



# Product Disclosure Statement

**Offer of units in the  
Simplicity Investment Funds  
30 June 2022**

This document replaces the Product Disclosure Statement dated 22 December 2021

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).

Simplicity NZ 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. Simplicity NZ Limited (**Simplicity**) will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of Simplicity, and of our investment managers, 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 Simplicity Investment Funds (**Funds**) offer three diversified investment funds and two sector specific funds. These investment options are summarised below. More information about the investment target and strategy for each investment option is provided at Section 3 (Description of your investment options).

Fund Name	Description	Fees							
Conservative Investment Fund	<p>The Conservative Investment Fund provides investors with a limited exposure to growth assets, but most of its investments are in income assets.</p> <p>The return from the Fund is likely to be lower over the longer term (10 years or more) than the Balanced or Growth Funds, but the value of its investments are unlikely to fluctuate as much as the Balanced or Growth Funds.</p> <p><b>Risk indicator*</b>                      ← Potentially lower returns                      Potentially higher returns →</p> <table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> </table> <p>← Potentially lower risk                      Potentially higher risk →</p>	1	2	3	4	5	6	7	Annual fund charge of 0.31% per annum (net asset value of fund).
1	2	3	4	5	6	7			
Balanced Investment Fund	<p>The Balanced Investment Fund provides investors with an exposure to a mix of growth and income assets.</p> <p>The return from the Fund is likely to be lower over the longer term (10 years or more) than the Growth Fund but higher than the Conservative Fund. At the same time the value of its investments are likely to fluctuate more than the Conservative Fund but are likely to be more stable than the Growth Fund.</p> <p><b>Risk indicator*</b>                      ← Potentially lower returns                      Potentially higher returns →</p> <table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> </table> <p>← Potentially lower risk                      Potentially higher risk →</p>	1	2	3	4	5	6	7	Annual fund charge of 0.31% per annum (net asset value of fund).
1	2	3	4	5	6	7			



Fund Name	Description	Fees							
Growth Investment Fund	<p>The Growth Investment Fund provides investors with a limited exposure to income assets, but most of its investments are in growth assets.</p> <p>The return from the Fund is likely to be higher over the longer term (10 years or more) than the Conservative and Balanced Funds, but the value of its investments are likely to fluctuate more than the Balanced and Conservative Funds.</p> <p><b>Risk indicator*</b></p> <p>← Potentially lower returns      Potentially higher returns →</p> <table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> </table> <p>← Potentially lower risk      Potentially higher risk →</p>	1	2	3	4	5	6	7	Annual fund charge of 0.31% per annum (net asset value of fund).
1	2	3	4	5	6	7			
NZ Share Fund	<p>The NZ Share Fund invests in stocks and shares listed on the New Zealand stock exchange (NZX), designed to generate a return similar to the performance of the New Zealand share market and to be the New Zealand share component of a diversified investment portfolio.</p> <p><b>Risk indicator*</b></p> <p>← Potentially lower returns      Potentially higher returns →</p> <table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> </table> <p>← Potentially lower risk      Potentially higher risk →</p>	1	2	3	4	5	6	7	Annual fund charge of 0.10% per annum (net asset value of fund).
1	2	3	4	5	6	7			
NZ Bond Fund	<p>The NZ Bond Fund invests in New Zealand government bonds and investment grade, liquid bonds issued in New Zealand dollars, designed to generate a return similar to the performance of the New Zealand government bond market and to be the New Zealand bond component of a diversified investment portfolio.</p> <p><b>Risk indicator*</b></p> <p>← Potentially lower returns      Potentially higher returns →</p> <table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> </table> <p>← Potentially lower risk      Potentially higher risk →</p>	1	2	3	4	5	6	7	Annual fund charge of 0.10% per annum (net asset value of fund).
1	2	3	4	5	6	7			

\*The risk indicator is not a guarantee of the Funds' future performance. The NZ Bond Fund and the NZ Share Fund do not have a 5-year return history. Accordingly, for the NZ Share Fund and the NZ Bond Fund market index returns to 31 March 2018 have been used and actual returns to 30 April 2022. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.

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 [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).

## Who manages the Simplicity Investment Funds?

Simplicity NZ Limited (**Simplicity, we, our, or us**) is the manager of the Funds.

See Section 7 (Who is involved?) for more information.

