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# Coolabah Investment Funds

Product Disclosure Statement for an offer of units in the Coolabah Investment Funds

Investment Management by Coolabah Capital Investments (Retail) Pty Limited

Dated 30 November 2023

This document replaces the Product Disclosure Statement dated 11 August 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](http://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 to 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", "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 four investment options ("Funds") offered under this Product Disclosure Statement ("PDS") for the Coolabah 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	Risk Indicator*	Estimated Annual Fund Charges (% of the Fund's net asset value)	Indicative <sup>4</sup> buy/sell spread							
<p><b>Coolabah Short Term Income PIE Fund</b></p> <p>The Fund provides exposure to an actively managed, diversified portfolio that aims to take advantage of investment opportunities within the Australian cash and fixed-income markets.</p> <p>The Fund targets a position of being fully hedged back to New Zealand dollars.</p>	<p>Lower risk/ potentially lower returns</p> <p>Higher risk/ 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>	1	2	3	4	5	6	7	<p>0.91% (incl. GST)</p> <p>Performance-based fee: yes**</p>	<p>0.00%/0.025%</p>
1	2	3	4	5	6	7				
<p><b>Coolabah Floating-Rate High Yield PIE Fund</b></p> <p>The Fund provides exposure to a portfolio of investment-grade Australian floating-rate notes with enhanced yields.</p> <p>The Fund targets a position of being fully hedged back to New Zealand dollars.</p> <p><b>The underlying fund into which the Fund invests can use repurchase agreements, borrow and use derivatives, meaning the underlying fund may be geared (or leveraged). Leverage can amplify gains and also amplify losses. These features mean that the Fund will not be appropriate for all investors.</b></p>	<p>Lower risk/ potentially lower returns</p> <p>Higher risk/ 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>	1	2	3	4	5	6	7	<p>1.00% (incl. GST)</p>	<p>0.00%/0.05%</p>
1	2	3	4	5	6	7				
<p><b>Coolabah Long-Short Credit PIE Fund</b></p> <p>The Fund provides exposure to an actively managed, absolute return fixed-income strategy focused on exploiting long and short mispricings in global credit markets.</p> <p>The Fund targets a position of being fully hedged back to New Zealand dollars.</p> <p><b>The underlying fund into which the Fund invests can take long and short positions, use repurchase agreements, borrow and use derivatives, meaning the underlying fund may be geared (or leveraged). Leverage can amplify gains and also amplify losses. These features mean that the Fund will not be appropriate for all investors.</b></p>	<p>Lower risk/ potentially lower returns</p> <p>Higher risk/ 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>	1	2	3	4	5	6	7	<p>1.93% (incl. GST)</p> <p>Performance-based fee: yes**</p>	<p>0.00%/0.05%</p>
1	2	3	4	5	6	7				

\* The Funds have been in existence for less than 5 years. The Coolabah Short Term Income PIE Fund and the Coolabah Long-Short Credit PIE Fund invest in underlying funds which each have an established return history. Actual Fund returns have been used to calculate the risk indicator for the period 31 December 2021 to 30 September 2023. Underlying fund returns have been used to calculate the risk indicator for the period 30 September 2018 to 31 December 2021. As these two Funds have not been operating for the required five years and the risk indicator calculated by using a combination of actual Fund returns and underlying fund returns is higher than that calculated when using a combination of actual Fund returns and market index returns, the manager has formed the view that a risk indicator using a combination of actual Fund returns and market index returns would be likely to deceive or mislead investors as to the future potential volatility of the Funds and has instead used a combination of actual Fund returns and underlying fund returns as the basis for calculating the risk indicators for these two Funds. For the Coolabah Floating-Rate High Yield PIE Fund, market index returns have been used to calculate the risk indicators for the 5-year period to 30 September 2023. The risk indicator may therefore provide a less reliable indicator of the Funds' potential future volatility.

