

# Generate Unit Trust Scheme (Managed Funds)

For an offer of membership in the Generate Unit Trust Scheme.  
This document replaces the Product Disclosure Statement dated 16 May 2022.

## Product Disclosure Statement

25 JULY 2022

[GenerateWealth.co.nz](https://www.GenerateWealth.co.nz)

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 [business.govt.nz/disclose](https://business.govt.nz/disclose). Generate Investment Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you to make an investment decision. The issuer is Generate Investment Management Limited.

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## SECTION 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. Generate Investment Management Limited (**Generate**, the **Manager**, **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 Generate 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?

The Generate Unit Trust Scheme (the **Scheme** or the **Managed Funds**) currently offers three funds for you to invest in (each a **Fund**, and together the **Funds**). These investment options are summarised below. More information about the investment target and strategy for each investment option is provided at section 3 of this Product Disclosure Statement (PDS) "*Description of your investment option*".

See section 4 "*What are the risks of investing?*" 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 <https://sorted.org.nz/tools/investor-kickstarter>.

## Who manages the Generate Unit Trust Scheme?

Generate is the manager of the Scheme.

See section 7 "*Who is involved?*" for more information.

## What are the returns?

We do not intend to make any regular distributions from the Funds, but retain discretion to do so. Please see section 2 "*How does this investment work?*" for more information. Total returns will be made up of movements in the unit price and distributions (if any) of the Fund (or Funds) in which you invest.

## How can you get your money out?

You may withdraw all or part of your investment in the Fund(s) (subject to the applicable minimum withdrawal value, minimum investment amount and any deferral or suspension of withdrawals), by telling us in writing. Please see "*Withdrawing your investment*" on page 7 for more information.

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?

The Scheme 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). This can be 0%, 10.5%, 17.5% or 28%. See section 6 of the PDS "*What taxes will you pay?*" on page 12 for more information.

## Where can you find more key information?

We are 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 [generatewealth.co.nz/fund-updates](https://generatewealth.co.nz/fund-updates). The manager will also give you copies of those documents on request.

# Our managed fund options

## Conservative

The Generate Conservative Managed Fund aims to provide a conservative investment return through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be the lowest of the Funds due to its weighting to growth assets.

Asset allocation



Risk Indicator\*



Annual fund charges (estimate)†

1.19%

## Balanced

The Generate Balanced Managed Fund aims to provide a balanced investment return over the long term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be higher than the Conservative Managed Fund but lower than the Focused Growth Managed Fund due to its weighting to growth assets.

Asset allocation



Risk Indicator\*



Annual fund charges (estimate)†

1.36%

## Focused Growth

The Generate Focused Growth Managed Fund aims to provide a higher growth investment return over the long term through investment in nearly all growth assets. The Focused Growth Managed Fund's portfolio is actively managed and can include cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be the highest of the funds. Long-term returns are likely to be the highest of the Funds due to the highest weighting of growth assets.

Asset allocation



Risk Indicator\*



Annual fund charges (estimate)†

1.43%

^ See section 3 for more details.

\* As the Funds have not been in existence for 5 years the risk indicators have been calculated using a combination of actual returns and market index returns, and/or market index returns only. Market index returns have been used from 31 March 2017 to 30 November 2019 for the Focused Growth Managed Fund. Market index returns for the five years to 31 March 2022 have been used for the Conservative and Balanced Managed Funds. As a result, the risk indicators may provide a less reliable indicator of the potential future volatility of the Funds. See section 4 for more information.

† Includes estimated performance fees. See section 5 for more details.

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## SECTION 2

# How does this investment work?

The Scheme is a registered managed investment scheme under the Financial Markets Conduct Act 2013 (**FMCA**). The Scheme is structured as a unitised trust, governed by a trust deed which appoints Generate as Manager and Public Trust as Supervisor. For more information on the Manager and Supervisor and their roles see section 7 “*Who is involved?*”.