## What are the returns?

The return on your investment comes from:

- Any increase or decrease in the Fund's unit price; and
- Any distributions made from the Fund.

While permitted in the trust deed, it is not intended that distributions are made from the Funds, and any returns will be reflected in the unit price.

## How can you get your money out?

You may at any time request the redemption of some or all of your investment. Minimum redemption amounts or minimum outstanding balances may apply (see *Withdrawing your investments* on page 7).

You will need to complete a redemption request in the prescribed format which is available from us on request or on our website [simplicity.kiwi](https://simplicity.kiwi). Subject to relevant law, we may defer or suspend redemptions in some circumstances.

Your investment in the Funds can be sold in accordance with relevant law 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 Funds are portfolio investment entities (PIEs).

The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). This can be 0.0%, 10.5%, 17.5%, or 28%. See Section 6 (What taxes will you pay?) on page 12 for more information.

## Where can you find more key information?

Simplicity is required to publish quarterly updates for each investment option. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at [simplicity.kiwi](https://simplicity.kiwi). Simplicity will also give you copies of those documents on request.



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## 2. How does this investment work?

The Funds are investment options in a managed investment scheme that is governed by a trust deed dated 3 March 2017.

Your money is pooled with that of other investors of the relevant Fund. However, the assets of one Fund cannot be used to cover the liabilities of another Fund. The interests of investors are represented by units, which confer an equal interest in a Fund and are of equal value.

The value of units in each Fund will change according to the changing value of the underlying assets in which the Fund has invested.

The key benefits of investing in the Funds are:

- a choice of Funds to help you meet your savings goals, many of which invest in a diverse range of investments globally. The Conservative, the Balanced and the Growth Investment Funds hold over 3,000 investments in each Fund, spread across more than 20 countries.
- our non-profit, on-line business model allows Simplicity to aim for the lowest fees in New Zealand for investors, which minimises the negative impact fees have on returns.
- experienced investment management. We manage the listed New Zealand assets and are responsible for a low cost, low turnover approach.
- we outsource our global investments to Vanguard Asset Management Limited (Vanguard). Vanguard shares a similar low-cost philosophy and is currently the second largest fund manager in the world, with over NZ\$12.5 trillion under management as at 31 August 2021.
- each fund has a limited allocation to loans managed by us, secured by first mortgages over residential property. The loans are to members purchasing their first homes and are subject to strict lending criteria. See the “Other Material Information” document at [simplicity.kiwi](http://simplicity.kiwi) for details of the lending criteria. The maximum allocations are Conservative Fund 7.5%, Balanced Fund 5.5% and Growth Fund 2%. These are included within the New Zealand fixed interest asset allocation.
- our Growth Fund has a maximum investment of 2.5% in unlisted securities issued by New Zealand businesses with high growth potential. Management of this investment is split between us and Icehouse Ventures Limited; the investment arm of The Icehouse Limited that was formed in 2001 to assist small to medium sized enterprises grow their businesses.
- the Growth Fund and the Balanced Fund have a limited investment (maximum 3% and 2% respectively) in the development, ownership and management of New Zealand residential property designed to be long term rental housing.
- our Funds are all PIEs for tax purposes, meaning that if you are a New Zealand resident unit holder and have supplied us with the correct PIR, tax is paid on your behalf and there is no further tax to pay. PIE tax is capped at 28%, which can be a benefit for 33% tax rate investors.

### Structure of the Funds

The Funds are trusts and are governed by the trust deed between us and Public Trust, the supervisor of the Funds (**Trust Deed**). The Funds’ assets are held by Public Trust, which is the Supervisor and independent custodian of the Funds, on behalf of investors.

The Funds are investment options in a managed investment scheme. This means that your money is pooled with other investors’ money and invested by Public Trust on our instructions. Your investment is represented by units in the fund. A managed investment scheme can give you access to investments that you may not be able to access as an individual.

## Distributions

It is not intended that distributions are made from the Funds. Any investment gains will be reflected in each Fund's unit price.

## Making investments

Investments can be made by completing the application form on our website [simplicity.kiwi](https://simplicity.kiwi)

There are different forms depending on the type of investor making the application. Applications are subject to a minimum initial investment of \$1,000 for individuals and joint accounts. For other entities such as trusts or companies, the minimum initial investment is \$50,000.

