

## Fund Update for: the Pathfinder Managed Investment Scheme Pathfinder Ethical Growth Fund Quarter ended 30 September 2022

This fund update was first made publicly available on: 28<sup>th</sup> October 2022

### What is the purpose of this update?

This document tells you how the **Pathfinder Ethical Growth Fund** has performed and what fees were charged. The document will help you to compare the fund with other funds. Pathfinder Asset Management Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

### Description of this fund

The fund invests directly in growth and income assets.

Total value of the fund	\$ 24,604,649.04
The date the fund started	17 August 2020

### What are the risks of investing?

Risk indicator for the Pathfinder Ethical Growth Fund



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. 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 are other 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 last 5 years to 30 September 2022. While risk indicators are

usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the Product Disclosure Statement (**PDS**) for more information about the risks associated with investing in this fund.

Also, see *Note 1* for information on the risk indicator calculation.

## How has the fund performed?

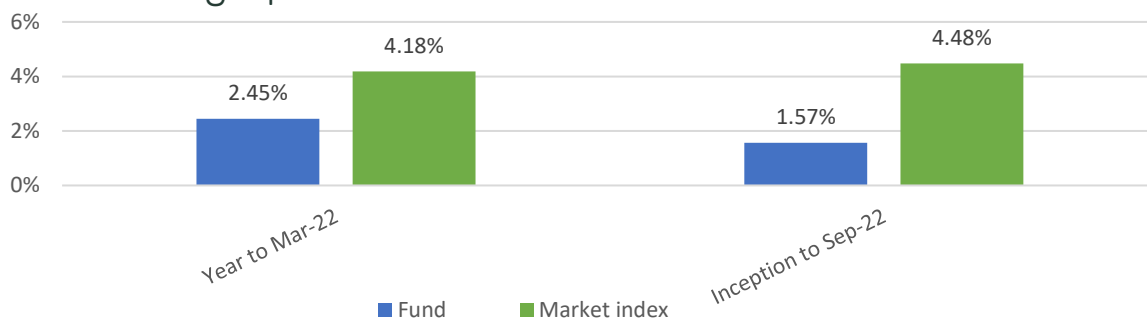
	Past Year
<b>Annual return<sup>2</sup></b> (after deductions for charges and tax)	-10.96%
<b>Annual return</b> (after deductions for charges but before tax)	-11.53%
<b>Market index annual return</b> (reflects no deductions for charges and tax)	-6.83%

The market index annual return is the Morningstar® Target Allocation Index™: Growth Multisector for New Zealand, 100% non-New Zealand Fixed Interest in the Fund hedged to NZD. The index is gross of dividends and tax except for International Equities and International Listed Properties, which are gross of dividends after deducting the tax withheld.

The market index changed on 1 October 2021. The previous index was a weighted composite benchmark index as described in the Fund Update (“How has the fund performed”) for the quarter ended 30 September 2021. The new index is independently administered and widely used to compare funds in New Zealand. The manager also considers that the new market index is more appropriate for measuring changes in the market in relation to returns on the assets that the Fund invests in. As a result of this change, the market index annual return is calculated using the previous market index for the period since Fund inception to 30 September 2021 and the new market index from 1 October 2021.

Additional information about the index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (search Offers, using Offer OFR10780, Documents, Other Material Information).

## Annual return graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2022.

**Important:** this does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower

## What fees are investors charged?

Investors in the Pathfinder Ethical Growth Fund are charged fund charges. In the year to 31 March 2022 these were:

	% of net asset value
Total fund charges	1.33%
<b>Which are made up of:</b>	
<b>Total management and administration charges</b>	1.33%
<b>Including:</b>	
Manager's basic fee	1.25%
Other management and administration charges (estimated)	0.08%

\*All amounts exclude any applicable GST

Other management and administration comprise fees paid by the Fund for its investment in the Alvarium Private Credit Fund, a related fund.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for more information about those fees.

Small differences in fees and charges can have a big impact on your investment over the long term.

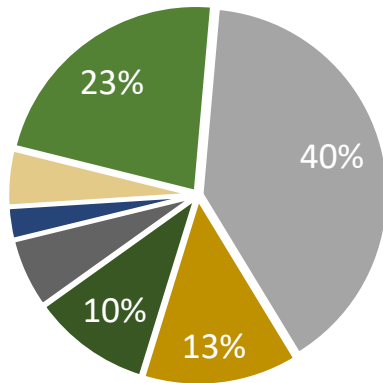
## Example of how this applies to an investor

Angela had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Angela incurred a loss after fund charges were deducted of \$1,153 (that is -11.53% of her initial \$10,000). Angela did not pay any other charges. This gives Angela a total loss after charges and tax of \$1,096 for the year<sup>2</sup>.

