

# NZ Core Equity Trust

## **PRODUCT DISCLOSURE STATEMENT** Offer of units in the NZ Core Equity Trust

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### **Issued by Smartshares 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 [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz). Smartshares 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.

This is a replacement product disclosure statement. It replaces the product disclosure statement dated 12 October 2023.



# 1. Key information summary

If you invest in the NZ Core Equity Trust (**Scheme**) through an investment platform provider, the investment platform provider will be the registered owner of your units in the Scheme, while you will be the beneficial owner.

## What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Smartshares Limited (**Smartshares, we, our or us**) will invest your money and charge you a fee for our services. The returns you receive are dependent on the investment decisions of Smartshares (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?

The Scheme offers one fund for you to invest in. This fund is summarised on page 3. More information about the investment target and strategy for this fund is provided in section 3.

## Who manages the Scheme?

Smartshares is the manager of the Scheme. See section 7 for more information.

## What are the returns?

You may choose to have distributions paid to you. Distributions are paid six-monthly in April and October (we may change when distributions are paid at any time following consultation with the supervisor).

## How can you get your money out?

Investments in the Scheme are redeemable. You can withdraw all or part of your investment at any time. The minimum withdrawal amount is \$1,000 and any partial withdrawal must leave a minimum of \$1,000 invested in the Scheme. See section 2 for more information.

Your investment in the Scheme can be sold, but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment.

## How will your investment be taxed?

The Scheme is a portfolio investment entity (**PIE**). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). To determine your PIR, go to [ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](https://ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate). See section 6 for more information.

## Where can you find more key information ?

We are required to publish quarterly updates for the Scheme. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund update is available at [smartshares.co.nz](https://smartshares.co.nz). We will also give you a copy of the fund update on request.



## Fund summarised in this product disclosure statement

Fund	Description and investment objective	Risk indicator	Fees
NZ Core Equity Trust	<p>Invests in listed New Zealand equities, with increased exposure to small companies and value companies relative to a market weighted portfolio.</p> <p>The investment objective is to provide a return (before tax, fees and expenses) that outperforms the return on the S&amp;P/NZX 50 Portfolio Index.</p> <p>The Scheme's investment manager is DFA Australia Limited.</p>	<p>Lower risk</p> <p>Potentially lower return</p> <p>Potentially higher return</p> <p>Higher risk</p>	<p><b>Fund charges:</b> 0.50% per annum of the fund's net asset value</p> <hr/> <p><b>Contribution fee:</b> 0.10% of each contribution</p> <hr/> <p><b>Withdrawal fee:</b> 0.10% of each withdrawal</p>

See section 4 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 [sorted.org.nz/tools/investor-profiler](https://sorted.org.nz/tools/investor-profiler).



# Table of Contents

1. Key information summary	2
2. How does this investment work?	5
3. Description of your investment option	7
4. What are the risks of investing?	8
5. What are the fees?	9
6. What taxes will you pay?	10
7. Who is involved?	11
8. How to complain	12
9. Where you can find more information	13
10. How to apply	14



## 2. How does this investment work?

The Scheme aims to provide investors with the benefits of long-term capital growth by investing in listed New Zealand equities, with increased exposure to small companies and value companies relative to a market weighted portfolio.

Value companies are companies with a low price relative to various financial measures, including book value, cash flow and earnings.

### Investing through an investment platform provider

If you invest in the Scheme through an investment platform provider, the investment platform provider will be the registered owner of your units in the Scheme, while you will be the beneficial owner.

All statements, notices and other documents will be sent to the investment platform provider and not to you.

We anticipate that your arrangements with the investment platform provider will allow you to hold units in the Scheme on substantially the same terms as set out in this product disclosure statement. However, the investment platform provider's terms and conditions may set out additional or different terms and it is important that you understand these arrangements. You should contact the investment platform provider for details of:

- ▶ the minimum contribution amount and minimum withdrawal amount set by your investment platform provider;
- ▶ the timing of cut-off times for contributions and withdrawals;
- ▶ whether the investment platform provider charges you fees and charges (in addition to the fees set out in this product disclosure statement); and
- ▶ whether the investment platform provider pays distributions or reinvests them.

The Scheme is a managed investment scheme under the Financial Markets Conduct Act 2013. To protect the interests of investors, the Scheme's investments are held by an independent custodian, and our operations are supervised by an independent supervisor, Public Trust. The Scheme is established as a trust and is governed by a trust deed between the supervisor and us.