The Scheme currently offers three Funds for you to invest in, the Generate Conservative Managed Fund, Generate Balanced Managed Fund and the Generate Focused Growth Managed Fund. The Funds invest in assets via certain underlying wholesale funds managed by us. The assets of each Fund are not available to be applied to meet the liability of any other Fund in the Scheme.

The money you invest is used to buy units in the Fund or Funds that you select. A unit represents a share in the overall value of the Fund and has a unit price so that you know what your share of the Fund is worth. The value of units in a Fund will change as the assets of the Fund increase and decrease in value. The difference between the unit price when you contribute to the Scheme and when you withdraw from the Scheme is your investment return. We do not intend to make any regular distributions from the Funds, but retain discretion to do so.

The Funds’ assets are held indirectly via certain wholesale funds managed by us (including those third party underlying funds that the wholesale funds may invest into). As such, references in this PDS to the assets of a Fund or the assets that a Fund or Scheme invests into, are references to those assets as invested via those wholesale funds. The wholesale fund investment structure provides operational and administrative efficiencies.

The key benefits of investing in the Scheme are:

- New Zealand owned and operated specialist investment manager for the Scheme.
- Actively managed investments.
- The money you invest in a Fund is pooled with other investors’ money, giving you access to investments that you may not be able to access as an individual.

The Scheme is not guaranteed by any person, including any return on your investment and initial capital.

## Making investments

You can invest anytime by making a lump sum or regular investment by direct credit, bank transfer, direct debit or cheque.

### Initial and lump sum investments

The minimum initial investment for individuals or joint account holders is \$1,000, and \$100 for each subsequent lump sum investment.

For non-individuals (trusts, partnerships, companies, estates, charities, incorporated societies or associations) the minimum initial investment is \$25,000, and \$100 for each subsequent lump sum investment.

### Regular investments

The minimum regular investment is \$100.

We may impose conditions or restrictions on the offer of units as determined by us from time to time. The Manager has the discretion to include investment costs in determining the unit price and number of units received. We will generally process investments within 3 business days, but it may take longer to process large lump sum investments.

For more details on making investments, see the ‘Other Material Information’ document (**OMI**) at [business.govt.nz/disclose](https://business.govt.nz/disclose) (**Disclose Register**).

## Withdrawing your investments

You may withdraw some or all of your investment at any time by completing a withdrawal form.

We will generally process withdrawals on the next business day after the withdrawal form has been accepted, using the closing unit price of that day. However, up to 10 days' notice may be required for a large withdrawal.

There will be no charge to you for making a partial or full withdrawal.

Payments can take up to 10 days to arrive at your nominated bank account depending on the size of the payment.

Payments will only be made to the New Zealand bank account that was provided at time of application.

Minimum withdrawal request is \$500.

Minimum account balance is \$1,000 for individuals, and \$25,000 for entities.

WITHDRAWAL TYPE	MINIMUM	AVAILABILITY
Lump sums	\$500	Any time
Regular withdrawal	\$100	Weekly, fortnightly or monthly

We may alter the minimum withdrawal thresholds and withdrawal availability in the future. If you withdraw all your funds, your account will be closed. We may alter the minimum account balance in the future and we may require you to make a full withdrawal if your account balance falls below the minimum amount.

### Other withdrawals

Withdrawals can also be required by law in some specific circumstances (e.g. if a Court orders the release of funds from your account). For more information on how you can withdraw your funds see the OMI.

### How to switch between Funds

You are able to move your investment between the Funds at any time. This will be considered a withdrawal from one Fund and an application for units in another Fund. All the conditions and restrictions on applications and withdrawals will therefore apply. You can do this through our website or by completing an 'Investment Option Switch Form'.

### Suspension of withdrawals

In certain special circumstances we may suspend the payment of withdrawals. For example, when it is not practicable or would be materially prejudicial to the interests of unitholders to permit the withdrawal.

## SECTION 3

# Description of your investment options

## Conservative

The objective of the Conservative Managed Fund is to provide a conservative investment return through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be the lowest of the Funds due to its weighting of growth assets.

