

---

# APN Investment Funds Scheme

## Product Disclosure Statement

Investment Management by APN Funds Management Limited

Dated 17 November 2020

This document replaces the Product Disclosure Statement dated 5 June 2020.

Issued by Implemented Investment Solutions Limited

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.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). Implemented Investment Solutions 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 make an investment decision.

# 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. Implemented Investment Solutions Limited ('Implemented Investment Solutions', '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 Implemented Investment Solutions and of its investment manager 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?

Fund	Description	Risk Indicator*	Annual Fund Charges (Estimated, % of the Fund's net asset value)	Indicative* Buy/Sell Spread (of each investment /redemption)									
APN AREIT PIE Fund	The Fund invests in an Australian Unit Trust ('Underlying Fund') managed by APN Funds Management Limited ('APN'). The Underlying Fund invests in Australian Real Estate Investment Trust ('AREIT') shares. The Fund targets a position of being fully hedged back to the New Zealand dollar.	<table border="1"> <tr> <td>Lower risk/ Potentially lower returns</td> <td>Higher risk/ Potentially higher returns</td> </tr> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> </table>	Lower risk/ Potentially lower returns	Higher risk/ Potentially higher returns	1	2	3	4	5	6	7	1.10% (excl. GST)	0.25%/0.25%
Lower risk/ Potentially lower returns	Higher risk/ Potentially higher returns												
1	2	3	4	5	6	7							

\*Note: The APN AREIT PIE 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 31 March 2017 to 30 September 2020. Market index returns, adjusted for currency hedging returns, (rather than the Fund's actual returns) have been used to calculate the risk indicator for the period 30 September 2015 to 31 March 2017. The risk indicator may therefore provide a less reliable indicator of the Fund's future volatility.

+ Buy/sell spreads are as at the date of this PDS and are indicative only. For the most up to date buy/sell spreads see [www.iisolutions.co.nz/fund-hosting/documents-and-reporting/](http://www.iisolutions.co.nz/fund-hosting/documents-and-reporting/).

See section 4 Of the PDS, "What are the risks of investing" on page 7 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/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).

## Who manages the APN Investment Funds Scheme?

The Manager of the APN Investment Funds Scheme is Implemented Investment Solutions.

See section 7 of the PDS, "Who is involved?" on page 11 for more information.

**What are the returns?**

The return on your investment comes from:

- Any increase or decrease in the unit price of the Fund, and
- Any income distributions made from the Fund.

We expect to make monthly distributions. You can elect for your distribution to be reinvested in the Fund. If you do not make a distribution election the default option is reinvestment.

See section 2 of the PDS, "How does this investment work?" on page 5 for more information.

**How can you get your money out?**

Investments in the Fund are redeemable on request.

We may defer redemptions in certain circumstances set out in the Trust Deed if we in good faith determine this is in the general interests of all investors in the Fund.

We may also suspend redemptions in certain circumstances set out in the Trust Deed if we in good faith form the opinion that it is not practicable, or would be materially prejudicial to the interests of the Fund's investors to realise assets or borrow to permit Unit redemptions.

See section 2 of the PDS, "How does this investment work?" on page 5 for more information.

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

**How will your investment be taxed?**

The Fund offered under this PDS 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/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](http://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate).

See section 6 of the PDS, "What taxes will you pay?" on page 11 for more information.

**Where can you find more key information?**

The Manager 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.iisolutions.co.nz/fund-updates/](http://www.iisolutions.co.nz/fund-updates/). The Manager will also give you copies of those documents on request.

## Contents

1. Key information summary.....	2
2. How does this investment work? .....	5
3. Description of your investment option .....	6
4. What are the risks of investing?.....	7
5. What are the fees? .....	9
6. What taxes will you pay? .....	11
7. Who is involved? .....	11
8. How to complain .....	12
9. Where you can find more information .....	13
10. How to apply.....	13

## 2. How does this investment work?

This document is an offer to purchase units ('Units') in the Fund. The Fund is a trust which is established within the Scheme and governed under a trust deed dated 1 December 2016 ('Trust Deed').