All investors must be either New Zealand based or New Zealand citizens resident overseas.

For information on how to invest in the Fund(s), see Section 10 (How to apply) on page 15.

## Withdrawing your investments

If you wish to make a redemption you must complete a redemption request in the prescribed format which is available from us on request or on our website [simplicity.kiwi](https://simplicity.kiwi). Unless you arrange to make a regular withdrawal from your account, the minimum permitted withdrawal is \$1,000. The minimum permitted withdrawal amount may be waived at our discretion.

Once submitted, your redemption request is not able to be withdrawn. We have the ability, in certain circumstances to suspend or defer redemptions. In the event that this should ever occur, you can still submit a redemption request and these will be processed, in the order in which they are received, once the suspension or deferral has been lifted.

If your withdrawal would result in your investment falling below \$1,000 (or \$50,000 for non-individuals), we may request the Supervisor to withdraw the balance of your holding and repay the proceeds back to you.

Withdrawal requests will be processed each business day in Auckland. The withdrawal value of the units will be paid to you, after adjustment for any tax payable (if applicable), within 30 business days from the date your withdrawal request is received. No person guarantees or promises the repayment of, or returns on, your investment in the Funds.

## How to switch between Funds

You can also switch from one Fund to another Fund. Completed switch requests will be made on the next available unit price. A switch will be treated as a redemption from one Fund and an application into another Fund. We do not charge an entry/exit fee or a buy/sell spread. A switching form is available on our website [simplicity.kiwi](https://simplicity.kiwi).

## 3. Description of your investment options

This table shows details of each investment option.

Fund name	Summary of investment objectives and strategy (including target investment mix)	Risk category	Minimum suggested investment time frame
Conservative Investment Fund	<p>The Conservative Investment Fund target asset allocations are 23% in growth assets (15.5% international shares and 7.5% Australasian shares) and 77% in income assets (2% cash and 75% split between New Zealand and international fixed interest).</p> <p>Its objective is to minimise negative returns over the short term. It has higher proportions of investment in income assets, such as cash and bonds, while still providing an opportunity for positive real returns over the longer term by investing a smaller proportion of the Fund in growth assets such as equities and property.</p> <p>This option is suited to members seeking lower volatility of returns.</p>	3	3+ years
Balanced Investment Fund	<p>The Balanced Investment Fund target asset allocations are 59% in growth assets (39% international shares, 18% Australasian shares and 2% unlisted property) and 41% in income assets (2% cash and 39% split between New Zealand and international fixed interest).</p> <p>Its objective is to minimise negative returns over the medium term through higher proportions of investment in income assets, such as cash and bonds, while still providing a reasonable opportunity for positive real returns over the longer term by investing a reasonable proportion of the Fund in growth assets such as equities and property.</p> <p>This option is suited to members seeking medium term growth by lessening risk through broad diversification.</p>	4	6+ years
Growth Investment Fund	<p>The Growth Investment Fund target asset allocations are 80% in growth assets (53% international shares, 24% Australasian shares and 3% unlisted property) and 20% in income assets (2% cash and 18% split between New Zealand and international fixed interest).</p> <p>Its objective is to achieve positive real returns over the long term through investment in growth assets, while lessening volatility through diversification of the Fund's assets.</p> <p>This option is suited to members seeking long term growth able to tolerate greater volatility of returns.</p>	4	9+ years





Fund name	Summary of investment objectives and strategy (including target investment mix)	Risk category	Minimum suggested investment time frame
NZ Share Fund	<p>The NZ Shares Fund invests in a portfolio of stocks and shares listed on the NZX. Its objective is to generate a return similar to the NZ share market. This option is intended to be a component of a diversified investment portfolio.</p> <p>Its benchmark is the Morningstar New Zealand Index, which measures the performance of the top 97% stocks listed on the NZX by float-adjusted market capitalisation.</p>	4	10+ years
NZ Bond Fund	<p>The NZ Bond Fund invests in a portfolio of New Zealand government bonds and investment grade, liquid bonds issued in New Zealand dollars. Its objective is to generate a return similar to the NZ government bond market. This option is intended to be a component of a diversified investment portfolio.</p> <p>Its benchmark is the Bloomberg NZBond Govt 0+ Yr Index, which measures the performance of the most liquid New Zealand government bonds across all maturities.</p>	3	2+ years

The statement of investment policy and objectives (SIPO) sets out the investment policies and objectives for each investment option. We may make changes to the SIPO from time to time without notifying you, if we decide a change is necessary, in consultation with the Supervisor. See [simplicity.kiwi](https://www.simplicity.kiwi), the register entry at [www.companiesoffice.govt.nz/disclose](https://www.companiesoffice.govt.nz/disclose) or contact us for a copy of the current SIPO. Material changes to the SIPO will be described in the Funds' annual reports.