Your money is pooled and invested with other investors' money.

Every time you pay money into the Scheme you will receive units in the Scheme. The number of units that you hold represents your proportionate interest in the Scheme. All units have equal value.

Units only give a beneficial interest in Scheme assets and do not give you any right to any particular asset of the Scheme.

The Scheme has only one fund, so all liabilities incurred in respect of the Scheme will be met from the assets of the Scheme. If the investments in the Scheme are not sufficient to meet its liabilities, the investments in another managed investment scheme cannot be used to meet those liabilities.

You may choose to have distributions paid to you. Distributions are paid six-monthly in April and October (we may change when distributions are paid at any time following consultation with the supervisor).



## Making investments

You can invest in the Scheme at any time. The minimum initial contribution amount is \$1,000. After that, you can make further investments, either through:

- ▶ a cash application for further units (the minimum contribution amount is \$1,000); or
- ▶ the reinvestment of distributions.

## Withdrawing your investments

You can withdraw your investments at any time by making regular or lump sum withdrawals or by withdrawing the full amount. The minimum withdrawal amount is \$1,000 and any partial withdrawal must leave a minimum of \$1,000 invested in the Scheme.

We may, in limited circumstances, suspend or defer processing withdrawal requests. See section 8 of the 'Other Material Information' document on the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz) for further information.



### 3. Description of your investment option

Fund	Description and investment objective	Target investment mix	Risk indicator	Minimum suggested investment timeframe
NZ Core Equity Trust	<p>Invests in listed New Zealand equities, with increased exposure to small companies and value companies relative to a market weighted portfolio.</p> <p>The investment objective is to provide a return (before tax, fees and expenses) that outperforms the return on the S&amp;P/NZX 50 Portfolio Index.</p> <p>The Scheme's investment manager is DFA Australia Limited.</p>	100% Australasian equities	<p>Lower risk 1 2 3 4 5 6 7 Higher risk Potentially lower return Potentially higher return</p>	5 - 10 years

The Statement of Investment Policy and Objectives (SIPO) for the Scheme sets out the investment policies and objectives for the Scheme. We may change the SIPO at any time following consultation with the supervisor. We will give you at least 30 days' notice of any change that is expected to have a material effect on you.

The SIPO is available at [smartshares.co.nz](http://smartshares.co.nz). Material changes to the SIPO will be described in the Scheme's annual report.

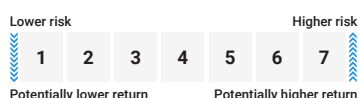
Further information about the assets in the Scheme can be found in the fund updates at [smartshares.co.nz](http://smartshares.co.nz).



## 4. What are the risks of investing?

### Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.



See section 3 for the risk indicator which has been calculated for the Scheme.

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Scheme'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 [sorted.org.nz/tools/investor-profiler](https://sorted.org.nz/tools/investor-profiler).

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of the Scheme's future performance. The risk indicator is based on the returns data for 5 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 the Scheme.

### General investment risks

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

- ▶ **Market risk:** The risk that a market or a sector of a market that the Scheme invests in declines.
- ▶ **Individual financial product risk:** The risk that changes in the financial condition or credit rating of an issuer of a financial product causes the value of a financial product held by the Scheme to decline.
- ▶ **Liquidity risk:** The risk that an investment is difficult to buy or sell and the Scheme suffers a loss as a result.

See the 'Other Material Information' document on the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz) for further information about the risks of investing in the Scheme.





## 5. What are the fees?

You will be charged fees for investing in the Scheme. Fees are deducted from your investment and will reduce your returns. If 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; and
- ▶ one-off fees (for example, contribution and withdrawal fees).

These are as follows:

Fund	Fees	
NZ Core Equity Trust	Fund charges	0.50% per annum of the fund's net asset value
	Contribution fee:	0.10% of each contribution
	Withdrawal fee:	0.10% of each withdrawal

The fund charges set out above are deducted from, and reflected in the value of, the fund. The fund charges cover our manager's fee and other management and administration charges (supervisor, audit and legal costs).

The contribution fee is deducted, at the time of your contribution, from each contribution amount. The withdrawal fee is deducted, at the time of your withdrawal, from each withdrawal amount. There is no minimum or maximum amount for the contribution or withdrawal fees. We do not charge any other fees on an individual basis for investor-specific decisions or actions.

