

PRODUCT DISCLOSURE STATEMENT

Published on 31 October 2013



ABC Investments Limited



ABC Investment Trust

This document gives you important information about this investment. It will help you decide whether you want to invest your money in it. There is other useful information about this investment on the Offer Register at www.offerregister.govt.nz. We prepared this document in accordance with the Financial Markets Conduct Act 2013.

ABC Investment Trust

What is this?

This is a managed investment scheme. Your money will be pooled in a fund with money from other investors. The manager invests the money in assets, such as shares and bonds, and charges fees for doing that. The investments and fees are described in this document.

By investing in this scheme, you are relying on the investment decisions of the manager and returns from the assets in which the fund invests. The value of these assets may go down as well as up.

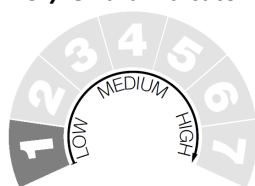
What will your money be invested in?

ABC Investment Trust allows you to select from a total of 8 investment funds. A brief summary of key information about each of these funds is given in the fund summaries below. More information about the investment targets and strategy of the funds can be found on pages 4 and 5.

Cash Fund

Invests in cash, for investors who do not want any loss in the value of their investment and who accept they may get a lower long-term return than investors in other funds.

Risk/reward indicator



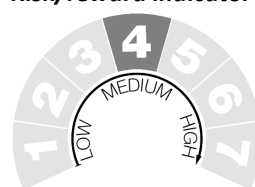
Ongoing fees (estimated)

Management and administration fees and expenses	0.50%
Contribution fees	nil

Balanced Fund

Invests in a wide range of assets with the aim of making a steady rate of return for investors over the medium to long term. This fund has a medium to high level of volatility.

Risk/reward indicator



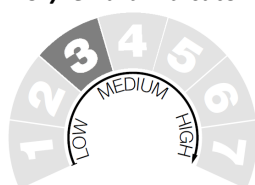
Ongoing fees (estimated)

Management and administration fees and expenses	0.65%
Contribution fees	0.80%

Conservative Fund

Invests mostly in assets with lower risks and returns, with some investment in growth assets that may give higher returns. The fund has a low to medium level of volatility.

Risk/reward indicator



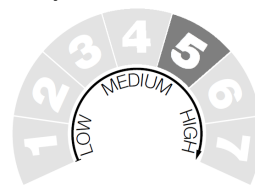
Ongoing fees (estimated)

Management and administration fees and expenses	0.50%
Contribution fees	0.70%

Growth Fund

Invests mainly in growth assets that may give high returns, such as shares and bonds. This fund has a high level of volatility.

Risk/reward indicator



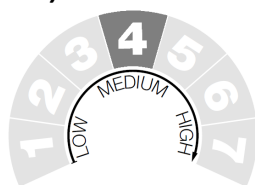
Ongoing fees (estimated)

Management and administration fees and expenses	0.80%
Performance fees	Yes (see page 8)
Contribution fees	1.00%

Moderate Fund

Invests in cash and fixed interest assets, with similar amounts of shares and listed property. The fund aims to produce a steady return over the medium term. The fund has a medium to high level of volatility.

Risk/reward indicator



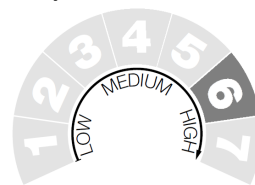
Ongoing fees (estimated)

Management and administration fees and expenses	0.65%
Contribution fees	0.70%

Aggressive Fund

Invests almost entirely in shares and listed property assets, with a small amount invested in cash and fixed interest assets. This fund aims to make a higher return over the long-term but also has a high level of volatility.

Risk/reward indicator



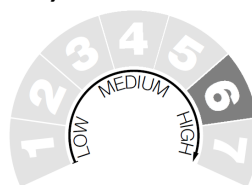
Ongoing fees (estimated)

Management and administration fees and expenses	0.75%
Performance fees	Yes (see page 8)
Contribution fees	1.20%

Australasian Equities Premium Yield Fund

Invests only in the Australasian share markets in listed companies, through a number of investment managers with different styles and investment targets. This fund has a high level of volatility.