Asset allocation

80% Income 20% Growth



Target investment mix



- Cash 5%
- Fixed income 75%
- Property & Infrastructure 6.75%
- Australasian 6.75%
- International Equities 6.5%

Risk Indicator<sup>1</sup>



Minimum recommended investment timeframe  
**2 years**

## Balanced

The objective of the Balanced Managed Fund is to provide a balanced investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be higher than the Conservative Managed Fund but lower than the Focused Growth Managed Fund due to its weighting of growth assets.

Asset allocation

40% Income 60% Growth



Target investment mix



- Cash 5%
- Fixed income 35%
- Property & Infrastructure 15%
- Australasian 15%
- International Equities 30%

Risk Indicator<sup>1</sup>



Minimum recommended investment timeframe  
**5 years**

## Focused Growth

The objective of the Focused Growth Managed Fund is to provide a higher growth investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be the highest of the Funds. Long-term returns are likely to be highest of the Funds due to the highest weighting of growth assets.

Asset allocation

5% Income 95% Growth



Target investment mix



- Cash 5%
- Fixed income 0%
- Property & Infrastructure 15%
- Australasian 15%
- International Equities 65%

Risk Indicator<sup>1</sup>



Minimum recommended investment timeframe  
**8 years**

^ See page 9 for more details.

<sup>1</sup> As the Funds have not been in existence for 5 years the risk indicators have been calculated using a combination of actual returns and market index returns, and/or market index returns only. Market index returns have been used from 31 March 2017 to 30 November 2019 for the Focused Growth Managed Fund. Market index returns for the five years to 31 March 2022 have been used for the Conservative and Balanced Managed Funds. As a result, the risk indicators may provide a less reliable indicator of the potential future volatility of the Funds. See section 4 for more information.

### Target investment mix

Each Fund has a long-term target investment mix. The actual investment mix will vary from the target investment mix as we pursue tactical investment opportunities, or as we seek to protect asset values in periods of market volatility. For further information about the investment activities see the Statement of Investment Policy and Objectives (**SIPO**) on the Disclose Register.

### Income assets

Cash and fixed interest assets are referred to as income assets because they generate income in the form of interest payments. Income assets are typically less volatile than growth assets, so while the returns will go up and down (and may be negative at times) they won't usually move to the same degree as growth assets.

Over the long-term, income assets will usually provide lower returns than growth assets.

### Growth assets

Equities and property and infrastructure are referred to as growth assets because they have greater potential to achieve capital growth over the medium to long-term than income assets. They also involve more risk. Typically, the returns of growth assets will fluctuate more than income assets, and growth assets are more likely to experience periods of negative returns.

Australasian equities are predominantly made up of listed securities on the NZX and ASX.

International equities are made up of third party underlying funds that invest predominantly in equities and direct investment (i.e. holdings that are held directly rather than indirectly, by the relevant wholesale funds managed by us), in international stocks. However, the Conservative Managed Fund will not invest in third party underlying funds. See the SIPO for more information.

### Currency exposure

Foreign currency exposures for equities are typically 50% hedged. For more details on our currency strategy, see the SIPO.

### Changes to the SIPO

We regularly review our SIPO. We may change the SIPO at any time with the approval of our Investment Committee. Any material changes to the SIPO will be advised to the Supervisor prior to taking effect and then lodged on the Disclose Register within five business days of the change taking effect. Material changes will be advised in the annual report.

Further information about the assets in the Funds can be found in the fund updates at [generatewealth.co.nz/fund-updates](https://generatewealth.co.nz/fund-updates).

## SECTION 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.



See section 3 “*Description of your investment option*” for the risk indicator which has been calculated for the Scheme.

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of a 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. As the Funds have not been in existence for 5 years, the risk indicators have been calculated using a combination of actual returns and market index returns. Market index returns have been used from 31 March 2017 to 30 November 2019 for the Focused Growth Managed Fund. Market index returns for the five years to 31 March 2022 have been used for the Conservative and Balanced Managed Fund. 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 the Funds.

## General investment risks

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

### Equity risk

The Fund invests in different classes of assets, including equities, each with different risks attached to them. Funds that invest in shares will generally have higher levels of risk attached to them.