<p><b>Coolabah Active Composite Bond PIE Fund</b></p> <p>The Fund offers an active fixed-income strategy focused on mispricing in government and corporate bond markets with the aim of delivering superior risk-adjusted returns over the Bloomberg AusBond Composite 0+ Yr Index. It seeks to have broadly similar interest rate duration risk to the Index.</p> <p>The Fund targets a position of being fully hedged back to New Zealand dollars.</p> <p><b>The underlying fund into which the Fund invests can take long and short positions, use repurchase agreements, borrow and use derivatives, meaning the underlying fund may be geared (or leveraged). Leverage can amplify gains and also amplify losses. These features mean that the Fund will not be appropriate for all investors.</b></p>	Lower risk/ potentially lower returns	Higher risk/ potentially higher returns	0.63% (incl. GST)	0.00%/ 0.025%			
	1	2	3	4	5	6	7

\* The Funds have been in existence for less than 5 years. For the Coolabah Active Composite Bond PIE Fund, market index returns have been used to calculate the risk indicators for the 5-year period to 30 September 2023. The risk indicator may therefore provide a less reliable indicator of the Funds' potential future volatility.

\*\* See Section 5 "What are the fees?" for an explanation of the underlying fund's performance fee.

\*Buy/sell spreads are as at the date of this PDS and are indicative only. For the most up to date buy/sell spreads see [www.fundrock.com/fundrock-new-zealand/fmz-documents-and-reporting](http://www.fundrock.com/fundrock-new-zealand/fmz-documents-and-reporting). Buy/sell spreads belong to the Funds and are not a fee paid to us or to the investment manager, see section 5, "What are the Fees" for further details.

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 Coolabah 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 Funds in respect of the periods ending on the last business day in March, June, September, and December. 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. See section 2, "How does this investment work?" for more information.

## How can you get your money out?

Investments in the Funds are redeemable on request. We may suspend or defer redemptions in certain circumstances set out in the Trust Deed. See section 2, "How does this investment work?" 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 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](http://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/fundrock-new-zealand/fmz-documents-and-reporting](http://www.fundrock.com/fundrock-new-zealand/fmz-documents-and-reporting). 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 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. Units do not constitute legal ownership of the Fund's assets but give you rights to the asset returns.

As manager of the Funds, we have appointed Coolabah Capital Investments (Retail) Pty Limited ("Coolabah" or "Investment Manager") as the investment manager of the Funds. Coolabah is a wholly owned subsidiary of Coolabah Capital Investments Pty Ltd ("CCI"). CCI is 65% owned by its portfolio management team, and 35% owned by Pinnacle Investment Management Group Limited, a leading Australian-based multi-affiliate investment firm.

Established in 2011, CCI is an active manager that aims to deliver investment solutions that outperform traditional fixed-income products on a risk adjusted basis. CCI aims to achieve this through generating "alpha" or capital gains in liquid, high-grade credit, which is in contrast to traditional fixed-income strategies that drive returns through adding more interest rate duration risk, credit default risk or illiquidity risk (or "beta"). As at August 2023, CCI manages over \$8.5 billion.

As at the date of this PDS, the Funds invest in underlying offshore funds managed by Coolabah.

The price of each unit you receive depends on the value of the relevant Fund at the time you invest and any buy spread that applies to that Fund. 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 relevant Fund has issued. Unit prices are normally calculated each business day.

A change in the value of a 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 Coolabah Short Term Income PIE Fund and the Coolabah Long-Short Credit PIE Fund are held in independent custody by Adminis NZ Limited ("Adminis") who is appointed by the Supervisor. The assets of the Coolabah Floating-Rate High Yield PIE Fund and the Coolabah Active Composite Bond PIE Fund are held in independent custody by BNP Paribas Fund Services Australasia Pty Ltd who is appointed by the Supervisor.

The significant benefits of investing in the Funds are:

- access to Coolabah's investment management expertise; and
- access to investment opportunities and diversification through pooling of assets that may not be available to individual investors. This increased diversification can reduce risk and allows us to lower costs by negotiating better prices with service providers.

The return on your investment comes from:

- any increase or decrease in the unit price, and
- any income distributions made from the Funds.

We expect to make quarterly distributions for the Funds in respect of the periods ending on the last business day in March, June, September and December. We expect to pay distributions within 30 days of the period end. You can elect for your distributions to be paid to your nominated bank account, or reinvested in a Fund. If you do not make a distribution election the default option is reinvestment. We can vary the method of calculation of distributions and the period between distributions (including suspending distributions) by providing three months' notice to you.

### **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 \$1,000. 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 a redemption of some or all of your investment at any time. Payment will normally be made within 5 business days of our receiving a redemption request from you. Access to your redemption at the end of a distribution period may take longer as a Fund's unit price is placed on a temporary hold whilst the distribution is calculated. Distributions are processed quarterly.

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

We reserve the right to refuse a redemption request for less than \$500 worth of units or a redemption request that would result in you holding less than \$1,000 worth of units (except where all of your units are to be redeemed).

We may also suspend or defer withdrawals from the Funds.

Redemptions may be deferred if:

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

Fund redemptions may be suspended in accordance with the Trust Deed in a number of circumstances 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 underlying fund holdings. If withdrawals are suspended and you submit a withdrawal request, we will not process it until the suspension is lifted.

In the case of either a deferral or suspension, investors will receive the redemption price applicable at the end of the deferral or suspension period (or redemption prices in the case of deferred redemptions which are paid out over a period of time).

More information about deferrals and suspensions can be found in the Other Material Information ("OMI") document for the Funds and in the Trust Deed.

## 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.

You will not be charged a switch fee but the buy and sell spreads may apply on each redemption and application for a switch. Buy and sell spreads may be varied or waived at our discretion. More information about the buy and sell spreads can be found in section 5, "What are the fees?"

## 3. Description of your investment options

Fund	Target Investment Mix	Risk Category*	Minimum Suggested Investment Timeframe
<p><b>Coolabah Short Term Income PIE Fund</b></p> <p>Objective: The Fund targets investment returns, after fees and before tax, of 1.5% to 3.0% per annum above the overnight interbank cash rate as published by the Reserve Bank of New Zealand ("RBNZ"), over a rolling 12 month period.</p> <p>Strategy: The Fund provides exposure to an actively managed, diversified portfolio that aims to take advantage of investment opportunities within the Australian cash and fixed-income markets.</p> <p>The Fund currently invests in an underlying fund managed by Coolabah.</p> <p>The Fund targets a position of being fully hedged back to New Zealand dollars.</p>	<p>Cash and cash Equivalents - 10%</p> <p>International fixed interest - 90%</p>	2	1 year
<p><b>Coolabah Floating-Rate High Yield PIE Fund</b></p> <p>Objective: The Fund aims to provide investors with exposure to a portfolio of investment-grade Australian floating-rate notes with enhanced yields</p> <p>Strategy: The Fund focusses on generating higher income than other traditional fixed income investments by investing in a portfolio of investment-grade Australian floating-rate notes and enhancing the yields (or interest-rate) through the use of gearing (or leverage).</p> <p>The Fund currently invests in an underlying fund managed by Coolabah.</p> <p>The Fund targets a position of being fully hedged back to New Zealand dollars.</p> <p><b>The underlying fund into which Fund invests can use repurchase agreements, borrow and use derivatives and this can mean the underlying fund is geared (or leveraged). Leverage limits are in place to assist with risk management. The underlying fund may be leveraged up to a maximum of 400% of NAV. Leverage can amplify gains and also amplify losses. These features mean that the Fund will not be appropriate for all investors. More information on leverage in the underlying funds can be found in the OMI document.</b></p>	<p>Cash and cash Equivalents - 5%</p> <p>International fixed interest - 95%</p>	2	3 years

\* The Funds have been in existence for less than 5 years. The Coolabah Short Term Income PIE Fund invests in an underlying fund which has an established return history. Actual Fund returns have been used to calculate the risk indicator for the period 31 December 2021 to 30 September 2023. Underlying fund returns have been used to calculate the risk indicator for the period 30 September 2018 to 31 December 2021. As the Fund has not been operating for the required five years and the risk indicator calculated by using a combination of actual Fund returns and underlying fund returns is higher than that calculated when using a combination of actual Fund returns and market index returns, the manager has formed the view that a risk indicator using a combination of actual Fund returns and market index returns would be likely to deceive or mislead investors as to the future potential volatility of the Funds and has instead used a combination of actual Fund returns and underlying fund returns as the basis for calculating the risk indicators for these two Funds. For the Coolabah Floating-Rate High Yield PIE Fund, market index returns have been used to calculate the risk indicators for the 5-year period to 30 September 2023. The risk indicator may therefore provide a less reliable indicator of the Funds' potential future volatility.

<p><b>Coolabah Long-Short Credit PIE Fund</b></p> <p>Objective: The Fund targets investment returns, after fees and before tax, of 4% to 6% per annum above the overnight interbank cash rate as published by the RBNZ, with less than 5% per annum volatility over rolling 3 year periods.</p> <p>Strategy: The Fund provides exposure to an actively managed, absolute return fixed-income strategy focused on exploiting long and short mispricings in global credit markets.</p> <p>The Fund currently invests in an underlying fund managed by Coolabah.</p> <p>The Fund targets a position of being fully hedged back to New Zealand dollars.</p> <p><b>The underlying fund into which the Fund invests can take long and short positions, use repurchase agreements, borrow and use derivatives, meaning the underlying fund may be geared (or leveraged). Leverage limits are in place to assist with risk management. The underlying fund may be leveraged up to a maximum of 500% of NAV. The underlying fund may also take short positions up to a maximum of 200% of NAV. The rules are asset-class specific, with riskier exposures subject to tighter controls. Leverage can amplify gains and also amplify losses. These features mean that the Fund will not be appropriate for all investors. More information on leverage in the underlying funds can be found in the OMI document.</b></p>	<p>International fixed interest - 100%</p>	<p>4</p>	<p>3 years</p>
<p><b>Coolabah Active Composite Bond PIE Fund</b></p> <p>Objective: The Fund targets returns in excess of the Bloomberg Ausbond Composite 0+ Yr Index (hedged to NZD) by 1.0% to 2.0% per annum over rolling 12 month periods.</p> <p>Strategy: The Fund offers an actively managed fixed-income strategy focused on mispricings in government and corporate bond markets in Australia with an interest rate duration risk broadly similar to that of the Index.</p> <p>The Fund currently invests in an underlying fund managed by Coolabah.</p> <p>The Fund targets a position of being fully hedged back to New Zealand dollars.</p> <p><b>The underlying fund into which the Fund invests can use repurchase agreements, borrow and use derivatives, meaning the underlying fund may be geared (or leveraged). Leverage limits are in place to assist with risk management. The underlying fund does not target a specific level of leverage, and does not use leverage simply to increase underlying fund yield. Leverage may be used to obtain additional exposure to mispriced assets that the Investment Manager believes will generate capital gains for the underlying fund. The underlying fund may be leveraged up to a maximum of 250% of NAV. The underlying fund may also take short positions up to a maximum of 250% of NAV. Leverage can amplify gains and also amplify losses. These features mean that the Fund will not be appropriate for all investors. More information on leverage in the underlying funds can be found in the OMI document.</b></p>	<p>Cash and cash Equivalents - 10%</p> <p>International fixed interest - 90%</p>	<p>4</p>	<p>3 years</p>

The Funds have been in existence for less than 5 years. The Coolabah Long-Short Credit PIE Fund invests in an underlying fund which has an established return history. Actual Fund returns have been used to calculate the risk indicator for the period 31 December 2021 to 30 September 2023. Underlying fund returns have been used to calculate the risk indicator for the period 30 September 2018 to 31 December 2021. As the Fund has not been operating for the required five years and the risk indicator calculated by using a combination of actual Fund returns and underlying fund returns is higher than that calculated when using a combination of actual Fund returns and market index returns, the manager has formed the view that a risk indicator using a combination of actual Fund returns and market index returns would be likely to deceive or mislead investors as to the future potential volatility of the Funds and has instead used a combination of actual Fund returns and underlying fund returns as the basis for calculating the risk indicators for these two Funds. For the Coolabah Active Composite Bond PIE Fund, market index returns have been used to calculate the risk indicators for the 5-year period to 30 September 2023. The risk indicator may therefore provide a less reliable indicator of the Funds' potential 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](http://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/fundrock-new-zealand/frnz-documents-and-reporting](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting).

## 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](http://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 30 September 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 a Fund's value to move up and down, which affect the risk indicator, are:

**Interest rate and credit risk:** The Funds invest in fixed interest securities and so are 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 an issuer is unable to pay principal and interest when due. The ability of the issuer to meet its obligations depends on the financial position and financial prospects of the issuer. This also can include the risk that a counterparty to a transaction that the Funds, or underlying funds, enters into either cannot or will not meet its obligations.

**Country and currency risk:** The Funds will be exposed to offshore investments and hence are exposed to country and currency risk. Country risk relates to the relative performance of different markets and economies. 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 Funds largely mitigate currency risk by aiming to be fully hedged to the New Zealand dollar. However, the Funds can be exposed to currency risk due to not being fully hedged.

**Ratings risk:** Assets in the underlying funds may or may not have been assigned credit ratings by independent ratings agencies. A ratings downgrade could significantly reduce the value of an investment and impact Fund unit value. Credit ratings do not guarantee the credit quality of a security, its underlying assets, or its repayment, and may be re-assessed by ratings agencies in a range of circumstances. Ratings agencies can make mistakes. The Investment Manager seeks to minimise this risk by assessing the credit risks inherent in any investments it makes.

**Short selling risk:** The underlying funds used by the Coolabah Active Composite Bond PIE Fund and the Coolabah Long-Short Credit PIE Fund seek to exploit mispriced investments by taking a "long" position or a



"short" position. Short selling means the underlying fund sells a security it does not own to try and profit from a decrease in the value of the security. This is generally done by borrowing the security from another party to make the sale. The short sale of a security can increase the risk of loss, as losses on a short position are not limited to the purchased value of the security.

**Liquidity risk:** The 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.

**Leverage risk:** A fund that is leveraged is often described as being geared. The underlying funds used by the Coolabah Floating-Rate High Yield PIE Fund, the Coolabah Active Composite Bond PIE Fund and the Coolabah Long-Short Credit PIE Fund can use repurchase agreements, borrow and use derivatives and this can mean the underlying funds are geared (or leveraged). Leverage can amplify gains and also amplify losses. Refer to section 3 "Description of your investment options" for information on leverage limits within the underlying funds.

## Other specific risks

We are not aware of any other specific risks.

Further general information on risks (such as fund risk, key person risk and regulatory risk) is contained in the document "Other Material information" which can be found on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 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)	Performance-based fees* (estimated)	Annual fund charges (estimated) (incl. GST)
Coolabah Short Term Income PIE Fund	0.66%	0.03%	0.22%	0.91%
Coolabah Floating-Rate High Yield PIE Fund	0.97%	0.03%	Not applicable	1.00%
Coolabah Long-Short Credit PIE Fund	0.97%	0.03%	0.93%	1.93%
Coolabah Active Composite Bond PIE Fund	0.37%	0.03%	0.23%	0.63%

\* To estimate the performance-based fee component of the annual fund charges we have used an annualised average of the performance fee earned by each of the underlying funds for the last five years.

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 the Investment Manager;
- fees and expenses charged within the underlying funds (if applicable);
- 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 unit registry, asset 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 the audit fee, while 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.

## Performance-based fees

Depending on how well the Funds perform, the Investment Manager may be entitled to a performance-based fee ("Performance Fee"). The performance fee arrangements are summarised below:

	<b>Coolabah Short Term Income PIE Fund</b>	<b>Coolabah Long-Short Credit PIE Fund</b>	<b>Coolabah Active Composite Bond PIE Fund</b>
<b>Hurdle Rate of Return</b>	The return of the Bloomberg AusBond Bank Bill Index hedged to New Zealand dollars, plus 1.89% per annum.	The return of the Bloomberg AusBond Bank Bill Index hedged to New Zealand dollars, plus 1.00% per annum.	The return of the Bloomberg AusBond Composite 0+ Yr Index hedged to New Zealand dollars, plus 0.40% per annum.
<b>Amount of performance fee</b>	22.5% of the Fund's gross performance, that is above the Hurdle Rate of Return.	20.5% of the Fund's gross performance, that is above the Hurdle Rate of Return.	20.5% of the Fund's gross performance, that is above the Hurdle Rate of Return.
<b>Maximum limit</b>	None.	None.	None.
<b>High Water Mark</b>	Yes (see below)	Yes (see below)	Yes (see below)
	Calculation and payment of a Performance Fee is subject to the relevant Fund exceeding its perpetual High Water Mark ("HWM"). The HWM is the unit price of the Fund at the time the most recent performance-based fee was paid. Any performance under the Hurdle Rate of Return must first be recovered in subsequent periods before any Performance Fee can be paid. The HWM cannot be reset by the manager or the Investment Manager and is the same for all investors in a Fund.		
<b>Frequency of calculation and payment</b>	The Performance Fee is calculated daily and is reflected in the unit price. Any accrued Performance Fee is payable semi-annually in arrears.		