Risk/reward indicator



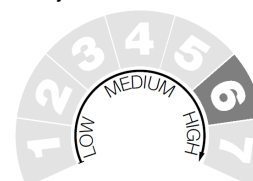
Ongoing fees (estimated)

Management and administration fees and expenses	0.85% of your balance
Performance fees	Yes (see page 8)
Contribution fees	1.25%

ABC Socially Responsible Fund

Invests in securities that follow socially responsible principles and values. This fund aims to make a higher than average return over the long-term but the volatility of this fund is also high.

Risk/reward indicator



Ongoing fees (estimated)

Management and administration fees and expenses	0.90% of your balance
Performance fees	Yes (see page 8)
Contribution fees	1.25%

- You also pay **one scheme fee of \$60.00 per year**. This fee covers all your investment in one or more funds.
- Investors may also be charged fees for one-off actions such as switching funds. A full list of fees is available at <http://www.abcinvestmentslimited.co.nz/fees/>. More information about fees can be found on pages 7 and 8.

Who manages the scheme?

The manager of ABC Investment Trust is **ABC Investments Limited**. See page 9 for more information about us.

How do you get your money out?

You can withdraw your investment at any time by following the application steps at www.abcinvestmentslimited.co.nz/redeem. We will process your application and pay out your investment within 10 business days. See page 3 for more information on withdrawing your investment.

What taxes will you pay?

ABC Investment Trust is registered as a portfolio investment entity (PIE). You will be taxed according to your prescribed investor rate (PIR). For individuals, this will be at 10.5%, 17.5% or 28%.

For information on how to calculate your PIR go to <http://www.ird.govt.nz/toii/pir/workout/>.

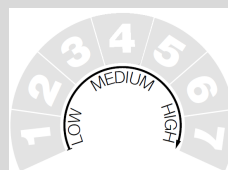
Where can you find more information on the funds?

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.abcinvestmentslimited.co.nz/fundmonitoring.

We can also give you with copies of these documents on request.

How do you read the risk/reward indicators?

The risk and reward indicator is rated from 1 (low) to 7 (high). Higher risk generally means higher potential returns over time, but more ups and downs along the way.



See page 7 for more information about the risks associated with investing in each fund.

To help you clarify your own attitude to risk, you can work out your investor profile at: www.sorted.org.nz/calculators/investment-planner.

How does ABC Investment Trust work?

ABC Investment Trust takes the work involved in investing out of your hands.

ABC's award-winning investment team has been in managing superannuation schemes and unit trusts for over 20 years. Our thorough research and analysis aims to deliver strong returns in good markets and bad.

You can access up-to-date information about your investments in ABC Investment Trust and other schemes operated by ABC Investments Limited through *InvestorAccess*, a personalised online account at www.abcinvestmentslimited.co.nz/investoraccess.

Your investment is in fund units

This document is an offer to purchase units in funds under the ABC Investment Trust. ABC Investment Trust is a managed investment scheme established under a trust deed dated 1 July 2007.

The money you invest buys units in the funds you choose. Each fund invests in assets, such as shares, bonds and cash. Units are not legal ownership of the fund's assets but they give you rights to the returns of the assets.

The price of each unit you receive depends on the value of the fund at the time you invest. We calculate the unit price for a fund by subtracting the total value of the fund's liabilities from the market value of its assets and dividing that number by the number of units the fund has issued. The unit price is calculated daily.

A change in the value of the fund's assets affects the price of your units. The unit price for a fund will change as the market value of those fund's assets changes.

The number of units you have, when multiplied by the unit price, gives you the total value of your investment in any one fund (minus any unpaid tax or refunds).

Joining the scheme

You can buy units by filling out the enrolment form at the back of this document.

The minimum investment amount is \$1,000.

You can choose the funds you would like to invest in by using the Investment Choice section of the enrolment form. You may invest in one or more of our funds as long as any fund in which you invest has at least 10% of your total investment in our funds.

Making investments

You can make lump sum or regular investments in ABC Investment Trust. See below for minimum contribution amounts and other conditions.

	Minimum investment	Other conditions
Lump sum investment	\$1,000	Must be made in minimum multiples of \$1,000.
Regular investment	Total of \$400 per year	Can be made fortnightly, monthly, quarterly, six-monthly or annually by direct debit from your New Zealand bank account only.

Withdrawing your investments

You may give us notice to withdraw part or all of your investment at any time. You may withdraw amounts of \$500 or more. If your withdrawal would make your investment fall below \$1,000, you must withdraw all your money.

www.abcinvestmentslimited.co.nz/redeem.

We will process your application and pay out your investment within 10 business days.

When you withdraw your investment from a fund, we will cash in your units at the unit price for that fund.

You may also set up regular withdrawals to be made at monthly, quarterly, six-monthly or yearly intervals. Just complete the regular withdrawal section in the Application Form. The minimum regular withdrawal amount is \$100 from each fund.

Your regular withdrawals will stop if they would make your balance fall below the minimum of \$1,000. At that point you could withdraw your entire investment.

How to switch between funds

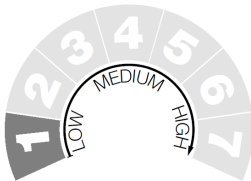
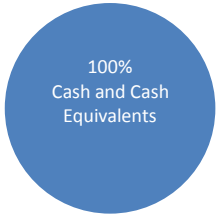
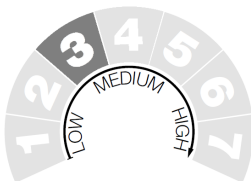
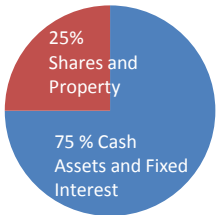
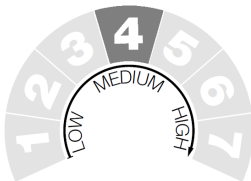
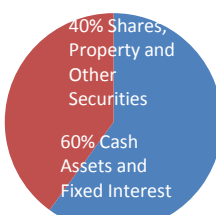
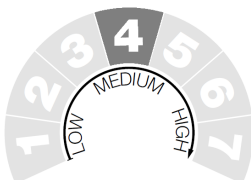
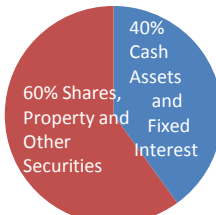
You can also change (switch) money between funds as often as you like. You can request to switch through *InvestorAccess* or at:

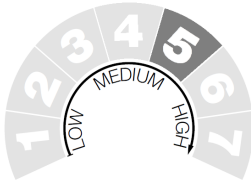
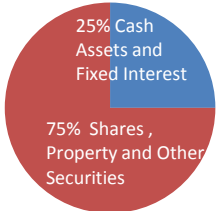
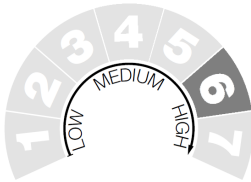
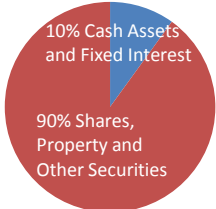
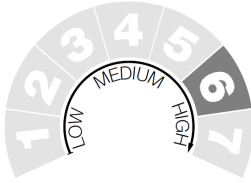
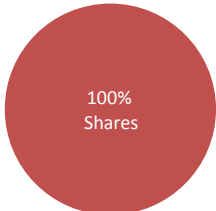
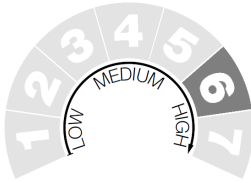
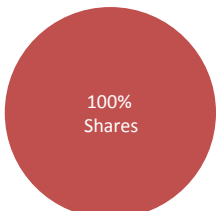
www.abcinvestmentslimited.co.nz/switch.

It may take up to 10 working days for us to complete a switch request. You will be charged a fee when switching. See Page 8.

Investment options

Our investment options boast a strong long-term performance history. We were nominated as offering the Best Balanced Fund in 2011 and for Fund Manager of the Year in 2012 and 2013.

Fund	Summary of investment target and strategy**	Risk/Reward Indicator	Target asset mix***	Suggested investment timeframe
Cash	<p><i>Target:</i> To equal the average return on retail cash management trusts after tax and fees. The fund aims to give investors a regular positive return on the investment.</p> <p><i>Strategy:</i> Invests entirely in short-term deposits and short-term fixed interest securities. Long-term investment in this fund may result in a low growth in savings.</p>			Any
Conservative	<p><i>Target:</i> Consumer Price Index (CPI) +2% over rolling 10 year periods. Designed to give investors conservative returns over the medium to long-term.</p> <p><i>Strategy:</i> Invests approximately 75% of investors' money in assets with lower risks and returns and approximately 25% in growth assets that may give higher returns. The fund uses an index-tracking investment management style* for assets other than cash.</p>			2+ years
Moderate	<p><i>Target:</i> CPI + 2.5% over rolling 10 year periods. Aims to give investors a steady rate of long-term growth in their investment. The fund has a medium level of volatility.</p> <p><i>Strategy:</i> The fund invests approximately 60% of investors' money in assets with lower risks and returns and approximately 40% in growth assets that may give higher returns. It uses an index-tracking investment management style* for assets other than cash.</p>			4+ years
Balanced	<p><i>Target:</i> CPI + 3% over rolling 10 year periods. Aims to give investors a steady rate of long-term growth in their investment by investing in a wide range of assets. This fund has a medium to high level of volatility.</p> <p><i>Strategy:</i> The fund invests approximately 60% of investors' money in growth assets and 40% in assets with lower risks and returns. It uses an index-tracking investment management style* for assets other than cash.</p>			5+ years

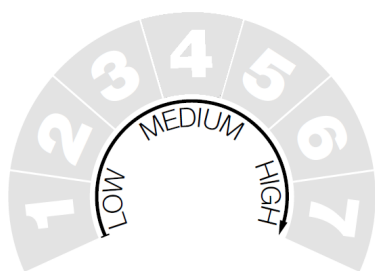
Fund	Summary of investment target and strategy**	Risk/Reward Indicator	Target asset mix***	Suggested investment timeframe
Growth	<p><i>Target:</i> CPI + 4% over rolling 10 year periods. Designed to give investors higher long-term capital growth.</p> <p><i>Strategy:</i> Invests approximately 75% of investors' money in growth assets that may give higher than average returns and approximately 25% in assets with lower risks and returns. The fund uses an index-tracking investment management style* for assets other than cash. This fund suits investors who understand that a growth investment will have a higher level of volatility.</p>			7+ years
Aggressive	<p><i>Target:</i> CPI + 5.5% over rolling 10 year periods. Designed to give investors higher long-term capital growth.</p> <p><i>Strategy:</i> Invests approximately 90% of investors' money in growth assets that may give higher than average returns, and approximately 10% in assets with lower risks and returns. This fund uses an index-tracking investment management style* for assets other than cash. This fund suits investors who are prepared for the risk of a growth-oriented investment and the volatility that may come with that risk.</p>			10+ years
Australasian Equity Premium Yield	<p><i>Target:</i> To give greater returns than the S&P ASX 300, less tax and management fees. The S&P ASX 300 index tracks the performance of securities listed on the Australian Securities Exchange</p> <p><i>Strategy:</i> Investments are spread across funds provided by a number of specialist Australian and New Zealand shares managers to provide diversification of management style. Investors should understand that this fund has a high level of volatility.</p>			10+ years
ABC Socially Responsible	<p><i>Target:</i> CPI + 5.5% over rolling 8 year periods.</p> <p><i>Strategy:</i> Aims to give strong returns to investors from investing in companies that operate by following socially responsible principles and values. Where possible, the fund does not invest in companies closely associated with the production of or use of tobacco, gambling, armaments, or uranium.</p>			8+ years

*Index-tracking investment means each fund aims to achieve a return that matches the performance of the markets it invests in.