For all assets there is the risk that the asset will not perform to the target rate of return and your returns will be lower than anticipated (or even negative for a period of time).

### Tax and regulatory risk

Changes in the tax rates and tax rules of New Zealand and in countries in which investments are made by the Funds could adversely affect your investment.

### Market risk

Investment markets are affected by a range of factors including economic, political, market, regulatory, taxation, environmental and technological conditions in New Zealand and internationally that impact share prices, property and infrastructure values or interest rates.

### Liquidity risk

If the assets of a Fund become illiquid then the Fund may be unable to sell those assets which would affect the Fund’s ability to make payments on time.

### Derivatives risk

Derivatives may be used as a risk management tool by the Funds and third party underlying funds and as an alternative to investing in a physical asset by the underlying funds. Derivatives may not perform as expected and may result in increased volatility and unexpected gains or losses.

## Other specific risks

### Underlying fund risk

The Funds (except the Conservative Managed Fund) invest in third party underlying funds. Some of the underlying funds that the Funds invest into may also use commodities, derivatives, currencies, fixed interest and other securities to help them achieve their investment strategies. Most third party managers are able to suspend withdrawals from their funds in limited circumstances. This could result in the funds being unable to make payments on time.

### Foreign exchange risk

When the Funds invest in international investments, foreign currency movements could affect the investment performance of the Funds. We actively manage foreign exchange risk and typically enter into foreign exchange transactions, a practice known as ‘hedging’.

For more information on the risks of investing in the Scheme, see the OMI.

## SECTION 5

# What are the fees?

You will be charged fees for investing in the Scheme. Fees are deducted from your investment and will reduce your returns. If Generate 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 (currently none).

## Estimated total annual fund charges

FEE	CONSERVATIVE	BALANCED	FOCUSED GROWTH
Base fund management fee	1.191%	1.291%	1.291%
Third party underlying fund base fees*	0.000%	0.062%	0.137%
Third party performance fees*	0.000%	0.003%	0.007%
<b>Annual fund charges as a % of Net Asset Value (NAV)*^</b>	<b>1.19%</b>	<b>1.36%</b>	<b>1.43%</b>

\* Estimates

^ Rounded to 2 decimals

## Base fund management fee

We perform management services for the Scheme. The fee for these services is based on the net asset value of the Funds. The fee is calculated daily and paid to us each month. It reduces each Fund's unit price.

## Administration and other charges included in the Base fund management fee

### Operating and administration expenses

Administration services are provided to the Scheme by the Manager, administrator and Supervisor. The fees of the administrator and Supervisor are based on the net asset value of the Funds. These fees are calculated daily and paid each month. The Supervisor and administrator may also be paid additional fees for nonroutine matters, as the Manager may agree from time to time.

Other operating and administration expenses (such as auditing and legal expenses, postage, and other expenses) will be incurred to operate the Scheme. Where such fees and expenses are charged back to the Scheme, they will reduce the unit price of each Fund.

From 1 August 2022, the Manager has elected not to charge certain operating and administrative expenses to the Conservative or Balanced Fund until the relevant Fund achieves \$10 million in funds under management.

## Third party underlying fund fees

The Funds' assets are held indirectly via certain wholesale funds managed by us. We do not charge any additional fees in relation to those wholesale funds.

However, the Balanced Managed Fund and Focused Growth Managed Fund (via the relevant wholesale funds) invest into third party underlying funds. Most of the managers of these funds will

charge fees for investing each Fund's money and may change the fees they charge from time to time.

These fees will affect the value of the Funds' investments and will be reflected in the unit price of the Balanced Managed Fund and Focused Growth Managed Fund. The underlying funds' fees will differ depending on the products into which we decide to invest.

There are two types of fees charged by third party underlying managers:

### (i) Base fees

The underlying funds' base fees provided in the summary of regular charges reflect the total estimated charges for management fees from the underlying funds.

### (ii) Performance fees

The underlying funds' performance fees provided in the summary of regular charges reflect the total estimated charges for performance fees from the underlying funds.

