



Generate Unit Trust Scheme



Product Disclosure Statement

18 November 2021

For an offer of membership in the
Generate Unit Trust Scheme

This document replaces the Product Disclosure Statement
dated 20 November 2020.



This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on business.govt.nz/disclose. Generate Investment Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision. The issuer is Generate Investment Management Limited. generatewealth.co.nz



SECTION 1

Key information summary

What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Generate Investment Management Limited (**Generate**, the **Manager, we, us or our**) will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of Generate and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

What will your money be invested in?

The Generate Unit Trust Scheme (the **Scheme**) currently offers one fund for you to invest in, the Generate Focused Growth Trust (the **Trust**). This investment option is summarised below. More information about the investment target and strategy for this investment option is provided at section 3 of this Product Disclosure Statement (PDS) "*Description of your investment option*".

See section 4 "*What are the risks of investing?*" for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at <https://sorted.org.nz/tools/investor-kickstarter>.

Who manages the Generate Unit Trust Scheme?

Generate is the manager of the Scheme.

Further information regarding the manager is set out at section 7 "*Who is involved?*".

What are the returns?

We do not intend to make any regular distributions from the Trust, but retain discretion to do so. Please see "*How does this investment work?*" on page 4 for more information. Total returns will be made up of movements in the Trust's unit price and any distributions.

How can you get your money out?

You may withdraw all or part of your investment in the Trust (subject to the applicable minimum withdrawal value, minimum investment amount and any deferral or suspension of withdrawals), by telling us in writing. Please see "*Withdrawing your investment*" on page 4 for more information.

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

How will your investment be taxed?

The Scheme is a portfolio investment entity (PIE). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). This can be 0%, 10.5%, 17.5% or 28%. See section 6 of the PDS "*What taxes will you pay?*" on page 8 for more information.

Where can you find more key information?

We are required to publish quarterly updates for the Trust. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at generatewealth.co.nz/fund-updates. The manager will also give you copies of those documents on request.

FUND	INVESTMENT OBJECTIVE	RISK INDICATOR*	ANNUAL FUND CHARGES (ESTIMATE)
Generate Focused Growth Trust	The Trust aims to provide a higher growth investment return over the long term through investment in nearly all growth assets. The Trust's portfolio is actively managed and can include cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.		1.59%

* The risk category for the Trust is calculated based on the volatility of past returns over five years. See section 4 for more information. As the Trust has not been in existence for 5 years the risk category has been calculated using a combination of the Trust's actual returns and market index returns. Actual returns have been used from 1 December 2019 to 30 September 2020. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the Trust.

Table of Contents

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

SECTION 2

How does this investment work?

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

The Scheme currently offers one fund for you to invest in, the Generate Focused Growth Trust. The Trust invests in assets via certain underlying wholesale funds managed by us.

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

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

The key benefits of investing in the Scheme are:

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

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

Making investments

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

Initial and lump sum investments

The minimum initial investment for individuals or joint account holders is \$2,000, and \$100 for each subsequent lump sum investment.

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

Regular investments

The minimum regular investment is \$100.

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

For more details on making investments, see the ‘Generate Unit Trust Scheme – Other Material Information’ (**OMI**) at business.govt.nz/disclose (**Disclose Register**).

Withdrawing your investments

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

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

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

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

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

Minimum withdrawal request is \$500.

Minimum account balance is \$2,000 for individuals, and \$25,000 for entities.

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

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

Other withdrawals

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

Suspension of withdrawals

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

SECTION 3

Description of your investment option

FOCUSED GROWTH TRUST INVESTMENT OBJECTIVE

The Trust aims to provide a higher growth investment return over the long term through investment in nearly all growth assets. The Trust's portfolio is actively managed and can include cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.

Target investment mix	Risk indicator*	Minimum recommended investment timeframe
<p>5.0% 30.0% 65.0% 5.0% 95.0%</p>	<p>1 2 3 4 5 6 7 Low ← RISK/RETURN → High</p>	5 years or more

■ Income Assets
 ■ Growth Assets
 ■ Cash
 ■ Property & Infrastructure
 ■ International Equities

Target investment mix

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

Income assets

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

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

Growth assets

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

The Manager takes a broad view of what constitutes property and infrastructure assets. The Manager's definition expands to include aged care, telecommunications, transport and logistics companies.

International equities are made up of third party underlying funds that invest predominantly in equities and direct investment (i.e. holdings that are held directly rather than indirectly, by the relevant wholesale funds managed by us), in international stocks.

Currency exposure

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

Changes to the SIPO

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

Further information about the assets in the Trust can be found in the fund updates at generatewealth.co.nz/fund-updates.

* The risk category for the Trust is calculated based on the volatility of past returns over five years. See section 4 for more information. As the Trust has not been in existence for 5 years the risk category has been calculated using a combination of the Trust's actual returns and market index returns. Actual returns have been used from 1 December 2019 to 30 September 2020. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the Trust.

