

Hobson Wealth Investment Funds

Product Disclosure Statement

Investment Management by Hobson Wealth Partners Limited

This document replaces the Product Disclosure Statement dated 29 September 2022

Dated 13 April 2023

Issued by FundRock NZ 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. FundRock NZ 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 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. FundRock NZ Limited ('FundRock', '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 FundRock 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?

There are three investment options ('Funds') offered under this Product Disclosure Statement ('PDS') for the Hobson Wealth Investment Funds ('Scheme'). These investment options are summarised below. More information about the investment target and strategy for each investment option is provided in section 3, "Description of your investment options".

Fund	Description	Risk Indicator*	Annual Fund Charges (Estimated, % of the Fund's net asset value)
Hobson Wealth NZ Fixed Interest Fund	<p>The Fund provides investors with exposure to a diversified portfolio of New Zealand dollar denominated fixed interest securities.</p> <p>The investment objective of the Fund is to provide a return, before costs and tax, higher than the Bloomberg NZ Bond Composite 0+ Yr Index (BNZCRO) over a rolling three year period.</p>	<p>Lower risk/ potentially lower returns</p> <p>Higher risk/ potentially higher returns</p> <p>1 2 3 4 5 6 7</p>	1.30% (incl. GST)
Hobson Wealth NZ Equity Fund	<p>The Fund provides investors with exposure to a diversified New Zealand equity portfolio with potential for growth of income and capital.</p> <p>The investment objective of the Fund is to provide a return, before costs and tax, higher than the S&P/NZX50 Index Gross (with imputation credits) over a rolling three-year period.</p>	<p>Lower risk/ potentially lower returns</p> <p>Higher risk/ potentially higher returns</p> <p>1 2 3 4 5 6 7</p>	1.30% (incl. GST)
Hobson Wealth International Growth Fund	<p>The Fund provides investors with exposure to a diversified international equity portfolio with potential for growth of capital.</p> <p>The investment objective of the Fund is to provide a return, before costs and tax, higher than the MSCI World Net Index over a rolling three-year period.</p>	<p>Lower risk/ potentially lower returns</p> <p>Higher risk/ potentially higher returns</p> <p>1 2 3 4 5 6 7</p>	1.30% (incl. GST)

*Note: The Funds have been in existence for less than 5 years. The Funds' actual returns have been used to calculate the risk indicators for the period 31 October 2019 to 31 March 2023. Market index returns have been used to determine the risk indicator for the period 31 March 2018 to 31 October 2019. The risk indicators may therefore provide less reliable indicators of the Funds' future volatility.

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.

Who manages the Hobson Wealth Investment Funds?

FundRock is the manager of the Scheme.

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 unit price, and
- any income distributions made from the Fund.

We expect to make quarterly distributions for the Hobson Wealth NZ Fixed Interest Fund in respect of the periods ending on the last business day in March, June, September and December. We expect to make six-monthly distributions for the Hobson Wealth NZ Equity Fund in respect of the periods ending on the last business day in June and December. We expect to pay distributions within 10 business days. You can elect for your distributions from a Fund to be reinvested in that Fund. If you do not make a distribution election the default option is reinvestment. We do not currently intend to make distributions from the Hobson Wealth International Growth Fund, but may elect to do so in future.

How can you get your money out?

Investments in the Funds are redeemable on request. We may suspend or defer redemptions if we determine this is in the best interests of investors generally. We may also suspend redemptions from a Fund in certain circumstances set out in the Trust Deed including 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, “How does this investment work?” for more information.

Your investment in a Fund 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 Funds offered under this PDS are portfolio investment entities ('PIEs').

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.

See section 6, “What taxes will you pay?” 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 www.fundrock.com. We will also give you copies of those documents on request.

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2. How does this investment work?

This document is an offer to purchase units ('Units') in the Funds. The Funds are part of the Scheme, which is a managed investment scheme established under a trust deed ('Trust Deed').

The money you invest buys Units in the Fund or Funds you choose. Hobson Wealth Partners Limited ('Hobson Wealth') is the Investment Manager of the Funds.

The Funds currently invest directly in assets which are managed by Hobson Wealth. Units do not constitute legal ownership of the Fund's assets but give you rights to the returns of the assets.

The price of each Unit you receive in a Fund depends on the value of the Fund at the time you invest. We calculate the unit price for each 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 normally calculated each business day.

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

No assets of a Fund will be available to be applied to meet the liabilities of any other Fund in this scheme.

Public Trust is the supervisor ('Supervisor') of the Scheme and, in that role, monitors and supervises our management of the Funds. The assets of the Funds are held in independent custody by Public Trust.

The significant benefits of investing in the Funds are:

- **Diversification and scale.** By pooling the money of all investors in the Funds, 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. In addition, the scale of the Funds allows us to lower costs by negotiating better prices with service providers.
- **Professional investment management.** Hobson Wealth is the Investment Manager for the Funds, providing their investment expertise in selecting the assets into which the Funds will invest.

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 quarterly distributions for the Hobson Wealth NZ Fixed Interest Fund in respect of the periods ending on the last business day in March, June, September and December. We expect to make six-monthly distributions for the Hobson Wealth NZ Equity Fund in respect of the periods ending on the last business day in June and December. We expect to pay distributions within 10 business days. You can elect for your distributions from a Fund to be reinvested in that Fund. If you do not make a distribution election the default option is reinvestment. We do not currently intend to make distributions from the Hobson Wealth International Growth Fund, but may elect to do so in future.

Making investments

You can make lump sum or regular investments into the Funds. The application process is described in section 10, "How to apply".

The minimum initial investment for each Fund is \$10,000. Thereafter, the minimum additional investment is \$1,000 per Fund. These minimum amounts may be varied or waived at our discretion.

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.

Withdrawing your investments

You may request redemption of some or all of your investment at any time. Payment will normally be made within 15 business days of our receiving a redemption request from you. However, we may either defer or suspend Fund withdrawals.

Fund redemptions may be deferred if:

- we receive one or more redemption requests, within 60 Business Days, totalling more than 10% of Fund Units on issue, and
- we consider deferral to be in the general interests of all Fund investors.

Fund redemptions may be suspended if we believe allowing investors to take their money out would not be workable or would prejudice investors generally. For instance, suspension could apply if we decide to wind up a Fund, or we are unable to realise assets. 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 a Fund, we will redeem your investment at the unit price for the Fund.

We reserve the right to refuse a redemption request for less than \$500 or a redemption request that would result in you holding less than \$10,000 in a Fund (except where all of your units are to be redeemed).

How to switch between Funds

You can switch your investment between Funds.

A switch from one Fund to another is treated as a redemption from one Fund and an application to invest in the other Fund. The minimum amount you can switch between Funds is \$500. You will not be charged a switch fee.

3. Description of your investment options

Fund	Summary of investment objectives and strategy	Target investment mix	Risk category *	Minimum suggested investment timeframe
Hobson Wealth NZ Fixed Interest Fund	<p>Objective: to provide a return, before costs and tax, higher than the Bloomberg NZ Bond Composite 0+ Yr Index (BNZCRO) over a rolling three year period.</p> <p>The Fund provides investors with exposure to a diversified portfolio of New Zealand dollar denominated fixed interest securities.</p> <p>Full details of the strategy and permitted investments for the fund are outlined in the SIPO.</p>	100% New Zealand fixed interest	3	2 years
Hobson Wealth NZ Equity Fund	<p>Objective: to provide a return, before costs and tax, higher than the S&P/NZX50 Index Gross (with imputation credits) over a rolling three-year period.</p> <p>The Fund provides investors with an exposure to a diversified New Zealand equity portfolio with potential for growth of income and capital.</p> <p>Full details of the strategy and permitted investments for the fund are outlined in the SIPO.</p>	100% New Zealand equities	5	5 years
Hobson Wealth International Growth Fund	<p>Objective: to provide a return, before costs and tax, higher than the MSCI World Net Index over a rolling three-year period.</p> <p>The Fund provides investors with exposure to a diversified international equity portfolio with potential for growth of capital. The Fund may invest in direct securities listed on stock exchanges in developed and emerging markets, or in other managed investment schemes in New Zealand and abroad. The Fund may also use derivatives. Any allocation within the 0% to 20% Australasian equities range will be to Australian equities.</p> <p>Full details of the strategy and permitted investments for the fund are outlined in the SIPO.</p>	100% International equities	5	5 years

*Note: The Funds have been in existence for less than 5 years. The Funds actual returns have been used to calculate the risk indicators for the period 31 October 2019 to 31 March 2023. Market index returns have been used to determine the risk indicator for the period 31 March 2018 to 31 October 2019. The risk indicators may therefore provide less reliable indicators of the Funds' future volatility.

We can make changes to the Scheme's Statement of Investment Policy and Objectives ('SIPO') in accordance with the Trust Deed and the Financial Markets Conduct Act 2013 ('FMC Act'). Before making changes to the SIPO, we will consider if the changes are in your best interests and consult with the Supervisor. We will give notice of changes to investors of a Fund prior to effecting any material

change and any material changes to the SIPO will be advised in the Scheme's annual report. The most current SIPO for the Scheme can be found on the scheme register at www.disclose-register.companiesoffice.govt.nz.

Further information about the assets in each Fund can be found in the fund updates at www.fundrock.com.

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 Funds 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.

Note that even the lowest category does not mean a risk-free investment, and there may be 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 31 March 2023. 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 these Funds.

General investment risks

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

Asset allocation risk: The largest determinant of returns and volatility is the proportionate allocation to different underlying assets. Accordingly, asset allocation will impact the overall returns of a fund.

Currency risk: All of the Funds have the ability to invest offshore and hence are exposed to currency risk. However, currency risk is most significant for the Hobson Wealth International Growth Fund. Currency risk stems from the value of foreign currencies moving differently to the New Zealand dollar. For example, a fall in an investor's local currency can result in an increase in the value of their international investments. Conversely, a rise in that currency can decrease the value of an investor's international investments. The Hobson Wealth International Growth Fund has the ability to be fully unhedged or fully hedged to the New Zealand dollar. As such, the Fund may remain exposed to currency risk as a result of currency positions adopted by underlying managers.

Emerging market risk: The Hobson Wealth International Growth Fund may invest in emerging markets' securities. Investments in emerging markets include risks additional to those normally associated with an investment in securities in more developed markets. These risks may include restrictions on investment and repatriation of investment capital, the ability to exchange currencies for New Zealand dollars, currency and security price volatility, and markets that may be less liquid and less regulated. Political and social unrest together with government involvement in the economy can also increase risk.

Interest rate and credit risk: The Hobson Wealth NZ Fixed Interest Fund invests in fixed interest securities and so is exposed to interest rate risk and credit risk.

Interest rate risk is the risk that the value of an investment changes due to movements in interest rates. If interest rates rise, the value of fixed interest securities falls. If interest rates fall, their value rises. Interest rates move for a range of factors including (but not limited to) the supply and demand for money, future inflation expectations, monetary policy, or market sentiment.

Credit risk is the risk a borrower is unable to repay the lender. The ability of the borrower to repay the lender depends on the financial position and financial prospects of the borrower

Market and security specific risk: The key risk for the Hobson Wealth NZ Equity Fund and the Hobson Wealth International Growth Fund is that prices of the underlying shares 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 security specific risk.

Portfolio Management risk: Each Fund's performance depends on the Investment Manager's expertise and investment decisions. A Fund's investment objective may not be achieved if the Investment Manager's opinion about the intrinsic worth of a company or security is incorrect.

Liquidity risk: All Funds are 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.

Cybersecurity and operational risk: Cybersecurity breaches may allow an unauthorised party to gain access to a Fund's assets, customer data, or proprietary information, or cause the Fund or its service providers to suffer data corruption or lose operational functionality. Similar incidents affecting issuers of a Fund's securities may negatively impact performance. Operational risk may arise from human error, error by third parties, communication errors, or technology failures, among other causes.

Other specific risks

We are not aware of any other specific risks.

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.

5. What are the fees?

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

Annual Fund Charges (% of net asset value)

Fund	Fixed Annual Fund Charges (excl. GST)	GST (Estimated)	Total Annual Fund Charges (Including GST) (Estimated)
Hobson Wealth NZ Fixed Interest Fund	1.25%	0.05%	1.30%
Hobson Wealth NZ Equity Fund	1.25%	0.05%	1.30%
Hobson Wealth International Growth Fund	1.25%	0.05%	1.30%

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

Annual fund charges:

- the management fee paid to us and the investment management fee paid to Hobson Wealth Partners Limited;
- fees and expenses charged within any underlying funds in to which the Funds may invest
- the Supervisor's fee;
- costs incurred by us, the Supervisor and the Investment Manager in carrying out each of our respective duties (including the fees charged by auditors, solicitors, valuers and other advisers);
- bank account charges applicable to the Funds;
- costs for administration services, including fund registry, Unit pricing and investment accounting costs and costs associated with the provision of financial information related to each Fund; and
- custody costs.

The annual fund charges do not include any extraordinary expenses such as costs of any litigation or unitholder meetings.

The annual fund charges are calculated and accrued daily and reflected in the unit price. The investment management charges and other fund charges are paid monthly.

GST

The GST treatment of each of these components varies. For example, GST is currently charged at 15% on 10% of the investment management fee paid to Hobson Wealth. In contrast, GST is charged at 15% on the audit fee, and custody fees are an exempt supply for the purposes of GST. These percentages vary, and may change in the future, which is why GST has been estimated.

Example of how fees apply to an investor

Anthony invests \$10,000 in the Hobson Wealth NZ Equity Fund. There is no spread charged. This brings the starting value of his investment to \$10,000.

Anthony is charged management and administration fees, which work out to about \$130 (1.30% of \$10,000). 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: \$130

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 Hobson Wealth NZ Equity Fund. If you are considering investing in other Funds or investment options in the scheme, this example may not be representative of the actual fees you may be charged.

The fees can be changed

We can change fees from time to time. We can also add new fees. We may waive or decrease a management fee without notice. We may increase the management fee, or start charging additional fees, by giving you at least three months' notice. 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.

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 on the offer register at www.disclose-register.companiesoffice.govt.nz.

6. What taxes will you pay?

Each Fund is a PIE. The amount of tax you pay is based on your PIR. To determine your PIR, go to <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. 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.

7. Who is involved?

About FundRock NZ Limited

FundRock is the manager of the Scheme. Our contact details are below.

Level 2, Woodward House
1 Woodward Street
PO Box 25003
WELLINGTON 6146
Telephone: (04) 499 9654
Email: contact@iisolutions.co.nz

Who else is involved?

Title	Name	Role
Supervisor	Public Trust	Supervisor of the Scheme under the FMC Act and responsible for supervising us.
Custodian	Public Trust	Holds the assets of the Funds on behalf of investors.
Investment Manager	Hobson Wealth Partners Limited	Defines each Fund's investment mandate and reviews the mandate and is responsible for selecting and monitoring what the Funds invest in. Is responsible for sales, marketing and client relationship management to support the Funds.
Administrator	Apex Investment Administration (NZ) Limited	Appointed by us to manage core administration functions including: unit pricing, fund accounting and fund registry.

8. How to complain

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

FundRock NZ Limited
Level 2, Woodward House
1 Woodward Street
PO Box 25003
Wellington 6140

Telephone: (04) 499 9654
Email: 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
Corporate Trustee Services
Private Bag 5902
Wellington 6140

Telephone: 0800 371 471
Email: cts.enquiry@PublicTrust.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's service is provided at no cost to you. The contact details for the scheme are:

Insurance and Financial Services Ombudsman
 Level 2, Solnet House
 70 The Terrace
 PO Box 10-845
 Wellington 6143

Telephone: 0800 888 202

Email: info@ifso.nz

The Supervisor is a member of an approved dispute resolution scheme operated by Financial Services Complaints Limited ('FSCL') - A Financial Ombudsman Service. If your complaint to the Supervisor has not been resolved, you can refer it to FSCL. The contact details for the scheme are:

Financial Services Complaints Limited - A Financial Ombudsman Service
 PO Box 5967
 Wellington 6140

Telephone: 0800 347 257

Email: complaints@fscl.org.nz

The FSCL scheme is an independent external ombudsman and dispute resolution service that has been approved by the Minister of Consumer Affairs under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. FSCL 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 Hobson Wealth Investment Funds is available on the offer register and the scheme register at 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 each Fund will be publicly available from our website and can be requested from us.

If you invest directly into a 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 Funds and us on our website <http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/>.

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 us, and send it to:

FundRock NZ Limited
PO Box 25003
Wellington 6140

Email: contact@iisolutions.co.nz

You can also apply to invest in the Funds through approved investment administration and custodial service platforms (also known as 'wrap platforms' or 'PIE investor proxies'). When reading this PDS you should remember that if your investments are purchased through a wrap platform they will be held by a custodian on your behalf. In that case you should refer to the wrap platform's service terms and relevant material for how you may invest in the Funds. The terms of these wrap platform services are separate and independent to the offer of the Funds under this PDS. Please take time to read this PDS and other information contained on the scheme register (www.disclose-register.companiesoffice.govt.nz) before making your investment decision.