The money you invest buys Units in the Fund. The Fund invests in assets such as cash and interests in an Underlying Fund. APN Funds Management Limited ('APN') is the investment manager of the Fund and is responsible for investing and managing the Fund's assets. Units represent a share of the Fund. Changes in the value of the assets of the Fund and will be reflected in the value of the Units.

The price of each Unit you receive depends on the value of the Fund at the time you invest and the buy spread that applies to the Fund. We calculate the Unit price for the Fund by subtracting the total value of the Fund's liabilities from the market value of its assets and dividing that number by the number of Units the Fund has issued. The Unit price is calculated daily.

A change in the value of the Fund's assets affects the price of your Units. The Unit price for the Fund will change as the market value of the Fund's assets changes.

Public Trust is the supervisor ('Supervisor') of the Scheme and, in that role, monitors and supervises our management of the Fund.

The significant benefits of investing in the Fund are:

- **Diversification and scale.** By pooling the money of all investors in the Fund, we can give investors exposure to a more widely diversified portfolio of underlying assets than they may be able to access themselves. This increased diversification can reduce risk.
- **Professional investment management.** APN is the investment manager for the Fund. APN has the ability to appoint other investment managers.
- **Independent oversight and custody of assets.** The Supervisor has appointed an independent custodian, BNP Paribas Fund Services Australasia Pty Limited, to hold the Fund's assets.

The return on your investment comes from:

- Any increase or decrease in the Unit price, and
- Any income distributions made from the Fund.

We expect to make monthly distributions for the Fund. We expect to pay distributions within 10 business days of the end of the month. You can elect for your distributions to be reinvested in the Fund. If you do not make a distribution election the default option is reinvestment.

The assets of the Fund are not available to be applied to meet the liabilities of any other fund in the Scheme established in the future.

### Making investments

You can make lump sum or regular investments into the Fund. We may, in our absolute discretion, refuse any application without giving any reason. If we refuse your application, your application payment will be returned to you in full, without interest.

The minimum initial investment for the Fund is \$1,000. Thereafter, the minimum additional investment is \$500. These minimum amounts may be varied or waived at our discretion.

## Withdrawing your investments

You may request redemption of some or all of your investment at any time. Payment will be made as soon as possible after processing the redemption request and in any event within 30 business days of our receiving a redemption request from you. However, we may suspend withdrawals from the Fund if we decide to close the Fund or in other circumstances where we believe that allowing investors to take their money out would not be workable, or would prejudice investors generally. A suspension can last up to six months. If withdrawals are suspended and you submit a withdrawal request, we will not process it until the suspension is lifted.

When you redeem all or part of your investment from the Fund, we will redeem your investment at the Unit price for the Fund, adjusted for the applicable sell spread for the Fund.

We reserve the right to refuse a redemption request for less than 500 Units or a redemption request that would result in you holding less than 500 Units (except where all of your Units are to be redeemed).

## 3. Description of your investment option

Fund	Summary of investment objectives and strategy	Who is the Fund suitable for?	Target investment mix	Risk category	Minimum suggested investment timeframe
APN AREIT PIE Fund	<p>Objective: To provide investors with a consistent, relatively high level of income combined with some capital growth, sourced primarily from AREITs listed on the ASX.</p> <p>The Fund aims to:</p> <ul style="list-style-type: none"> <li>• have a gross annual income yield (before management fees and expenses) that equates to at least 110% of the average yield of the S&amp;P/ASX 200 A REIT Index dividend yield, measured annually;</li> <li>• provide investors with a level of capital growth which at least matches increases in the Consumer Price Index ('CPI') over a 5 – 7 year time horizon; and</li> <li>• provide lower than market volatility.</li> </ul> <p>Strategy: To invest in listed property via an Underlying</p>	Medium to long-term investors who are looking for an income focused investment and the potential for some long-term capital growth.	<p>Listed property, predominantly Australian AREIT shares held through an Australian unit trust.</p> <p>100%</p>	6	5 years

	<p>Fund. The Fund will not invest in direct property.</p> <p>The Investment Manager does not intend to use derivatives other than for currency hedging purposes.</p> <p>The Fund targets a position of being fully hedged back to New Zealand Dollars.</p>				
--	--	--	--	--	--

