underlying investors and to manage and remedy any breach of the Portfolio Investment Entity rules (such as the "maximum Investor interest" and "minimum number of investors" requirements) relating to underlying investors within the time periods permitted; and
- 2) immediately notify the Manager on becoming aware of any such breach.





# Identification Documents Pathfinder Investment Funds

Thank you for choosing to invest with Pathfinder Asset Management Limited.

Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, we must verify your identity. The only exception is if we have verified your identity previously (although be aware we may not always be able to rely on this exception).

If you don't provide the required documents then your application will be rejected and your payment returned. You will not receive any interest on payments returned to you.

| Please provide:  |  |
|--|--|
| Personal identification<br>(Original or certified copy)  | An original or original certified copy of one of the following for each person referred to in the application: <ul style="list-style-type: none"> <li>• New Zealand passport; or</li> <li>• New Zealand firearms license</li> </ul>  |
| Proof of physical address<br>(Original or certified copy)  | An original or original certified copy of one of the following (which is less than 3 months old) for each person referred to in the application <ul style="list-style-type: none"> <li>• bank statement; or</li> <li>• utility bill (power or water); or</li> <li>• government agency statement</li> </ul> |
| Bank statement<br>(Original or certified copy)   | A bank statement or deposit slip in your name for the bank account referred to on page 21.   |
| <b>If you are investing as a Company we need:</b> <ol style="list-style-type: none"> <li>1) to conduct verification of identity on each director, each natural person owning more than 25% and each natural person exercising effective control of the Company</li> <li>2) a copy of the certificate of incorporation</li> </ol>                     |  |
| <b>If you are investing as a Trust we need:</b> <ol style="list-style-type: none"> <li>1) to conduct verification of identity for the settlor and each trustee</li> <li>2) a complete list of birth dates of beneficiaries named in the trust deed</li> <li>3) trust deed and all amending deeds (do not need to be certified)</li> </ol>            |  |
| <b>If you are investing for another person under power of attorney we need:</b> <ol style="list-style-type: none"> <li>1) to conduct verification of identity on you and the person in whose name the investment is being made</li> <li>2) certified copies of each Power of Attorney</li> <li>3) certificate of Non-Revocation documents</li> </ol> |  |
| <b>If you are investing for a minor</b> we need to conduct verification of identity on you and the minor (16 years and under)  |  |

Certified copies must have been appropriately certified within the last 3 months by any one of: lawyer, accountant, doctor, teacher, police constable, justice of the peace, minister of religion or kaumātau.

Please mail the application form and supporting documents to:  
**Pathfinder, c/o MMC Limited, P.O. Box 106-039, Auckland 1143**



[www.path.co.nz](http://www.path.co.nz)



Signatory of:

