Smartshares iShares Funds (the Funds) - Key Terms

**Details of the Funds:**

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| --- | --- |
| Scheme Name | Smartshares Exchange Traded Funds (ETFs) |
| Issuer/Manager | Smartshares Limited |
| Distributor | Smartshares Limited |
| Investment Manager | Smartshares Limited* The Funds implement their investment strategy through an investment into an underlying UCITS ETF that is managed by BlackRock Asset Management Ireland Limited.
 |
| Retail / Wholesale (Registered / Unregistered) | Retail (Registered as a Managed Investment Scheme). |
| Investor Type | Resident and non-resident investors. |
| Structure | Each Fund will be established as an individual unit trust under a fund establishment deed and the existing Smartshares ETF trust deed.Each Fund will operate as an ETF with investors predominantly accessing the fund by acquiring or selling units on the NZX through a broker. As an ETF, large applications and redemptions are facilitated by a primary market order. Units can be created or redeemed at actual costs via the market maker (Craigs Investment Partners).Each Fund implements its investment strategy through an investment into an underlying ETF that is managed by BlackRock Asset Management Ireland Limited (Underlying Fund), as described in the Fund Details tables below. The ETF may also hold cash for day-to-day portfolio management.A Net Asset Value (NAV) will be calculated using the closing market price of the Underlying Fund. The price will be available and announced on the NZX by close of trading on the next business day after the valuation date. A NAV will be calculated for all New Zealand business days, even if it is a holiday in any of the underlying markets. |
| Distributions | Only the Smartshares Global Aggregate Bond ETF. This will be quarterly (in line with dates for existing distributing Smartshares funds) |
| Business Days | Wellington |
| Borrowing | Not allowed except for securities settlement and other short-term liquidity requirements. |
| Derivatives | Not permitted other than for currency hedging and short-term liquidity. The Underlying Funds may hold derivatives. |
| Taxation | Listed Portfolio Investment Entities (Listed PIEs). The Funds will calculate and withhold PIE tax at 28% for all investors (not a multi-rate PIE). The Fund, as a Listed PIE, is not able to elect to be Foreign Investor PIE.  |
| Maximum Redemption | There is no maximum redemption amount. |
| NAV Calculation | * Daily.
* Prices are available on the following New Zealand business day following the valuation date.
* A Net Asset Value will be calculated using the closing market price of the Underlying Fund.
* If the underlying markets are closed, the most recent trading price will be used for the ETF valuation.
* The ETF will list with a NAV per unit of NZ$1.
 |
| Application Frequency | Daily The ETF may be closed for application when the underlying markets of held securities are not trading. |
| Redemption Frequency | Daily The ETF may be closed for redemptions when the underlying markets of held securities are not trading. |
| Application Cut-off time | Daily on-market trading during NZX Main Board trading hours (NZDT).Basket creations/redemptions for minimum 10,000 shares. |
| Redemption Cut-Off Time | Daily on-market trading during NZX Main Board trading hours (NZDT).Basket creations/redemptions for minimum 10,000 shares. |
| PIE Eligibility Reporting  | Monthly |
| Funds Establishment Documentation to be Executed | Unit Trust Establishment Deed |
| Funds Establishment Date / Fund Listing Date | 22 March 2019 / 6 June 2019 |
| Disclosure Documents | The following are required for a registered scheme and offer:* Product Disclosure Statement (either stand-alone or updates to the existing Smartshares ETF PDS)
* Other Material Information document
* Disclose Register Entries
* Fund Updates
* Statement of Investment Policy and Objectives (updates to existing)
* Annual Report and financial statements

In addition, disclosure documentation for the underlying fund is available to clients by visiting: <https://www.blackrock.com/uk/intermediaries/literature/prospectus/ishare-iii-plc-en-emea-prospectus.pdf> |

**Fees and Expenses:**

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| --- | --- |
| Total Fund Charges | See Fund Details table below |
| Platform Fee | For investors that apply direct via the Smartshares website, a one-off $30 establishment fee (irrespective of the number of funds chosen) is charged |
| Entry Fee | Nil |
| Exit Fee | Nil |
| Buy Spread | Nil |
| Sell Spread | Nil |

**Fund Establishment and Ongoing Fixed Costs:**

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| --- | --- |
| Fund Establishment  | See Fund Details table below |
| Annual Ongoing Fixed Administration Costs | See Fund Details table below |

**Parties to the Funds:**

|  |  |
| --- | --- |
| Supervisor (Trustee) | Public Trust  |
| Manager (Issuer) | Smartshares Limited |
| Investment Manager | Smartshares Limited |
| Currency Overlay Manager | Hedging is to be completed in the Underlying Fund |
| Administrator | BNPP |
| Registrar | Link Market Services Limited |
| Custodian | BNPP |
| Auditor | KPMG  |
| Tax Advisor | Deloitte NZ  |
| Legal Advisor for Fund | DLA Piper  |
| Customer Service | Smartshares Limited |

**Fund Details:**

See tables on pages that follow.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Fund Name: | **Smartshares Global Equities ESG ETF** | **Smartshares Global Aggregate Bond ETF** | **Smartshares Automation and Robotics ETF** | **Smartshares Healthcare Innovation ETF** |
| Ticker: | ESG | AGG | BOT | LIV |
| The Smartshares Fund will invest in the following BlackRock Fund (Underlying Fund): | iShares MSCI World ESG Screened UCITS ETF USD (Acc) | iShares Global Aggregate Bond UCITS ETF NZD Hedged (Acc) | iShares Automation & Robotics UCITS ETF USD (Acc) | iShares Healthcare Innovation UCITS ETF USD (Acc) |
| Smartshares Fund Description and Investment Objective (as drafted in the Product Disclosure Statement): | Invests in the iShares MSCI World ESG Screened UCITS ETF, which is designed to track the MSCI World ESG Screened Index. | Invests in the iShares Core Global Aggregate Bond UCITS ETF, which is designed to track the Bloomberg Barclays Global aggregate Index in NZD. | Invests in the iShares Automation & Robotics UCITS ETF, which is designed to track the iSTOXX FactSet Automation and Robotics Index. | Invests in the iShares Healthcare Innovation UCITS ETF USD (Acc), which is designed to track the iSTOXX FactSet Breakthrough Healthcare Index. |
| Asset Class: | Global Equities | Global Fixed Income | Global Equities | Global Equities |
| Investment objective of Underlying Fund: | The Underlying Fund seeks to track the performance of an index composed of developed market companies screened for exposure to thermal coal, controversial weapons, tobacco, and other controversial industries.[Website link including fact sheet and prospectus](https://www.ishares.com/uk/institutional/en/products/305418/ishares-msci-world-esg-screened-ucits-etf-fund?switchLocale=y&siteEntryPassthrough=true) | The iShares Global Aggregate Bond UCITS ETF seeks to track the investment results of an index composed of global investment grade bonds.[Website link including fact sheet and prospectus](https://www.ishares.com/uk/individual/en/products/304340/ishares-global-aggregate-bond-ucits-etf-nzd-hedged-acc-fund?switchLocale=y&siteEntryPassthrough=true) | The Fund seeks to track the performance of an index composed of developed and emerging market companies which are generating significant revenues from specific sectors associated with the development of automatic and robotic technology.[Website link including fact sheet and prospectus](https://www.ishares.com/uk/individual/en/products/284219/ishares-automation-robotics-ucits-etf-usd-acc-fund) | The Fund seeks to track the performance of an index composed of developed and emerging market companies which are generating significant revenues from specific sectors focused on pushing the boundaries in medical treatment and technology.[Website link including fact sheet and prospectus](https://www.ishares.com/uk/individual/en/products/284216/ishares-healthcare-innovation-ucits-etf-usd-acc-fund) |
| Benchmark Index (Underlying Fund) | MSCI World ESG Screened Index. | Bloomberg Barclays Global Aggregate Index in New Zealand Dollars (NZD).  | iSTOXX FactSet Automation and Robotics Index. | iSTOXX FactSet Breakthrough Healthcare Index. |
| Smartshares FX Hedging Strategy: | Unhedged | Hedged to NZD | Unhedged | Unhedged |
| Total Fund Charges paid by Investor in Smartshares Fund: | 0.54% p.a. | 0.30% p.a. | 0.75% p.a. | 0.75% p.a. |

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| Fund Name: | **Smartshares Emerging Markets Equities ESG ETF** | **Smartshares Japan Equities ESG ETF** | **Smartshares Europe Equities ESG ETF** | **Smartshares US Equities ESG ETF** |
| Ticker: | EMG | JPN | EUG | USA |
| The Smartshares Fund will invest in the following BlackRock Fund (Underlying Fund): | iShares MSCI EM IMI ESG Screened UCITS ETF USD (Acc) | iShares MSCI Japan ESG Screened UCITS ETF USD (Acc) | iShares MSCI Europe ESG Screened UCITS ETF USD (Acc) | iShares MSCI USA ESG Screened UCITS ETF USD (Acc) |
| Smartshares Fund Description and Investment Objective (as drafted in the Product Disclosure Statement): | Invests in the iShares MSCI EM IMI ESG Screened UCITS ETF, which is designed to track the return of the MSCI EM IMI ESG Screened Index.  | Invests in the iShares MSCI Japan ESG Screened UCITS ETF, which is designed to track the return of the MSCI Japan ESG Screened Index. | Invests in the iShares MSCI Europe ESG Screened UCITS ETF, which is designed to track the return of the MSCI Europe ESG Screened Index.  | Invests in the iShares MSCI USA ESG Screened UCITS ETF, which is designed to track the return of the MSCI USA ESG Screened Index. |
| Asset Class: | Emerging Market Equities | Japan Equities | Europe Equities | US Equities |
| Investment objective of Underlying Fund: | The fund seeks to track the performance of an index composed of emerging markets companies screened for exposure to thermal coal, controversial weapons, tobacco, and other controversial industries. [Website link including fact sheet and prospectus](https://www.ishares.com/uk/individual/en/products/305397/ishares-msci-em-imi-esg-screened-ucits-etf-usd-acc-fund) | The fund seeks to track the performance of an index composed of Japanese companies screened for exposure to thermal coal, controversial weapons, tobacco, and other controversial industries.[Website link including fact sheet and prospectus](https://www.ishares.com/uk/individual/en/products/305411/ishares-msci-japan-esg-screened-ucits-etf-fund)  | The fund seeks to track the performance of an index composed of European companies screened for exposure to thermal coal, controversial weapons, tobacco, and other controversial industries. [Website link including fact sheet and prospectus](https://www.ishares.com/uk/individual/en/products/305363/ishares-msci-europe-esg-screened-ucits-etf-eur-acc-fund) | The fund seeks to track the performance of an index composed of U.S. companies screened for exposure to thermal coal, controversial weapons, tobacco, and other controversial industries. [Website link including fact sheet and prospectus](https://www.ishares.com/uk/individual/en/products/305357/ishares-msci-usa-esg-screened-ucits-etf-fund) |
| Benchmark Index (Underlying Fund) | MSCI EM IMI ESG Screened Index. | MSCI Japan ESG Screened Index. | MSCI Europe ESG Screened Index. | MSCI USA ESG Screened Index. |
| Smartshares Fund FX Hedging Strategy: | Unhedged | Unhedged | Unhedged | Unhedged |
| Total Fund Charges paid by investor: | 0.59% p.a. | 0.55% p.a. | 0.55% p.a. | 0.34% p.a. |