**We can make changes to the investment objectives and policies of any fund at any time in compliance with the procedures set out in our trust deed and the Financial Markets Conduct Act 2013. The trust deed and any updated Statement of Investment Policy and Objectives (SIPO) can be found on the Offer Register.

***Further information about target and actual asset mix can be found in the fund updates.

What are the risks of investing?



Risk/reward indicator

Each investment option has a risk/reward indicator. The risk/reward indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment.

The rating reflects how much the value of the fund's assets goes up and down.

Each fund is rated from 1 (low) to 7 (high). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

General investment risks

Some of the things that cause the fund's value to move up and down, which impact on the risk/reward indicator, are:

- **Investment return risk** – Investment movements affect the value of some assets. For example, the returns from shares tend to go up and down more than the returns from bonds.
- **Market risk** – Economic changes, regulatory conditions (for example, changes in the law) and political events
- **Company risk** – Changes to management, company performance
- **Credit risk** – Borrowers not meeting loan obligations
- **Currency risk** – International investments may be affected by movements in foreign exchange rates.

The risk/reward ratings in the 'Investment Options' table on pages 4-5 are based on the five years to October 2013. They may not be representative of funds' future ratings. For updated ratings, see the latest fund updates.

Note that even the lowest category does not mean a risk-free investment, and there are other risks (described below) that are not captured by this rating. This risk and reward profile is not a guarantee of a fund's future performance.

Other specific risks

Other risks to note are:

- **Liquidity risk** – The Growth, Aggressive and ABC Socially Responsible funds may invest up to 15% of their holdings in illiquid (difficult to sell) assets, such as unlisted shares and alternative investments. It may be hard to sell these assets quickly if large numbers of investors try to withdraw their investments over a short period. In this case, we would likely need to stop withdrawals from the funds until the illiquid assets could be sold.
- **Inflation risk** – Inflation reduces the real value of all investments. If you invest long-term in funds with a high proportion of cash, such as the Cash and Conservative funds, you take a risk that the value of the investments will not keep up with inflation. Unexpected increases in inflation are also likely to reduce the value of investments in fixed interest assets across many of our funds.

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

The total fees you pay will be made of two main types of fees:

- **Ongoing fees**
- **One-off fees** – charged before or after you invest, or for specific actions or decisions.

Ongoing fees you will pay

Fund	Management and administration fees and expenses*	Performance fee**	Scheme fee***
Cash	0.50% of your balance	nil	\$60
Conservative	0.50% of your balance	nil	
Moderate	0.65% of your balance	nil	
Balanced	0.65% of your balance	nil	
Growth	0.85% of your balance	15% of the return above the target return of CPI + 4%.*	
Aggressive	0.75% of your balance	10% of the return above the target return of CPI + 5.5%.*	
Australasian Equities Premium Yield	0.85% of your balance	10% of the return above the return of the S&P/ASX 300.*	
ABC Socially Responsible	0.90% of your balance	5% of the return of the fund above the target return of CPI + 5.5%.*	

* Management and administration fees and expenses are an estimate. Actual fees charged over the past 12 months are available in the latest fund updates.

** Performance fees are charged monthly based on the annualised monthly return of the fund.

*** The scheme fee is taken from your account every month (\$5 per month).

Explanation

Management and administration fees and expenses – These fees cover the general management of the fund, supervisor fees, other fund operation expenses, and fees charged by underlying funds. They are charged as a percentage of your balance.

Performance fees – Some of our funds charge performance fees if they earn above the fund's target performance. See the table.

Scheme fees - A scheme fee is charged each year for administration. You only pay one scheme fee per year, even if you have investments in several funds.

