



**Pathfinder**

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**Managed Funds**

**Annual  
Report  
2022**

for the year end 31 March 2022

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Certified



Corporation

*Signatory of:*



#### Contact us:

Phone 0800 ETHICAL (384 4225)

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# PATHFINDER

## Our mission

Welcome to the Pathfinder Managed Funds Annual Report. This provides detail of our retail managed funds, in particular changes over the last year.

Our mission is for our ethical investing to grow individual wealth and collective wellbeing. This means striving for great financial returns at the same time as positively benefitting our planet and people.

Ethical investing is more, in fact much more, than simply avoiding companies that harm our society or environment. We go further - investing with a positive lens and advocating for change.

Pathfinder manages 5 funds for retail investors:

- Global Water Fund
- Global Responsibility Fund
- Global Property Fund
- Ethical Trans-Tasman Fund
- Ethical Growth Fund

We separately offer one wholesale fund for institutional investors (the Responsible Investment Fund) and the Pathfinder KiwiSaver Plan.

We're also conscious with our choices as a business. We're the first fund manager in Aotearoa New Zealand to become a Certified B Corporation. The B Corp movement is huge internationally and shows our desire to promote a sustainable economy, healthier environments and stronger communities.

We're immensely proud to recently be awarded 'Best Ethical KiwiSaver Provider' and 'Best Ethical Retail Investment Fund Provider' by Mindful Money. We don't do our work for awards and recognition, but we see this as a wonderful validation of both our ethical investing mahi and social enterprise approach.

We believe investing can fund the lasting transformation to a better world. Thank you for joining with us.

## Details of Scheme

Detail	Description
Scheme name	Pathfinder Managed Investment Scheme
Type of scheme	Managed Investment Scheme
Manager name	Pathfinder Asset Management Limited
Supervisor name	Public Trust
Date and status of latest Product Disclosure Statement (PDS)	The PDS for each Fund is dated 24 February 2022 and is open for applications
Date of latest Fund Update for each Fund	Latest fund updates are dated 28 July 2022 for the quarter ended 30 June 2022
Scheme's latest financial statements and auditor's report	Most recent lodged with the Registrar are dated 29 July 2022 for the financial year ended 31 March 2022

## Information on Contributions and Scheme Participants

Date	Number of Funds in Managed Investment Scheme
31 March 2021	6
31 March 2022	5

Note: The World Equity Fund closed on 4 August 2021.

The table below shows the number of units in the Scheme on issue at the start and end of the accounting year to 31 March 2022:

	31 March 2021	31 March 2022
Global Water Fund	13,816,352	22,057,143
Global Property Fund	16,754,537	22,304,432
Global Responsibility Fund	11,420,752	27,078,884
Ethical Trans-Tasman Fund	14,295,163	20,531,648
Ethical Growth Fund	7,772,344	21,954,659
World Equity Fund	500,055	-
<b>Total Scheme Units</b>	<b>64,559,203</b>	<b>113,926,766</b>

# Changes relating to the scheme

Materials changes to:	Details
The governing document	<ul style="list-style-type: none"> <li>No changes were made to the Master Trust Deed</li> </ul>
The terms of the offer	<ul style="list-style-type: none"> <li>The World Equity Fund closed on 4 August 2021.</li> <li>The target investment mix, benchmark and risk indicator for Pathfinder Ethical Growth Fund changed in October 2021.</li> <li>The following changes were made to the Ethical Investment Policy in the past year:               <ol style="list-style-type: none"> <li>Pathfinder has added quantifiable benchmark to companies' revenue in recognition of our ethical preferred exclusions.</li> <li>Reworded our high-level principles so they are consistent with the UNPRI statements.</li> <li>Made clear that the Ethical Investment Policy does not apply to the use of derivatives</li> </ol> </li> </ul>
Nature or scale of related party transactions	<p>At 31 March 2022 Pathfinder Ethical Growth Fund has invested in the following related party transactions:</p> <ol style="list-style-type: none"> <li>\$1,140,517 (\$388,931 as at 31 March 2021) in the Alvarium Private Credit Fund<sup>1</sup>; and</li> <li>\$210,000 loan to LJ Fund No. 6 Limited (\$0 in 2021).</li> </ol> <p>The Pathfinder Global Responsibility Fund invests in Pathfinder's wholesale Responsible Investment Fund.</p> <p>There were no related party transactions that were not on arms' length terms. Pathfinder has considered our investment and ethical parameter before making these investments.</p>
The SIPO	<p>SIPO was updated on 12 October 2021 to:</p> <ul style="list-style-type: none"> <li>remove Pathfinder World Equity Fund</li> <li>change of definitions of certain asset class to implement better control of credit and liquidity risk</li> <li>change the benchmark of the Pathfinder Ethical Growth Fund from a composite of 5% Bloomberg NZ Bank Bill Index, 20% Bloomberg Barclays, Global Aggregate (100% hedged to NZD), 20% S&amp;P/ NZX50 Gross Index, 20% S&amp;P/ASX200 index (50% hedged to NZD) and 35% Morningstar Developed Markets Net Index (50% hedged to NZD) to the Morningstar® Target Allocation Index™: Growth Multisector for New Zealand from 1 October<sup>2</sup>.</li> </ul>

**Note 1:** The Alvarium Private Credit Fund (PCF) is a wholesale fund managed by Alvarium Wealth (NZ) Limited which predominantly invests in senior loans organised or arranged by Alvarium affiliates. Alvarium Wealth (NZ) Limited and its affiliates are related to Pathfinder through common directors and common shareholding. The loans in which the Alvarium Private Credit Fund invests may themselves be related party transactions due to common shareholding and/or common directors. The Pathfinder Ethical Growth Fund invests in the PCF on the same terms as the PCF's other unrelated party investors. However, Alvarium Wealth (NZ) Limited rebates a portion of its management fees to the Pathfinder Ethical Growth Fund.