Responsible investment, including environmental, social, and governance considerations, are taken into account in the investment policies and procedures of the Funds as at the date of this product disclosure statement.

We specifically exclude investments in companies with significant involvement in the following activities:

- Fossil fuel exploration, extraction and production
- Tobacco
- Alcohol
- Gambling
- Military weapons
- Civilian firearms
- Nuclear power
- Adult entertainment

We also exclude investments in companies that have contravened the principles of the UN Global Compact ([www.unglobalcompact.org](https://www.unglobalcompact.org)), under the following categories:

- Anti corruption
- Human rights
- Environment
- Labour

Further information about the assets in the investment options are available in the fund updates at [simplicity.kiwi](https://simplicity.kiwi) and on the register entry at [www.companiesoffice.govt.nz/disclose](https://www.companiesoffice.govt.nz/disclose).



Currency risk	<p>As some of the assets in the funds are invested overseas, returns in New Zealand can be affected by movements between the New Zealand dollar and overseas currencies. If the New Zealand dollar goes up, the relative value of these assets goes down. If the New Zealand dollar goes down, the relative value of these assets goes up.</p> <p>While we have a policy of hedging overseas investments 65% to the NZ dollar, on a before tax basis, there may be fluctuations in value, and the actual percentage may vary. There may also be additional requirements to pay for the cost of hedging if the NZD is more volatile than predicted.</p>
Default risk	Each Fund has an exposure to loans secured by first mortgages over residential properties. While the lending criteria is conservative, there is a risk that a borrower defaults and the full value of the loan is not recovered.

## 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, exit fees). We do not currently charge one-off fees.

The Funds' fees are as follows:

Fund	Investment management fee % p.a.	Estimate of fund expenses % p.a.	Total annual fund charges % p.a.	Other charges
Growth Investment Fund				
Balanced Investment Fund	0.30%	0.01%	0.31%	
Conservative Investment Fund				None
NZ Share Fund	0.10%	0.00%	0.10%	
NZ Bond Fund				

The fees outlined above cover the following:

Fee	What it covers
Annual fund charges	<p>The annual fund charges include an annual investment management fee of 0.30% per annum for the Conservative, Balanced and Growth Investment Funds or 0.10% per annum for the NZ Share and NZ Bond Funds, expressed as a percentage of the total funds under management. These charges cover fees of Simplicity, Vanguard, the supervisor, the custodian and the administration manager in performing their respective roles. The annual fund charges also pay for other charges and expenses, such as accounting and audit fees.</p> <p>Where the Conservative, Balanced and Growth Investment Funds invest in the NZ Share and NZ Bond Funds, the annual fund charges on those investments are rebated.</p> <p>The annual fund charges for the Conservative, Balanced and Growth Investment Funds also includes 0.01% per annum for any administration costs incurred in the underlying Vanguard funds. This estimate is based on actual annual costs reported by Vanguard in its most recent annual financial statements and anticipated investment levels in the underlying funds in accordance with the Funds' SIPO.</p> <p>The annual fund charges exclude transaction costs incurred by the funds in which the Funds invest, and any hedging costs.</p>
Other charges	None

All fees are disclosed on a before-tax basis. GST will be added to fees and may be included in some expenses, where applicable. Fees may be increased in accordance with the provisions of the Trust Deed (see the Fund's register entry at [www.companiesregister.govt.nz/disclose](http://www.companiesregister.govt.nz/disclose)).

There are currently no performance-based fees charged in respect of the Funds.

## Individual action fees

We do not currently charge contribution, establishment, termination, or withdrawal fees, and we intend that, for the foreseeable future, we will not introduce any such fees. However, we could charge these or other fees in the future. Accordingly, you may be charged other fees on an individual basis for investor-specific decisions or actions. See the Fund's register entry at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) for more information.