One-off fees you will pay

Contribution fees	
Cash	nil
Conservative	0.70% of contributions
Moderate	0.70% of contributions
Balanced	0.80% of contributions
Growth	1.00% of contributions
Aggressive	1.20% of contributions
Australasian Equities Premium Yield	1.25% of contributions
ABC Socially Responsible	1.25% of contributions

You will be charged a fee for both lump sum and regular contributions to a fund. When you shift money between funds a contribution fee will be charged on the fund you are putting money into.

Set-up fee	\$25 per investor
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You will be charged a fee when you join the scheme.

Exit fee	\$25 per investor
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You will be charged a fee when you exit the scheme. If your investment falls below the minimum amount you will automatically be charged the exit fee, your account will be closed and your balance paid to you.

Investors may also be charged other fees for specific actions or decisions (e.g. switching investments to another fund within ABC Investment Trust). See www.abcinvestmentslimited.co.nz/fees for a full list of these fees.

The fees can be changed

We can change fees from time to time. We can also add new fees. The rules about fee changes are on the Offer Register.

If a fee is increased or a new fee is brought in, we must update the Register and tell you at least three months before the change takes place.

We must publish a fund update for each fund showing the fees actually charged during the most recent year. Fund updates, including past reports, are available at www.abcinvestmentslimited.co.nz/fundmonitoring.

Example of how fees apply to an investor

Deb joins the scheme and invests \$10,000 in the *Growth* fund.

- She is charged a **set-up fee** of \$25
- She is also charged **contribution fees** of \$100 (1.00% of \$10,000).

This brings the starting value of her investment to \$9,875.

- Over the next year, Deb is charged a **scheme fee** of \$60.
- She is also charged **management and administration fees and expenses**, which work out to about \$84 over the year (0.85% of \$9,875). These fees might be more or less if her account balance has increased or decreased over the year.
- Deb may also be charged a performance fee if her fund earned more than its target.

Estimated total fees for the first year

- **One-off fees:** \$125
- **On-going fees:** \$144

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

About ABC Investments Limited

ABC Investments Limited began in 1993 and now manages approximately \$1.5 billion for over 105,000 investors.

If at any time you have any questions or wish to change your personal details you can contact us by:

- Telephone: 0800 123 4567
- Fax: 0800 234 5678
- E-mail: contact@abcinvestmentslimited.co.nz
- In writing:

ABC Investments Limited
PO Box 123
Wellington

- In person:

1000 The Terrace
Wellington

Information about key personnel in each fund can be found in our fund update. You can access a copy via this link: www.abcinvestmentslimited.co.nz/fundmonitoring

Who else is involved?

Title	Organisation	Role
Manager and Issuer	ABC Investments Limited	Makes decisions about what the funds invest in.
Supervisor	QRS Limited	Appointed by the manager to oversee the management and administration of the funds. The Supervisor safeguards your interests.
Custodian	EFG Limited	Appointed by the Supervisor to hold the assets of the funds on behalf of investors.

More information, including the trust deeds, is available on the Offer Register.

How to complain

Any complaints about ABC Investment Trust can be given to us via the contact details on this page.

You can also complain to the Supervisor at:

- QRS Limited
Level 1
1000 Willis Street
Wellington 6011
Phone: 04 123 9681
Email: QRS@supervisor.co.nz

The Supervisor is a member of Financial Services Complaints Limited ('FSCL') which is an independent dispute resolution scheme approved by the Ministry of Consumer Affairs.

If you have made a complaint to us and it has not been resolved within 40 days or if you are dissatisfied with the proposed resolution, you can refer it to FSCL at:

- 4th Floor, 101 Lambton Quay, Wellington
PO Box 5967, Lambton Quay
Wellington 6145
Telephone: 04 472FSCL (472 3725)
or 0800 347257
Facsimile: 04 472 3728

There is no charge for making a complaint to FSCL. Further information about referring a complaint to FSCL can be found at www.fscl.org.nz.