We may, in exceptional circumstances (for example, a meeting of investors is called), deduct costs that relate to the Scheme that arise outside the ordinary course of business from the Scheme (such occasions are likely to be very rare).

We retain any interest earned on: (a) the cash temporarily held by the Scheme between the date the cash is received by the Scheme and the date it is distributed; and (b) contributions between the date contributions are received by us and the date they are used to issue investors with units in the Scheme.

The fees set out in this section include GST where applicable.

If you invest in the Scheme through an investment platform provider, the investment platform provider may charge you fees and charges (in addition to the fees set out in this product disclosure statement).

### Example of how fees apply to an investor

Sue invests \$10,000 in the Scheme. She is charged contribution fees of \$10 (0.10% of \$10,000).

This brings the starting value of her investment to \$9,990.

She is also charged fund charges, which work out to about \$49.95 (0.50% of \$9,990). These fees might be more or less if her account balance has increased or decreased over the year.

#### Estimated total fees for the first year

Individual action fees: \$10

Fund charges: \$49.95

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



## The fees can be changed

We can agree to reduce fees for some groups of investors.

We may change the fees payable by an investor at any time. Where we materially increase a fee, we will give you at least three months' notice of the change.

We must publish a fund update for the Scheme showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at [smartshares.co.nz](https://smartshares.co.nz).

## 6. What taxes will you pay?

The Scheme is a portfolio investment entity (**PIE**). The amount of tax you pay is based on your prescribed investor rate (**PIR**). To determine your PIR, go to [ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](https://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 the manager

Smartshares is a fund manager. It is a wholly-owned subsidiary of NZX Limited.

Our contact details are:

Smartshares  
PO Box 105262  
Auckland 1143

Telephone: 0800 808 780

Email: [smartshares@smartshares.co.nz](mailto:smartshares@smartshares.co.nz)

### Who else is involved?

	Name	Role
<b>Supervisor</b>	Public Trust	Supervises how we manage the Scheme for the benefit of you and other investors
<b>Custodian</b>	BNP Paribas Fund Services Australasia Pty Ltd	Holds the assets of the Scheme on behalf of you and other investors entirely separate from both its assets and other schemes' assets.
<b>Investment manager</b>	DFA Australia Limited	Provides investment management services.
<b>Administration manager</b>	BNP Paribas Fund Services Australasia Pty Ltd	Provides asset valuation, unit pricing and fund accounting services.
<b>Registrar</b>	Link Market Services Limited	Provides registry services.



## 8. How to complain

### Manager

Complaints about your investment or the Scheme can be made to us at:

Complaints  
Smartshares  
PO Box 105262  
Auckland 1143

Telephone: 0800 808 780

Email: [complaints@smartshares.co.nz](mailto:complaints@smartshares.co.nz)

### Supervisor

If you make a complaint to us, and the complaint cannot be resolved, you may refer it to the supervisor at:

Complaints  
Public Trust  
Private Bag 5902  
Wellington 6140

Telephone: 0800 371 471

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

### Independent dispute resolution scheme

If you make a complaint to us (or the supervisor), and the complaint cannot be resolved, you may refer it to Financial Services Complaints Ltd (FSCL) - A Financial Ombudsman Service. FSCL is our independent external ombudsman and dispute resolution service.

Financial Services Complaints Limited  
PO Box 5967  
Wellington 6140

Telephone: 0800 347 257

Email: [complaints@fscl.org.nz](mailto:complaints@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 Scheme, including financial statements, annual reports, fund updates and the SIPO, is available on the offer register and the scheme register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz). A copy of the information on the offer register or scheme register is available on request to the Registrar of Financial Service Providers.

The information set out above is available at [smartshares.co.nz](https://smartshares.co.nz) or by contacting us. You can obtain details of your investment by contacting us or the investment platform provider. This information is available free of charge. See section 7 for our contact details.

You can obtain general information about the Scheme at [smartshares.co.nz](https://smartshares.co.nz).



## 10. How to apply

To invest in the Scheme, ask your investment platform provider or financial advice provider about the Scheme (many financial advice providers have arrangements with investment platform providers that allow their clients to invest). You may also apply to invest in the Scheme by contacting us.

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