SECTION 4

What are the risks of investing?

Understanding the risk indicator

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



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

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Trust’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 are other risks (described under the heading ‘Other specific risks’) that are not captured by this rating.

This risk indicator is not a guarantee of the Trust’s future performance. The risk indicator is based on the returns data for the five years to 30 September 2020*. 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 this fund.

General investment risks

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

Equity risk

The Trust invests in different classes of assets, including equities, each with different risks attached to them. Funds that invest in shares will generally have higher levels of risk attached to them. For all assets there is the risk that the asset will not perform to the target rate of return and your returns will be lower than anticipated (or even negative for a period of time).

Tax and regulatory risk

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

Market risk

Investment markets are affected by a range of social, political and economic factors, in both New Zealand and internationally that may impact share prices, property values and interest rates, which could adversely affect your investment.

Liquidity risk

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

Derivatives risk

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

Other specific risks

Underlying fund risk

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

Foreign exchange risk

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

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

* As the Trust has not been in existence for 5 years the risk category has been calculated using a combination of the Trust’s actual returns and market index returns. Actual returns have been used from 1 December 2019 to 30 September 2020. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the Trust.

SECTION 5

What are the fees?

You will be charged fees for investing in the Trust. Fees are deducted from your investment and will reduce your returns. If Generate invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long-term;
- one-off fees (currently none).

Estimated total annual fund charges

FEE	FOCUSED GROWTH TRUST*
Management fee	1.10%
Other administration fees and expenses	0.20%
Third party underlying fund base fees	0.25%
Third party underlying fund performance fees	0.03%
Estimated total annual fund charges	1.59%

* All percentages in the table are of the net asset value of the Trust.

Management fee

We perform management services for the Trust. The fee for these services is based on the net asset value of the Trust. The fee is calculated daily and paid to us each month. Currently the fee is 1.10% of the net asset value of the Trust each year.

Other administration fees and expenses

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

Other operating and administration expenses (such as auditing and legal expenses, postage, and other expenses) will be incurred to operate the Trust. Such fees and expenses reduce the Trust's unit price.

Currently these fees and expenses are estimated at 0.2% of the net asset value of the Trust each year (excluding transaction costs e.g. brokerage and buy-sell spreads). To the extent that actual fees and expenses exceed this amount, we may choose not to recover them.

Underlying fund fees

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

However, the Trust (via the relevant wholesale funds) invests into third party underlying funds. Most of the managers of these funds will charge fees for investing the Trust's money and may change the fees they charge from time to time. These fees will affect the value of the Trust's investments, and will be reflected in the Trust's unit price. The underlying funds' fees will differ depending on the products into which we decide to invest.

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

(i) Base fees

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

(ii) Performance fees

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

Fees are exclusive of GST where applicable.

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

Example of how fees apply to an investor

Hannah invests \$10,000 in the Trust. She is not charged an establishment fee or a contribution fee. This means the starting value of her investment is \$10,000. She is charged management and administration fees, which work out to about \$159 (1.59% of \$10,000). These fees might be more or less if her account balance has increased or decreased over the year.

Estimated total fees for the first year

Fund charges: \$159

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

The fees can be changed

We may agree with the Supervisor to vary the fees from time to time. Fees not currently charged, may also be introduced at any time as permitted by the trust deed. We must publish a fund update for the Trust showing the fees actually charged during the most recent year. Fund updates, including past updates, can be found at generatewealth.co.nz/fund-updates.

SECTION 6

What taxes will you pay?

The Scheme is a portfolio investment entity. The amount of tax you pay is based on your prescribed investor rate (**PIR**).

To determine your PIR go to www.ird.govt.nz/pir. If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. It is your responsibility to tell us your PIR when you invest or if your PIR changes.

If you do not tell us, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

For more information on tax see the OMI.

SECTION 7

Who is involved?

About Generate Investment Management Limited

Generate Investment Management Limited is the manager of the Scheme.

Our registered office is:

Level 9, Jarden House
21 Queen Street
Auckland 1010
New Zealand

You can contact us by:

Calling us on 0800 855 322

Emailing us at info@generatewealth.co.nz

Mailing us at:

PO Box 91609
Victoria Street West
Auckland 1142

Who else is involved?

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

SECTION 8

How to complain

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

Call us on 0800 855 322

Email us at info@generatewealth.co.nz

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

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

The Supervisor

Call 0800 371 471

Write to:
Relationship Manager, Corporate Trustee Services
Public Trust
Level 9, 34 Shortland Street
P O Box 1598 Shortland Street
Auckland 1140

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

We are members of the Financial Services Complaints Limited Scheme.

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

Call 0800 347 247

Email complaints@fscl.org.nz

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

SECTION 9

Where you can find more information

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

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

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

The information is available free of charge.

SECTION 10

How to apply

You can apply online at generatewealth.co.nz/join.

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

Notes

Generate[™]