## Advice charge

If you join the Scheme, we will pay commission or salary (but not both) to our Nominated Representatives, or commission to third party advisers (where you have used one), for introducing you to us and for any advice provided to you. The amount we pay to our Nominated Representatives is set out in the FAP Disclosure Statement. We pay these costs from the revenue we receive from the fees you pay to us.

### Fees are exclusive of GST where applicable.

We can charge other fees on an individual basis for investor specific decisions or actions, such as entry or exit fees. However, no such fees are currently charged.

## Example of how fees apply to an investor

Hannah invests \$10,000 in the Balanced Managed Fund. She is not charged an establishment fee or a contribution fee. This means the starting value of her investment is \$10,000. She is charged management and administration fees, which work out to about \$136 (1.36% of \$10,000). 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

Fund charges: \$136

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

This example applies only to the Balanced Managed Fund. If you are considering investing in other funds in the Scheme, this example may not be representative of the actual fees you may be charged.

## The fees can be changed

We may agree with the Supervisor to vary the fees from time to time. Fees not currently charged, may also be introduced at any time as permitted by the trust deed. We 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 [generatewealth.co.nz/fund-updates](http://generatewealth.co.nz/fund-updates).

SECTION 6

# What taxes will you pay?

The Scheme 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/pir](http://www.ird.govt.nz/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 us your PIR when you invest or if your PIR changes.

If you do not tell us, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR you will be required 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.

SECTION 7

# Who is involved?

## About Generate Investment Management Limited

Generate Investment Management Limited is the manager of the Scheme.

Our registered office is:  
Level 9, Jarden House  
21 Queen Street  
Auckland 1010  
New Zealand

You can contact us by:  
Calling us on 0800 855 322  
Emailing us at [info@generatewealth.co.nz](mailto:info@generatewealth.co.nz)

Mailing us at:  
PO Box 91609  
Victoria Street West  
Auckland 1142

## Who else is involved?

NAME	PARTY	ROLE
Supervisor and Custodian	Public Trust	Supervising us under the FMCA. Oversees us as the manager of the Scheme. Independently holds the Scheme's assets, investing them in accordance with our directions.
Administration manager	MMC Limited	Provides administrative and back office services to us as manager.

## SECTION 8

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# How to complain

If you have any issues or concerns about your investment, you can:

Call us on 0800 855 322

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Email us at [info@generatewealth.co.nz](mailto:info@generatewealth.co.nz)

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Write to us at:  
PO Box 91609  
Victoria Street West  
Auckland 1142

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**If for any reason we can't resolve the matter, you can contact:**

The Supervisor

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Call 0800 371 471

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Write to:  
Relationship Manager, Corporate Trustee Services  
Public Trust  
SAP Tower, Level 16, 151 Queen Street  
P O Box 1598 Shortland Street  
Auckland 1140

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**If we or the Supervisor are unable to resolve your complaint, you may contact our external dispute resolution scheme.**

We are members of the Financial Services Complaints Limited Scheme.

Financial Services Complaints Limited  
Level 4  
101 Lambton Quay  
PO Box 5697  
Wellington 6145

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Call 0800 347 247

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

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Financial Services Complaints Limited will not charge a fee to any complainant to investigate or resolve a complaint.

## SECTION 9

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# Where you can find more information

Further information relating to the Scheme, including financial statements, can be found on the offer register and the scheme register at [business.govt.nz/disclose](https://business.govt.nz/disclose).

A copy of the information on the offer register and the scheme register is available on request to the Registrar of Financial Service Providers. They are also available on request from the Manager at no charge.

Fund updates can be found at [generatewealth.co.nz/fund-updates](https://generatewealth.co.nz/fund-updates) or on request to us in writing or by telephone.

The information is available free of charge.

## SECTION 10

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# How to apply

You can apply online at [generatewealth.co.nz/join](https://generatewealth.co.nz/join).

Make sure to follow the instructions and have the necessary information on hand. Alternatively, you can fill out the application form at the back of this PDS. For applicants who are under 18 years of age, one parent must sign the application form.

## Notes

***Generate***<sup>™</sup>  
Together.