## What does the fund invest in?

This shows the type of assets that the fund invests in.

## Actual investment mix<sup>3</sup>



- Australasian equities: 22.51%
- International equities: 39.91%
- Cash and Cash equivalents: 13.46%
- New Zealand fixed interest: 10.36%
- Listed property: 6.07%
- International fixed interest: 2.80%
- Other: 4.90%

## Target investment mix

Cash and Cash Equivalents	8.70%
NZ Fixed Interest	7.20%
International Fixed Interest	9.20%
Australasian Equities	22.50%
International Equities	41.40%
Listed Property	6.00%
Other	5.00%

## Top 10 investments

	Name	Percentage of fund net assets	Type	Country	Credit rating
1	Cash at Bank - NZD - Westpac	10.92%	Cash and cash equivalents	NZ	AA-
2	Vector Ltd to 14/03/2024	2.83%	New Zealand fixed interest	NZ	BBB
3	Microsoft Corporation	1.97%	International equities	US	N/A
4	First Solar Inc	1.92%	International equities	US	N/A
5	Infratil Ltd	1.85%	Australasian equities	NZ	N/A
6	WLBASC 3.90% 23/12/2025	1.70%	International fixed interest	AU	unrated
7	Telstra Corp Ltd	1.67%	Australasian equities	AU	N/A
8	Enphase Energy Inc	1.58%	International equities	US	N/A
9	QBE Insurance Group Ltd	1.54%	International equities	AU	N/A
10	Ebos Group Ltd	1.41%	Australasian equities	NZ	N/A

The top 10 investments make up 27.39% of the net asset value of the fund.

*Currency hedging:* Changes in the value of the NZ dollar relative to other currencies can have a big impact on your investment over the long term. The target currency hedging is 50% of non-NZD equity exposure and 100% of non-NZD fixed interest exposure (actual hedging level was 56.87% at 30 September 2022 (this will change over time)). Total unhedged foreign exposure is 24.47% of the net asset value of the fund at 30 September 2022 (this will change over time).

## Key personnel

	Name	Current position	Time in current position	Previous position	Time in previous position
1	John Berry	Chief Executive Officer	13 years, 6 months	Deutsche Bank - Consultant	4 years, 9 months
2	Paul Brownsey	Chief Investment Officer	13 years, 6 months	Deutsche Bank - Director	5 years
3	James Caughey	Investment Strategist	5 years, 1 months	Senior Research Analyst position - NZAM	6 years
4	Nish Vyas	Director of Private Wealth	2 years, 8 months	Senior Private Banker - BNZ	4 years
5	Kent Fraser	Chair of Investment Committee	6 years		

## Further information

You can also obtain this information, the PDS for Pathfinder Ethical Growth Fund, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Notes

- Risk indicator:** This risk indicator is not a guarantee of a fund's future performance. Market index returns as well as the fund's actual returns have been used to fill in the risk indicator because the risk indicator is calculated using returns data for the five-year period ending on 30 September 2022. Market index returns have therefore been used for the period from 1 October 2017 to August 2020 when the fund was not in existence, and actual fund returns have been used since then. As a result of those returns being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. Due to the change in market index from 1 October 2021 (see "How has the fund performed" for a description of this change) the risk indicator reduced from "5" to "4" for the quarter ended 31 December 2021. As more of the fund's actual returns are used to calculate the risk indicator over time, the effect of the change in market index on the risk indicator will decrease. However, as already noted, any use of market index returns may result in a less reliable indicator of potential future volatility of the fund.
- Annual return:** Return after deduction of fund charges and tax is higher than return after deduction of fund charges but before tax. This is because the after tax return includes the effect of tax credits arising from tax losses in the Fund.
- Actual investment mix: Other** -Other assets are direct investments that are unlikely to be stock exchange listed. These can include investments known as 'impact investments', 'venture capital', 'private equity', carbon credits, and also 'private credit'. This category also includes unlisted property, such as direct ownership in property or ownership of property companies that are not listed on a stock exchange. It also includes a 5.14 % investment in the Alvarium Private Credit Fund (PCF), which is a fund managed by Alvarium Wealth (NZ) Limited, a related company to Pathfinder. The PCF predominantly invests in private loans organised or arranged by parties related to the manager. The fund has redeemed all units invested in PCF as of 30 September 2022. The redemption has completed, and full payment received on 14 October 2022.