CASTLE POINT

Castle Point 5 Oceans Fund

PRODUCT DISCLOSURE STATEMENT

20 January 2023 | Offer to issue units in the Castle Point 5 Oceans Fund



Issued by Castle Point Funds Management Limited

This replacement Product Disclosure Statement supercedes the Product Disclosure Statement dated 30 June 2021.

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 the offer register at **www.disclose-register.companiesoffice.govt.nz**. Castle Point Funds 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.

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. Castle Point Funds Management Limited (Castle Point, 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 Castle Point 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 Castle Point 5 Oceans Fund (the Fund) is summarised in the table on page 3. More information about the investment target and strategy is provided in Section 3 (Description of your investment option).

Who manages the Castle Point 5 Oceans Fund?

Castle Point is the Manager of the Fund. See Section 7 (Who is involved?) for more information.

What are the returns?

The return on your investment comes from a combination of any increase or decrease in the value of your units in the Fund, which reflects changes in the value of the underlying assets of the Fund, together with any distributions made.

The Fund pays a monthly distribution amount to investors. Further information can be found in Section 2 (How does this investment work?).

How can you get your money out?

Your investment in the Fund is redeemable. Minimum redemption amounts may apply, and redemption requests must be made using the withdrawal form to Castle Point. We may also suspend or defer redemptions in certain circumstances (where we in conjunction with the Supervisor believe it would not be practicable to redeem).

Further information about redeeming your investment can be found in Section 2 (How does this investment work?).

Your investment in the Fund 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 Fund 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 www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates. See Section 6 (What taxes will you pay?) for more information.

Where can you find more key information?

Castle Point is required to publish quarterly updates for the 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.castlepointfunds.com/fund-updates. Castle Point will also give you copies of those documents on request.

Name	Castle Point 5 Oceans Fund
Fund description and objective	The Fund is a globally diversified fund that provides a moderate exposure to growth assets. The Fund invests in a mix of directly owned assets, other Castle Point funds and selected third-party funds. The Fund is designed to generate returns, with the objective of outperforming the NZ Official Cash Rate by +3% over the medium term (after fees but before tax), with some risk mitigation tools to smoothen the ride.
Risk indicator	**Potentially lower returns** ⟷ **Potentially higher returns**  **Lower risk** ⟷ **Higher risk** 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 The risk indicator is based on the returns data for 5 years to 31 December 2022.
Estimated fund charges (including performance-based fees)	1.29% per annum of the Fund's net asset value plus any applicable GST.
Performance fee	Some underlying funds may charge performance-based fees, see Section 5 (What are the fees?)
Buy/Sell spread	Indicative buy/sell spread of 0.30%/0.30% for each investment/ withdrawal. Refer Section 5 (What are the fees?) for further explanation.

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2. How does this investment work?

Fund structure

The Fund is a managed investment scheme governed by the trust deed between Castle Point and Public Trust (the Supervisor) dated 24 August 2016. The trust deed is available at disclose-register.companiesoffice.govt.nz.

Your investments are held independently of Castle Point by Apex Investment Administration (NZ) Limited as independent custodian, meaning it holds the assets on your behalf. Public Trust is the Supervisor of the Fund, which is a Crown Entity established under the Public Trust Act 2001. Public Trust's role as Supervisor of the Fund is to actively supervise Castle Point's performance of its functions and issuer obligations, and the financial position of Castle Point and the Fund.

The Fund is divided into units and you invest by buying units. The more you invest the more units you get. Each unit is of equal value and each unit shares equally in the gains and losses, income and expenses of the Fund. The value of units goes up and down according to the changing value of the assets in which the Fund has invested. The units do not give you legal ownership of the Fund's assets, but they do give you rights to the returns from the assets.

Investing in managed funds can offer benefits that might not otherwise be available to you, such as:

- Diversification. Pooling together large amounts of money enables fund managers to invest in a wide range of assets which potentially gives greater investment diversity.
- Professional management. If you do not have the time or the skill to manage your own investments.
- Simplified investing. The paperwork involved in buying, selling, reporting and record keeping the individual investments is taken care of by Castle Point.

The assets of the Fund are not available to meet the liabilities of any other fund established by Castle Point.

Making investments

You can make an investment in the Fund by completing the application form and sending it to us.

The current minimum amounts you can invest in the Fund are:

- **Minimum initial investment: $10,000**
- **Minimum additional investment: $1,000**

Investments can be made by electronic direct credit.

We may also offer this Fund via selected administration and custodial services. When reading this Product Disclosure Statement (PDS) you should remember that if your investments are made through an administration and custodial service they will be held by a custodian on your behalf. You should refer to the administration and custodial service terms and the relevant marketing information about investing in the Fund through that service.

Distributions

The Fund pays a fixed monthly distribution to investors. The distribution amount is reviewed and reset in April each year, at the discretion of Castle Point, for the following 12 month period. For the current distribution amount please refer to the Fund's latest fact sheet on our website www.castlepointfunds.com/monthly-fact-sheets Distributions are paid to your nominated bank account.

You may elect to have all (but not part) of your distribution reinvested in further units rather than paid out. The buy spread (as referred to in Section 5 (What are the fees?)) is not charged on any reinvestment.

On application you notify us of your choice to have distributions reinvested in units in the Fund or paid out. If you do not notify us of your choice, we will automatically reinvest any distributions payable to you.

You may alter your instruction to receive distributions or reinvest at any time by contacting us in writing and giving us at least 30 days notice.

Withdrawing your investments

You can withdraw all or part of your investment in the Fund at any time by completing the withdrawal form and sending it to us. A withdrawal cannot be for less than the minimum additional investment amount (currently $1,000). We won't process a withdrawal if that would leave you with less than the minimum investment amount after the withdrawal (currently $10,000) unless you are withdrawing all of your investment from the Fund.

Withdrawals will normally be processed and payment occur within 10 business days of receiving your withdrawal form and all required documentation (if applicable). The withdrawal form can be found at www.castlepointfunds.com/investor-documents.

However, we may suspend or defer redemptions in certain circumstances where we in conjunction with the Supervisor believe it would not be practicable to redeem. Such circumstances could be a major financial, political or economic event, a threat to the Fund's eligibility for PIE status, or an inability to assess the market value of a material asset or investment of the Fund. Please refer to the Trust Deed (on the scheme register at disclose-register.companiesoffice.govt.nz) for further detail.

How to switch between funds

You may at any time request to switch your investment to other fund(s) offered by Castle Point. A switch will be treated as a redemption from one fund and an application into the other fund(s). Castle Point will deduct any PIE tax payable from the redemption amount and pay this to the IRD.

You will not be charged a switch fee but buy and sell spreads may be applicable for certain funds.

Castle Point may decline any switch application if the minimum holding amounts for either fund would not be met post the switch.

This PDS is for the Castle Point 5 Oceans Fund. Information on other funds Castle Point offers can be found at www.castlepointfunds.com/investor-documents.

Public holidays

If applications or withdrawals are received on a public holiday (either in NZ or Australia) the Fund may not strike a unit price that day. The unit price will be struck for the next available business day.



3. Description of your investment option

Name	Castle Point 5 Oceans Fund
Investment objective	The Castle Point 5 Oceans Fund is designed to generate returns, with the objective of outperforming the NZ Official Cash Rate +3% over the medium term (after fees but before tax) with some risk mitigation tools to smoothen the ride.
Investment strategy	We believe that superior returns are generated by investing with a long-term perspective and a focus on avoiding permanent loss of capital. The Fund invests in a mix of: • Directly owned assets • Other funds we manage, such as the Ranger Fund • Third-party funds When investing with third-party funds, we carefully select managers by understanding their philosophies, strategies and approaches, and how well they align with the objectives for the Fund. The Fund uses the following risk mitigation tools to smoothen the ride: • **Diversification** (across growth and defensive assets, and across countries). • **Flexible strategies** (greater freedom to avoid overpriced assets). • **Insurance strategies** (that pay off in market downturns). This gives the Fund a moderate exposure to growth assets with a dynamic range of 30-70% and strong focus on capital protection in the event of market crashes. The following investment limits apply: • 0–70% – Cash and cash equivalents • 0–70% – New Zealand fixed interest • 0–70% – International fixed interest • 0–50% – Australasian equities • 0–70% – International equities • 0–50% – Listed property • 0–50% – Unlisted property • 0–100% – Other • 30–70% – Growth assets The Fund does not have a strict target asset allocation, rather employs broad ranges for the different asset classes (see Statement of Investment Policy and Objectives for further details). The Fund pays a monthly distribution that can be taken as cash or re-invested into additional units.

Risk indicator	
Recommended investment time frame	We recommend that investors in the Fund have a minimum 3 year investment time horizon.

Statement of Investment Policy and Objectives (SIPO)

Further information about the Fund's policies and objectives, as well as its investment philosophy and strategy, can be found in the Fund's SIPO.

We can make changes to the SIPO at any time in accordance with the Trust Deed and the Financial Markets Conduct Act 2013. We will consult with the Supervisor prior to making any changes and will not implement any material change without giving you at least one month's prior notice.

The most current version of the Fund SIPO is available at disclose-register.companiesoffice.govt.nz. Further information about the assets in the Fund can be found in the Fund updates at www.castlepointfunds.com/fund-updates

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.

Example Risk indicator



The completed risk indicator for the Fund is shown on page 3.

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.

Note that even the lowest category does not mean a risk-free investment, and there may be 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 5 years to 31 December 2022

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 Fund's value to move up and down, which affect the risk indicator, are:

Market risk

The returns you receive from the Fund will be affected by the performance of the Fund's investments, which may be affected by the performance of the investment markets generally. This risk includes movements in the general price level and demand and supply in the market in which the relevant investments are made, the sectors in which the investments are made, and economic and regulatory conditions, including market sentiment, inflation, interest rates, employment, political events, environmental and technological issues, and consumer demand both in New Zealand and globally.

Currency risk

A portion of the Fund's investments may be invested in assets denominated in currencies other than New Zealand Dollars – e.g. Australian Dollars. Returns may be affected by movements between the New Zealand dollar and other currencies. The Fund's hedging policy is designed to control this risk (see SIPO for further details).

Credit risk

The risk of a counterparty to the Fund being unable to meet its payment obligations.

Liquidity risk

The ability to sell assets to obtain cash in a timely manner can be impaired because of a lack of buyers, suspension of trading, or market events. Smaller securities, in particular, can be affected by a lack of liquidity. The Fund can hold unlisted fixed income securities which are less liquid than listed securities.

Other specific risks

Other circumstances which exist or are likely to arise that we believe will significantly increase the risk to returns to you that are not already reflected in the Fund's risk indicator are:

Risks	Likelihood	Significance
Manager risk. The underlying managers can have broad investing discretion. This is intentional to allow them and the Fund to mitigate market risk where possible. There is a risk that these investment decisions result in lower than expected returns.	Moderate. We look to appoint managers that are focused on long-term investment decisions. However, this might result in volatile performance, especially over the short term, as we pursue longer-term goals.	Moderate. We manage this risk by monitoring the underlying managers regularly to ensure that their investment philosophy and processes are being adhered to.

5. What are the fees?

You will be charged fees for investing in the Fund. Fees are deducted from your investment and will reduce your returns. 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 the Fund's net asset value
Estimated total annual fund charges	1.29% per annum plus any applicable GST, made up of estimated charges:
Management and administration charges	1.08%
Performance-based fees	0.21%

Annual fund charges are made up of:

- a capped management fee
- estimated other management and administration charges
- estimated performance-based fees

The capped management fee is 1.05% and covers our management fee, the management fees of the underlying funds the Fund invests into and normal operating expenses of the Fund, including but not limited to Supervisor, custodial, fund accounting, unit pricing, registry, audit and legal fees. It excludes trading costs and tax.

The estimated other management and administration charges covers certain costs and expenses where the Fund invests into underlying funds. These include operating expenses of the underlying funds where they are in addition to each fund's respective management fees (estimated to be 0.01% based on the fees charged by each of the underlying funds over the 12 months to 31 March 2022). It also includes estimated performance-based fees for non-related underlying funds (estimated to be 0.02% based on the performance fees charged by each of the non-related underlying funds over the 5 years to 31 March 2022).

Some underlying funds charge performance-based fees. The performance-based fees are deducted from, and reflected in, the unit prices of those funds. The Fund itself does not charge a performance-based fee though it invests into the Castle Point Ranger Fund (Ranger Fund), a related fund, that can charge performance-based fees. The estimated performance-based fee of 0.21% shown above is based on the performance fee charged by the Ranger Fund over the 8 years to 31 March 2022.

The Ranger Fund charges a performance-based fee on the following basis:

Performance-based fees	
Hurdle rate of return	A performance-based fee is payable if, in respect of each half-year period ending 31 March and 30 September, the investment performance of the Ranger Fund exceeds the NZ Official Cash Rate + 5% (hurdle rate of return), subject to the high water mark described below.
Amount of performance fee	15% of the Ranger Fund's return above the hurdle rate of return, plus applicable GST.
Frequency of payment (and calculation required)	The performance-based fee is calculated daily with any adjustment (up or down) accrued in the Ranger Fund's daily unit price. Any accrued performance-based fee then becomes payable ('cystallised') on 31 March and 30 September.
High water mark	A perpetual high-water mark applies to the payment of the performance-based fee. The high-water mark is the unit price of the Ranger Fund at the time the last performance fee was crystallised. Over subsequent periods the Ranger Fund must then earn greater than the hurdle rate of return from the high water mark before any future performance-based fees can accrue. The high water mark cannot be reset by us and is the same for all clients.
Maximum limit on performance fee	None.

The performance-based fees of each applicable underlying fund is based on a specific hurdle rate of return. This is the minimum return each underlying fund must achieve before being able to charge a performance fee. In our fund update the Fund's performance is compared against a market index that reflects the types of assets the Fund holds. However, the hurdle rate of return for the performance fee incurred by each underlying fund may be different. This means you may pay a performance fee even if the Fund's overall performance does not match or beat the market index which has more comparable assets.

Individual action fees

There are no individual action fees such as contribution, establishment, termination, or withdrawal fees.

Buy/Sell spreads

The buy/sell spreads are costs that you will incur when you transact. The buy spread is added to the daily unit price on applications to the Fund and the sell spread is deducted from the unit price when you redeem from the Fund. The buy/sell spreads are not paid to Castle Point or any underlying manager. The buy/sell spreads are calculated based on the weighted average of the buy/sell spreads of the underlying funds and the expected trading costs of any directly held securities. They reflect the costs of buying or selling the underlying investments. The purpose of the buy/sell spreads is to ensure that transaction costs are fairly attributed to investors entering or exiting the Fund and not remaining investors. A variable buy/sell spread will apply to the extent that applications and withdrawals can be netted, in this case a lower buy/sell spread will apply.

The indicative buy/sell spread of the Fund is 0.30%/0.30% of each investment/redemption. The spreads may change from time to time as underlying managers may adjust their buy/sell spreads to reflect, for instance, stressed market conditions or the cost of completing large transaction requests. For example, during the 2020 Covid-19 outbreak the transaction costs for fixed interest securities increased materially. These flowed through to the buy/sell spreads of the Fund which increased to 0.43%/0.47% of each investment/redemption.

For the Fund's current buy/sell spreads, please refer to our website www.castlepointfunds.com/5-oceans-fund.

The fees can be changed

The fees detailed above may change from time to time in accordance with the trust deed, which can be found on the scheme register at disclose-register.companiesoffice.govt.nz.

Castle Point must publish a fund update for the Fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at www.castlepointfunds.com/fund-updates

Example of how fees apply to an investor

Zoe invests $10,000 in the Castle Point 5 Oceans Fund. She is not charged an entry or exit fee because there are currently none.

A buy spread of $30 (0.30% of $10,000) is applied and paid into the Fund. This brings the starting value of her investment to $9,970.

She is also charged management and administration fees, which work out to about $107 (1.07% of $9,970). These fees might be more or less if her account balance has increased or decreased over the year.

Zoe may also be indirectly charged a performance-based fee if the underlying Castle Point Ranger Fund earned more than its target.

Estimated total fees for the first year

Fund charges: $107

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

6. What taxes will you pay?

The Fund 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/roles/portfolio-investment-entities/using-prescribed-investor-rates. 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 Castle Point your PIR when you invest or if your PIR changes. If you do not tell Castle Point, 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 Castle Point

Castle Point was founded in 2013 by Richard, Stephen, Jamie and Gordon, who have over seven decades of experience between them. They were inspired to start a funds management company to create funds with strategies they wanted to personally invest into. The Ranger Fund was subsequently launched in 2014. Since then, the Castle Point team has grown significantly, and two additional funds have been added: the 5 Oceans Fund in 2016 and the Trans-Tasman Fund in 2018.

Castle Point can be contacted by:

Address: Castle Point Funds Management Ltd
Generator Britomart Place Level 10
11 Britomart Place, Auckland 1010
New Zealand

Telephone: (09) 300 6060

E-mail: info@castlepointfunds.com

Postal Address: Castle Point Funds Management Ltd
PO Box 105 889, Auckland 1143 New Zealand

Who else is involved?

	Name	Role
Supervisor	Public Trust	Supervisor of the Fund under the Financial Markets Conduct Act 2013, responsible for supervising Castle Point as manager of the Fund.
Custodian	Apex Investment Administration (NZ) Limited	Independent entity appointed by the Supervisor to hold Fund assets on behalf of investors.
Administration Manager	Apex Investment Administration (NZ) Limited	Appointed by Castle Point to perform various administrative duties delegated to it, including unit pricing, registry and fund accounting.

8. How to complain

In the first instance complaints about your investment can be made to Castle Point (contact details in Section 7 – Who is involved?).

If we are unable to resolve your complaint you may choose to contact the Supervisor:

Public Trust

Address: SAP Building Level 16
151 Queen Street
Auckland

Telephone: 0800 371 471
E-mail: CTS.Enquiry@publictrust.co.nz

We and the Supervisor are members of the independent dispute resolution scheme Financial Services Complaints Limited (FSCL). If you have made a complaint to the Supervisor, 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:

Financial Services Complaints Limited

Address: Level 4 101 Lambton Quay
PO Box 5967
Wellington 6145

Telephone: 0800 347 257
E-mail: complaints@fscl.org.nz

FSCL will not charge you to investigate or resolve a complaint.
Further information about referring a complaint to FSCL can be found at www.fscl.org.nz.

9. Where you can find more information

Further information relating to the Fund, including financial statements, is available on the offer register and the scheme register at disclose-register.companiesoffice.govt.nz. A copy of the information on the offer register or scheme register is also available on request to the Registrar of Financial Services Providers.

You can also obtain the following information, free of charge:

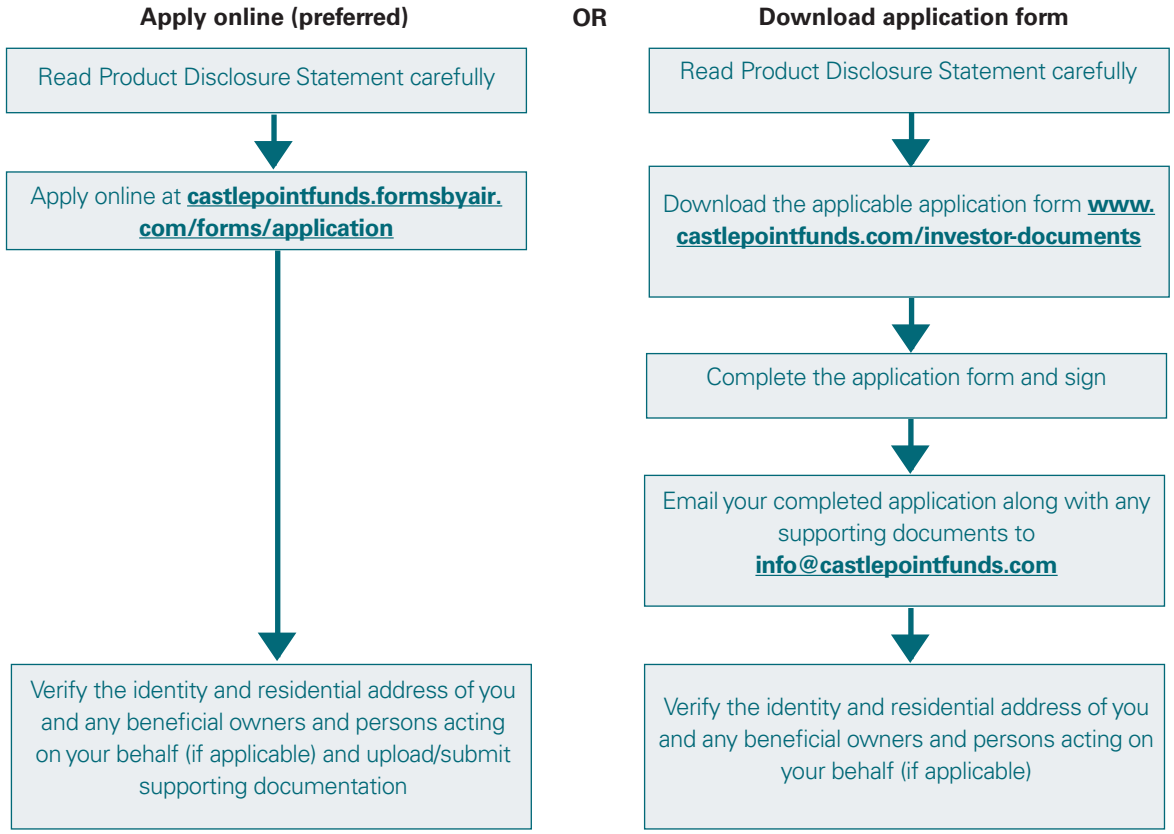
Information	How to obtain
Fund information relevant to you	You can inspect any documents we hold that are relevant to you at our offices during normal business hours, or request an extract of those documents, by written request to us.
Fund updates	Once available, fund updates will be publicly available from our website and can be requested from us.
Annual report	Each annual report will be available on our website. We will notify you when this report is available and you will have the right to request a hard copy from us.

You will also be sent an annual tax statement.
You can find more information about us and the Fund on our website www.castlepointfunds.com.



10. How to apply

You can apply to be an investor by either using our **online application** (preferred) or by **downloading** and completing an application form.



Following receipt of your Application Form we will review its contents and let you know if we require any further information.

Once your application is approved, we will provide you with an investor number and account details so you can remit funds for your investment

Please contact us on +64 (0) 9 300 6060 or e-mail us at info@castlepointfunds.com if you have any questions regarding this Product Disclosure Statement, how to apply or if you are not able to e-mail your documentation to us.


CASTLE POINT