More information on performance-based fees for the Coolabah Investment Funds can be found in the OMI document at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

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

### Individual action fees

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

### Trading costs

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

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

Fund	Buy spread	Sell spread
Coolabah Short Term Income PIE Fund	0.000%	0.025%
Coolabah Floating-Rate High Yield PIE Fund	0.000%	0.050%
Coolabah Long-Short Credit PIE Fund	0.000%	0.050%
Coolabah Active Composite Bond PIE Fund	0.000%	0.025%

We may change the buy/sell spreads from time to time to reflect the latest trading costs and market conditions. In stressed market conditions buy/sell spreads may materially increase. For the most up to date buy/sell spreads see [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting).

There are no other one-off fees currently being charged to Investors in the Funds offered under this PDS.

### **Example of how fees apply to an investor**

Anthony invests \$10,000 in the Coolabah Long-Short Credit PIE Fund. He is charged a management and administration fees, which work out to about \$100 (1.00% of \$10,000). These fees might be more or less if his account balance has increased or decreased over the year.

Anthony may also be charged a performance-based fee if his Fund earned more than its target.

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

Fund charges: \$100

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 Coolabah Long-Short Credit PIE 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 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](http://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](http://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 [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. 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 6140

Telephone: (04) 499 9654  
Email: [contact@fundrock.com](mailto:contact@fundrock.com)

## Who else is involved?

Title	Name	Role
Supervisor	Public Trust	Supervisor of the Scheme under the FMC Act. Responsible for supervising us as the Manager of the Scheme.
Custodians	Adminis NZ Limited (for the Coolabah Short Term Income PIE Fund and Coolabah Long-Short Credit PIE Fund)  BNP Paribas Fund Services Australasia Pty Ltd (for the Coolabah Floating-Rate High Yield PIE Fund and Coolabah Active Composite Bond PIE Fund)	Appointed by Public Trust, as Supervisor, to hold the assets of the Funds on behalf of investors.
Investment Manager	Coolabah Capital Investments (Retail) Pty Limited	Defines the Funds' investment mandate and reviews the mandate and is responsible for selecting and monitoring the underlying funds. Is responsible for sales, marketing and client relationship management to support the Funds.  Investment manager for the underlying funds. Makes decisions about what the underlying funds invests in.
Administration Managers	Adminis NZ Limited (for the Coolabah Short Term Income PIE Fund and Coolabah Long-Short Credit PIE Fund)  Apex Investment Administration (NZ) Limited (for the Coolabah Floating-Rate High Yield PIE Fund and Coolabah Active Composite Bond PIE Fund)	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@fundrock.com](mailto:contact@fundrock.com)

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](mailto: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](mailto: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 by phoning 0800 347 257 or writing to:

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

Telephone: 0800 347 257  
Email: [complaints@fscf.org.nz](mailto:complaints@fscf.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 Scheme is available on the offer register and the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) and a copy of information on the offer register or scheme register is available on request to the Registrar of Financial Service Providers.

### Other information we will provide

You can also obtain the following information free of charge:

Information	How to obtain
Fund information relevant to you	You can inspect documents we hold that are relevant to you, and other documents that are legally required to be provided to you, at our offices during normal business hours, or you can request an extract of those documents, by making a written request to us.
Quarterly Fund updates	The quarterly fund updates for the Funds are 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, our management team, and us on our website [www.fundrock.com](http://www.fundrock.com).

## 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 us, and send it to:

FundRock NZ Limited  
PO Box 25003  
Wellington 6140

Email: [contact@fundrock.com](mailto:contact@fundrock.com)

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”). Many adviser groups and distributors prefer using wrap platforms in providing services to their clients. When reading this PDS you should remember that if your investments are purchased through a wrap platform 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 Fund. 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](http://www.disclose-register.companiesoffice.govt.nz)) before making your investment decision.