Kiwi Wealth Super Scheme

Statement of Investment Policy and Objectives

1 August 2023

Contents

1. About the Kiwi Wealth Super Scheme

The Kiwi Wealth Super Scheme (the **Scheme**) was established on 18 December 2008 and is registered under the Financial Markets Conduct Act 2013 (**FMCA**) as a managed investment scheme.

Your money will be pooled with other investors' money and invested in various investments. Kiwi Wealth Investments Limited Partnership will invest your money and charge you a fee for its services.

Kiwi Wealth Investments Limited Partnership is the manager of the Scheme (**Manager**) and is responsible for offering and issuing interests in the Scheme and for the management of investments and administration of the Scheme. The Manager has delegated its investment management functions to Fisher Funds Management Limited (**Fisher Funds**), a related party of the Manager.

Public Trust is the supervisor of the Scheme (**Supervisor**).

As at the date of this Statement of Investment Policy and Objectives (**SIPO**), the Scheme's assets are invested in underlying funds within a wholesale managed investment scheme issued by Kiwi Investment Management Limited, a related party of the Manager. The Manager is the investment manager of those underlying funds.

This SIPO specifies the policy, objectives, investment philosophy, investment style, guidelines and limits that the Manager and Fisher Funds shall follow in relation to the investment of the assets of each fund of the Scheme (**Fund**).

The governance body responsible for this SIPO is the Fisher Funds group Investment Policy Committee (**Investment Policy Committee**), which is delegated with this responsibility by the board of directors of the Manager.

This SIPO is at all times subject to the trust deed that governs the Scheme (**Trust Deed**).

The Manager currently offers the following three Funds to members of the Scheme:

- Conservative Fund
- Balanced Fund
- Growth Fund

Collectively 'the Funds'.

The most current version of the SIPO is available on the schemes register entry for the Scheme on the Disclose Register website at https://disclose-register.companiesoffice.govt.nz.

2. Role of the Supervisor

Public Trust is responsible for supervising the performance of the Manager's functions, acting on behalf of investors, and ensuring the Funds' assets are appropriately held. Public Trust as Supervisor appoints the custodian to hold each Fund's assets on trust for investors. Details of the current appointed custodian are available in the 'Who is involved' section of the OMI document on the offer register at www.disclose-register.companiesoffice.govt.nz.

A complete list of the Supervisor's responsibilities is set out in the Trust Deed. A copy of the Trust Deed can be found at www.kiwiwealth.co.nz/scheme-and-fund-documents/.

3. Role of the Investment Policy Committee

The Investment Policy Committee is a committee with delegations from the board of directors of the Manager. Its objective is to provide oversight of the investment process with the aim of maintaining high standards of investment decision making and good outcomes for clients. The Investment Policy Committee's responsibilities include:

- Receiving and reviewing reports about compliance and risk measures
- Making recommendations on matters affecting investment operations or processes
- Reviewing investment performance and drivers
- Reviewing, approving, or confirming decisions to appoint or change external managers
- Setting portfolio objectives and constraints
- Reviewing and approving strategic allocation changes
- Approving new SIPOs and changes to SIPOs and considering ow SIPOs could be improved
- Recommending or endorsing proposals to develop new products or close existing products.
- Reviewing and monitoring adherence to Fisher Funds policies and commitments related to climate change legislation.

Significant issues with the Scheme and its investments will also be brought to the attention of the Supervisor.

4. Objectives of the Scheme

The Scheme is a superannuation scheme designed to provide retirement benefits to its members. The principal objective of the Scheme is to provide members with transparent, liquid and diversified investment options they can use to save for their retirement.

5. Investment objectives

The investment objectives specific to each Fund in the Scheme are set out in Appendix 1.

The key investment objective of each Fund is to deliver returns that, over the relevant investment timeframe, exceed that Fund's benchmark with similar levels of risk.

In setting the investment objectives for each Fund, the performance of the Funds will vary, and they may not always meet or exceed their investment objective.

6. Investment philosophy

The Manager and Fisher Funds are focussed on managing total risk. It defines investment risk as the possibility of a permanent loss of economic capital – the purchasing power of money. It believes that investors experience this risk in two ways: the probability of loss, as well as the variance of returns. It manages both of these risk dimensions by:

- Using a risk-budgeting approach and diversifying across multiple sources of risk and return.
- Managing total fund risk rather than focusing solely on benchmark centric tracking error.
- Favouring liquid and transparent investments so that the underlying sources of risk and return are clear and investments are able to be exited at reasonable prices, in times of stress.

The Manager and Fisher Funds philosophy is that the role of a superannuation scheme investment manager is to protect the value of members' capital and the Scheme's purchasing power, then enhance wealth through the active selection of securities, such as shares and fixed interest assets, and asset allocation.

The Manager and Fisher Funds believe that global capital markets are largely effective in allocating capital and generally ensure a stable relationship between risk and return over time. As a result of this risk/return relationship, a range of systematic long-term returns can be expected in the form of various risk premia. Successful investing therefore includes exposure to these various sources of risk and return over the long term.