We can make changes to the Statement of Investment Policy and Objectives ('SIPO') of the Fund in accordance with the Trust Deed and the Financial Markets Conduct Act 2013 ('FMC Act'). Before making changes to the SIPO, we will consult with Public Trust, as the Scheme's Supervisor. Any changes to the SIPO will be advised in the annual report for the Scheme. The most current SIPO for the Fund can be found on the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

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

## 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.

Lower risk/ Potentially lower returns				Higher risk/ Potentially higher returns		
1	2	3	4	5	6	7

See page 2 for the risk indicator for the Fund offered under this PDS.

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 five years to 30 September 2020. 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:

### **Market and security specific risk**

The key risk for the Fund is that prices of the underlying securities fluctuate. Price fluctuations are generally attributable to a combination of:

- Market risk, and
- Security specific risk.

Factors that underpin market risk include expectations for economic growth, investor sentiment, interest rates and inflation. Market factors impact on all shares.

Security specific risk refers to factors that are particular to each stock or security. Examples of security specific risk include the level of company debt and the demand for a company's particular products or services. Additionally investor sentiment is one of the factors that will influence stock specific risk.

### **Liquidity risk**

The Fund is exposed to liquidity risk.

Low liquidity is a risk, as it can reflect the lack of demand for an investment, and make that investment harder to sell in a timely manner. This may affect returns if there is insufficient time to wait for demand to increase and a sale is required to be made at a lower price.

### **Property Risk**

The Fund invests in companies that are exposed to the property markets. These markets can be adversely affected by property-specific factors such as the supply/ demand balance of property assets, legislation relating to property and economic conditions.

Further general information on risks is contained in the document "Other Material information" which can be found on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## **Other specific risks**

### **Currency risk**

The Fund's units are denominated in New Zealand Dollars and the Fund invests in an Underlying Fund denominated in Australian dollars. The Fund mitigates this currency risk by entering into hedging arrangements that are designed to reduce the risk that currency movements will impact the Fund valuation in New Zealand dollar terms. However, the Fund may remain exposed to some currency risk due to not being fully hedged. The impact of any remaining currency exposure on Fund volatility is expected to be immaterial as Fund volatility is expected to be largely driven by the volatility of the Underlying Fund.

### **Tax Risk**

The Manager intends to apply the Fair Dividend Rate (FDR) method for calculating taxable income from currency hedging. This method is able to be applied if the hedging is operated in accordance with the FDR hedging rules. If these rules are breached then the PIE income attributable to investors may be higher than planned which may reduce investor returns. The impact on taxable income is driven by the return from currency hedging which is largely attributable to the difference between New Zealand and Australian interest rates. A breach of the FDR hedging rules is unlikely as the hedging will be managed by an experienced, specialist provider and monitored independently each day by the custodian.



## 5. 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 we invest 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 trading costs.

### Annual fund charges (% of net asset value)

Fund	Fixed Annual Fund Charges (excl. GST)	GST	Total Annual Fund Charges (Including GST)
APN AREIT PIE Fund	1.10%	0.02%	1.12%

The charges outlined above include all normal day-to-day fund costs and expenses including the following:

#### Annual fund charges:

- the management fee and the investment management fee paid to APN;
- any investment management fees of any related underlying funds the Fund invests in;
- the Supervisor fee;
- costs and expenses incurred by us, the Supervisor and the investment manager in carrying out each of our respective duties (including the fees charged by solicitors, valuers and other advisers);
- bank account charges applicable to the Fund;
- costs for administration services, including Unit registry, asset registry, Unit pricing and investment accounting costs and costs associated with the provision of financial information related to the Fund; and
- custody costs.

The Total Annual Fund Charges do not include any extraordinary expenses such as costs of any litigation or unitholder meetings.

The Fund invests in an Underlying Fund managed by APN. There is no charge to the Fund for this investment.

#### GST

The GST treatment of each of these components varies. For example, GST is currently charged at 15% on the audit fee while custody fees are an exempt supply for the purposes of GST. These percentages vary, and may change in the future.