## Important Changes to Pathfinder Investment Policy 2021

We have made some material changes to the Statement of Investment Policy and Objectives (SIPO) in the past year and have send relevant unitholders notices to explain what the details of the change are. You can find the notices on our website [here](#).

### Pathfinder's rationale for changing the Ethical Growth Fund benchmark was that:

- The new benchmark index is independently administered, easily verified, and widely used to compare funds in NZ.
- As the new index is a NZ based index, it more closely aligns to the asset classes that the funds actually invest in. By contrast, the old benchmark was a weighted composite of three indices which was formulated and manually calculated by the manager and did not reflect the asset classes of the funds as well as the new benchmark (e.g., the equity index used was the Morningstar Developed Market Index which did not reflect the Australian/NZ bias of NZ fund managers). The new index is a composite of 7 indices which are weighted and calculated by Morningstar rather than the manager.
- The components of the old index would have required licenses from Bloomberg and Morningstar. The new index only requires a Morningstar licence and is therefore more economic.
- There was no change to the investment strategy or actual investments as a result of the benchmark change and both indices could have been used since inception but, for the reasons outlined above, the manager considers the new benchmark is better.

## Other information for particular types of managed funds

Unit prices for each fund in the Pathfinder Managed Investment Scheme are set out below:

Date	Global Water Fund	Global Property Fund	Global Responsibility Fund	Ethical Trans-Tasman Fund	Ethical Growth Fund
31 March 2021	\$2.5965	\$1.1431	\$1.4176	\$1.3940	\$1.1079
31 March 2022	\$2.7146	\$1.2608	\$1.5236	\$1.3866	\$1.1367

## Changes to persons involved in the scheme

Changes to:	Details
The manager	Pathfinder Asset Management Limited continues to be the manager of the Pathfinder Managed Investment Scheme.
Directors of the manager	No changes to the directors of Pathfinder
Key personnel of the manager	Senior managers are changed as below: <ul style="list-style-type: none"><li>Amanda Morrall left Pathfinder as senior manager from 1 December 2021.</li><li>Ross Jensen was appointed as senior manager from 1 August 2022</li></ul>
The supervisor or its Board Members	There have been no changes to the Supervisor of the Scheme or the Board Members of the Supervisor for the year end 31 March 2022
Any administration manager or investment manager	No change
The securities registrar, custodian or auditor	No change

# How to find further information

Below we describe where information in relation to the Pathfinder Managed Investment Scheme and funds is available and the type of information you can obtain:

## The offer register:

Details	Description
Information available for Scheme	PDS, OMI documents, Ethical Investment Policy, Valuation and Pricing Methodology.
Information available for the Funds	Quarterly Fund Updates, full portfolio holdings, historic data, and basic fund terms.
How to obtain this information	Go to <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> and “search offers” for the Funds. A copy of information on the offer register is available on request to the Registrar of Financial Service Providers.

## The scheme register:

Details	Description
Information available for Scheme	Basic scheme description, important parties involved, Trust Deeds and SIPO
Information available for the Funds	Annual financial statements and Establishment Deeds
How to obtain this information	Go to <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> and “search schemes”. A copy of information on the scheme register is available on request to the Registrar of Financial Service Providers.

## On request to Pathfinder:

Details	Description
Information available for Scheme	Master Trust Deed
Information available for the Funds	Quarterly Fund Updates, annual financial statements, annual reports and each funds’ Establishment Deed
How to obtain this information	Please phone, email or write to the contact details provided below. There is no charge in relation to Pathfinder providing this information.

# Contact details and complaints

Details	Description
The Manager	<p><b>Pathfinder Asset Management Limited</b>            Level 37 PwC Tower            15 Customs Street West            Auckland, 1010            Phone: 0800 ETHICAL (0800 384 4225)  <a href="mailto:lizzy.sun@alvarium.co.nz">lizzy.sun@alvarium.co.nz</a>            Attention: Senior Compliance Officer</p>
The Supervisor	<p><b>Public Trust</b>            Level 16, SAP Tower            151 Queen Street, Auckland 1010            Private Bag 5902 Wellington, 6140            Telephone: 0800 371 471            Email: CTS.Enquiry@publictrust.co.nz            Website: www.publictrust.co.nz</p>
Security Registrar	<p><b>MMC Limited</b>            Level 25            QBE Centre            125 Queen Street            Auckland 1010            Phone: (09) 309 8926</p>
Approved dispute resolution scheme	<p><b>Financial Service Complaints Limited</b>            Post: PO Box 5967, Wellington 6140            Phone: 0800 347 257            Email: info@fscl.org.nz ; complaints@fscl.org.nz</p>

Any complaints about the funds can be made to Pathfinder Asset Management Limited (see the contact details above). If Pathfinder does not resolve your complaint, you may direct your complaint to Public Trust (the supervisor) or to Financial Service Complaints Limited (an approved dispute resolution scheme). Note that an approved dispute resolution scheme will not charge a fee to any complainant to investigate or resolve a complaint. Contact details for each are in the table above.