### Example of how fees apply to an investor

Ian invests \$10,000 in the Growth Investment Fund. The starting value of his investment is \$10,000. He is charged management fees, which work out about \$31 (0.31% of \$10,000) per year. These fees will be more or less if his account balance has increased or decreased over the year.

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

Fund Charges	\$31 (0.31% of \$10,000)
Membership Fee	NIL
Individual Action fee	NIL
<b>Total Fees</b>	<b>\$31</b>

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

This example applies only to the Growth Investment 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

The existing fees may be changed or new fees imposed in accordance with the Trust Deed and applicable law upon giving you 90 days written notice. We must publish a quarterly fund update for each Fund showing the fees actually charged during the most recent year.

Every three months, 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 [simplicity.kiwi](http://simplicity.kiwi) and on the Funds' register entries at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).



# Simplicity

## 6. What taxes will you pay?

The Funds are portfolio investment entities. 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 Inland Revenue. 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 refund you are entitled to will reduce any income tax liability you may have for the tax year. Any remaining amount will be refunded to you by the Inland Revenue.

See the 'Other Material Information' document at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) for more information about the tax consequences of an investment in the Funds.

## 7. Who is involved?

### About Simplicity

Simplicity NZ Limited is the manager of the Funds. We are a non-profit company, 100% owned by the Simplicity Charitable Trust.

Our aim is to make our investors better off by offering low cost Funds and operating in the simplest, most transparent way possible. We aim to:

- Provide our investors with dignity in retirement by giving them greater choice,
- Offer New Zealanders high quality, low cost financial products,
- Be socially responsible.

We donate 15% of the fees we charge to the Simplicity Charitable Trust, which in turn donates to New Zealand charities.

We can be contacted at:

PO Box 33485  
Takapuna  
Auckland 0740  
Phone: 022 548 0212  
Email: [info@simplicity.kiwi](mailto:info@simplicity.kiwi)

### Who else is involved?

	Name	Role
Supervisor	Public Trust	Supervises the manager of the Funds.
Custodian	Simplicity Nominees Limited (a subsidiary of Public Trust)	Holds the assets of the Funds on trust.
Administration Manager	MMC Limited	Provides registry, accounting, pricing and valuation services for the Fund.
Investment Manager	Vanguard Asset Management Limited	Provides international asset management through its range of global funds.
Investment Manager	Icehouse Ventures Limited	Provides funds that invest in New Zealand businesses with high growth potential.

## 8. How to complain

If you have a complaint, please contact us. We can be contacted at:

Simplicity NZ Limited  
Managing director  
PO Box 33485  
Takapuna  
Auckland 0740  
New Zealand

Phone: 022 548 0212

Email: [info@simplicity.kiwi](mailto:info@simplicity.kiwi)

You can also contact the Supervisor, Public Trust at:

Public Trust  
Corporate Trustee Services  
SAP Building, Level 16, 151 Queen Street, Auckland 1010  
Private Bag 5902, Wellington 6140

Phone: 0800 371 471

Email: [cts.enquiry@publictrust.co.nz](mailto:cts.enquiry@publictrust.co.nz)

If we are unable to resolve your complaint, you can complain to Financial Services Complaints Ltd (FSCL). They can be contacted at:

Complaint Investigation Officer  
Financial Services Complaints Ltd  
Level 4, 101 Lambton Quay  
PO Box 5697  
Lambton Quay  
Wellington 6145

Phone: 0800 347 257

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

FSCL will not charge you a fee to investigate or resolve a complaint



## 9. Where you can find more information

Further information relating to the Funds, including financial statements, annual reports, annual and quarterly fund updates, the Trust Deed and SIPO, is available at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). A copy of this information is available on request from the Registrar of Financial Service Providers.

The above information is also available free of charge on our website at [simplicity.kiwi](http://simplicity.kiwi) including our contact details.

You may also obtain a copy of the application form and an estimate of your current benefits free of charge by contacting us.

You will also be sent annual tax statements which will include the amount of PIE income attributed to you and the amount of PIE tax paid at your PIR. You will also be asked to confirm your IRD number and PIR.

You can obtain general information about us and the Funds on our website at [simplicity.kiwi](http://simplicity.kiwi)

## 10. How to apply

It's easy. Go to our website [simplicity.kiwi](http://simplicity.kiwi)