#### Other charges

If APN is removed as an investment manager of the Fund (other than as a result of APN's breach of the Investment Management Agreement), APN will be entitled to compensation out of the assets of the Fund for loss of office of an amount equal to two years' investment management fees plus certain costs and expenses as further described in the Trust Deed. The investment management fee is equal to the Total Annual Fund Charges less the costs of

operating the fund including those costs listed above under the heading “Management Fee”. The amount can be estimated by referring to the Fund’s financial statements published at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

### **Individual action fees and trading costs (% of amount contributed or withdrawn)**

#### **Individual action fees**

There are no individual action fees currently being charged to investors in the Fund offered under this PDS.

#### **Trading costs**

Buy/sell spreads – When you enter or leave the Fund, any buy or sell spreads applicable at that time will be a cost to you. The buy spread is added to the Unit price on entry to the Fund, and the sell spread is deducted from the Unit price on exit from the Fund. The buy/sell spreads belong to the Fund and are not fees paid to us or any investment manager. The purpose of buy/sell spreads is to make sure that any transaction costs incurred as a result of an investor entering or leaving the Fund are borne by that investor, and not by other investors in the Fund. There is no GST charged on buy/sell spreads.

We aim to set buy/sell spreads at levels which reflect expected trading costs. Buy/sell spreads in the table below are as at the date of this PDS and are indicative.

Name of the Fund	Buy spread	Sell spread
APN AREIT PIE Fund	0.25%	0.25%

We may change the buy/sell spreads from time to time to reflect the latest trading costs and market conditions. In stressed market conditions buy/sell spreads may materially increase. To date the buy and sell spreads have not been higher than 0.25%. For the most up to date buy/sell spreads see [www.iisolutions.co.nz/fund-hosting/documents-and-reporting/](http://www.iisolutions.co.nz/fund-hosting/documents-and-reporting/).

There are no other one-off fees currently being charged to any of the Fund offered under this PDS.

#### **Example of how fees apply to investors**

Anthony invests \$10,000 in the APN AREIT PIE Fund. A buy spread of 0.25% is incorporated in the Unit price that he pays for his investment. This equates to \$25. This brings the starting value of his investment to \$9,975.

He is also charged management and administration fees, which work out to about \$111.72 (1.12% of \$9,975). These fees might be more or less if his account balance has increased or decreased over the year.

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

Fund charges: \$111.72.  
Trading cost\* (buy spread): \$25.00

\* Based on the indicative buy spread in this PDS. For the most up to date buy/sell spreads see [www.iisolutions.co.nz/fund-hosting/documents-and-reporting/](http://www.iisolutions.co.nz/fund-hosting/documents-and-reporting/).

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

#### **The fees can be changed**

We can change fees from time to time. We can also add new fees by giving you at least three months’ notice. We may waive or decrease the management fee without notice. We may

increase the management fee but must give you at least 3 months' notice before doing so. The rules about fee changes are in the Trust Deed, which can be found on the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

Implemented Investment Solutions must publish a fund update for the Fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 6. 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/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](http://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate). 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 us your PIR when you invest or if your PIR changes. We will apply the PIR you tell us, unless we are directed by the Inland Revenue Department to apply a different rate. If you do not tell us, a default rate may be applied. If the advised PIR is lower than the correct PIR, you may need to pay any tax shortfall, as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you..

For more information about tax refer to the 'Other Material Information' document on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 7. Who is involved?

### About Implemented Investment Solutions Limited

Implemented Investment Solutions Limited is the Manager of the Fund. Our contact details are below.

Level 2, Woodward House  
1 Woodward Street  
PO Box 25003  
WELLINGTON 6140

Telephone: (04) 499 9654  
Email: [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)

### Who else is involved?

Title	Name	Role
Supervisor	Public Trust	Supervisor of the Scheme under the FMC Act, responsible for supervising Implemented Investment Solutions as manager of the Scheme.
Custodian	BNP Paribas Fund Services Australasia Pty Ltd	Appointed by Public Trust, as Supervisor, to hold the assets of the Fund on behalf of investors.

Investment Manager	APN Funds Management Limited	Investment Manager for the Fund.  Makes decisions about what the Fund invests in. The investment manager may also appoint sub-investment managers to manage the Fund's assets.
Administration Manager	BNP Paribas Fund Services Australasia Pty Ltd	Appointed by the Manager to manage core administration functions including: unit pricing and fund accounting.
Registry Manager	MMC Limited	Appointed by the Manager to manage the fund registry functions.

## 8. How to complain

Any complaints or problems with the investment should be directed to us for resolution through our internal dispute resolution process:

Implemented Investment Solutions Limited  
Level 2, Woodward House  
1 Woodward Street  
PO Box 25003  
WELLINGTON 6140

Telephone: (04) 499 9654  
Email: [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)

If you are not satisfied with the outcome of your complaint to us, you may refer the matter to the Supervisor for resolution through its internal dispute resolution process:

Public Trust  
PO Box 5067  
WELLINGTON 6140

Telephone: 0800 371 471  
Email: [cts.enquiry@trustee.co.nz](mailto:cts.enquiry@trustee.co.nz)

If your complaint is not able to be resolved through our internal dispute resolution process or that of the Supervisor you may refer your complaint to the dispute resolution scheme operated by the Insurance and Financial Services Ombudsman, an approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. We are a registered financial service provider and member of this scheme. The Insurance and Financial Services Ombudsman will not charge a fee to you to investigate or resolve a complaint. The contact details for the scheme are:

Insurance and Financial Services Ombudsman  
Level 8, Shamrock House  
79-81 Molesworth Street  
PO Box 10-845  
WELLINGTON 6143

Telephone: 0800 888 202  
Email: [info@ifso.nz](mailto:info@ifso.nz)

The Supervisor is a member of an approved dispute resolution scheme operated by Financial Services Complaints Limited ('FSCL'). If your complaint to the Supervisor has not been resolved, you can refer it to FSCL by phoning 0800 347 257 or writing to:

Financial Services Complaints Limited  
PO Box 5967  
Wellington 6140

The FSCL scheme will not charge a fee to any complainant to investigate or resolve a complaint.

## 9. Where you can find more information

Further information relating to the Scheme and the Fund (for example, financial statements) is available on the offer register and the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) and a copy of information on the offer register or scheme register is available on request to the Registrar of Financial Service Providers.

### Other information we will provide

You can also obtain the following information free of charge:

Information	How to obtain
Fund information relevant to you	You can inspect documents we hold that are relevant to you, and other documents that are legally required to be provided to you, at our offices during normal business hours, or request an extract of those documents, by written request to us.
Fund updates	Once available, the fund updates for the Fund will be publicly available from our website and can be requested from us.

If you invest directly into the Fund, we will send you confirmation information relating to your transactions when Units are issued to you, as well as when you withdraw or transfer your Units and make available to you an annual report in respect of the Scheme.

You will also be sent an annual tax statement, which will include the amount of PIE income allocated to you and the amount of tax paid at your chosen PIR. You will also be asked to confirm your IRD number and PIR.

You can find general information about the Fund, our management team, and us on our website [www.iisolutions.co.nz](http://www.iisolutions.co.nz).

## 10. How to apply

If you are making an investment directly with us then you will be required to complete the application form, which can be obtained from the manager, and send it to:

Implemented Investment Solutions Limited  
PO Box 25003  
WELLINGTON 6140

Email: [contact@iisolutions.co.nz](mailto:contact@iisolutions.co.nz)

You can also apply to invest in the Fund through approved investment administration and custodial service platforms (also known as 'wrap platforms' or 'portfolio investor

proxies'). Many adviser groups and distributors prefer using wrap platforms in providing services to their clients.

When reading this PDS you should remember that if your investments are purchased through a wrap platform, you will not become a direct investor in the Fund and will not have a direct relationship with us or the Supervisor. Rather, the wrap platform has the direct relationship with us and will be able to exercise any rights attached to Units held. In that case you should refer to the wrap platform's terms and relevant material for how you may invest in the Fund. The terms of the wrap platform are separate and independent to the offer of the Fund under this PDS (for example, additional fees or cut-off times may apply).