The Manager and Fisher Funds believe that there are targeted opportunities to add value through active management. These opportunities arise because:

- Risk premia are time varying, which is evident in predictable changes in: fundamental valuation; value mean reversion; momentum (trends); and clustering of risk.
- Markets can be segmented by various barriers to free capital flow. This creates relative value and security selection opportunities.
- Price discovery for individual securities is somewhat predictable. For example, the micro themes that drive security valuations develop over time, with individual investments showing relative momentum and mean reversion.

Policy and process for selecting and monitoring external investment managers

When selecting external investment managers (including for underlying funds the Scheme invests in), the Manager and Fisher Funds consider diversification, liquidity, cost, potential risk and returns, and tax efficiency.

When investing in managed funds or unit trusts the Manager and Fisher Funds also consider the credentials and track record of the manager, transparency, and fees. This includes consideration of a range of key factors including performance track record, management structure, investment process and philosophy, their approach to responsible investment, operations, risk management and compliance, transparency, liquidity and fees.

7. Investment style

The Manager and Fisher Funds are principally active investment managers of global and local investments. As an active investment manager, the Manager and Fisher Funds have the discretion to change the asset allocation (the mix of asset classes between shares, fixed interest, cash and other financial instruments) and to actively choose individual securities and investments within any applicable limits set out in Appendix 1, as opposed to managing tightly against a predefined asset allocation.

The Manager and Fisher Funds seek to create risk efficient funds that utilise a wide practical set of investment activities subject to ethical, liquidity, transparency and cost efficiency tests.

The Manager and Fisher Funds follow an integrated bottom up (security level) as well as top down (macro) approach with four main areas of emphasis:

- Capturing market returns (risk premia) effectively
- Adding value by active security selection
- Risk management to preserve capital
- Cost efficiency of implementation

Currency management

The Manager and Fisher Funds look to hold currency hedges appropriate to the Scheme's funds to reduce the impact on returns from variations in the value of the NZ Dollar, in accordance with the Scheme's hedging policy (see section 16).

8. Security selection

Underlying investments are held across a reasonably large number of assets, securities, sectors, countries and/or industries in order to achieve sufficient diversification. There is also a strong focus on liquidity of the underlying assets so that assets can be sold within a reasonable timeframe without having a material adverse effect on the price of those assets.

The Manager and Fisher Funds are responsible for making decisions about the asset allocation of each Fund of the Scheme, and the selection of each investment in the relevant Fund. Relative value, liquidity, tax efficiency, transparency, cost, potential returns and the associated risks are used as criteria to select assets.

Underlying security selection may be outsourced to third party investment managers.

9. Asset groups

Each fund invests, in different proportions, across three asset groups: shares and other growth assets, fixed interest and cash. The asset groups are described in the following table:

Asset group	Assets included in the asset group
Shares and other growth assets	• Securities issued or traded globally (listed and unlisted) at time of purchase and derivatives thereof • Forward foreign exchange contracts and currency swaps • Other investments, strategies and derivatives that may fall outside the traditional asset classes of cash, fixed interest, shares and property
Fixed Interest (maturity date of greater than 6 months)	• Term deposits • Debt securities • Derivatives thereof denominated in NZD • Derivatives thereof non-NZD denominated • Forward foreign exchange contracts and currency swaps • Outright short positions in debt securities or derivatives thereof, subject to the minimum and maximum asset class weightings set out in Appendix 1 for each Fund
Cash (maturity date of up to 6 months)	• Cash • Cash on call • Term deposits • Debt securities • Derivatives thereof denominated in NZD

10. Asset allocation ranges

The minimum and maximum asset group limits the Manager and Fisher Funds must adhere to when investing the assets of each Fund are set out in Appendix 1 for each Fund.

The asset group limit ranges set out in Appendix 1 for each Fund refer to the underlying exposure and not the investment vehicle by which the exposure is obtained.

The Manager and Fisher Funds may invest directly into the asset group or gain exposure to the asset group indirectly through other investment vehicles (e.g. through a unit trust or other type of managed fund).

The Manager and Fisher Funds have a target asset allocation for each Fund. The actual asset allocation can change in response to market conditions. The actual asset allocation can change as part of the Manager's active investment management.

The Manager and Fisher Funds may amend the asset group limit ranges for a Fund from time to time (by amending the SIPO with the Supervisor's consent). Any amendments will be implemented, by buying and selling assets for the affected Fund, as soon as reasonably practicable after the adoption of the revised SIPO.

For the purposes of section 167 of the FMCA, no limit break will occur if:

- the actual asset allocation of a Fund was, when the relevant amendment took effect, within the range for that Fund that applied immediately prior to the amendment; and
- the actual asset allocation of a Fund is brought in line with the new asset group limit ranges as soon as reasonably practicable after the amendment takes effect.

The Funds operate as separate funds of the Scheme for financial reporting purposes.

11. Benchmarks

The benchmarks that apply to each Fund are specified in Appendix 1.

For the purposes of our quarterly Fund Updates, benchmark (or market index) returns are calculated gross of fees and tax as per the Financial Markets Conduct Regulations 2014.

12. Authorised investments

The authorised investments for each Fund are set out in Appendix 1 of this SIPO. The authorised investments can be altered by way of amendment to this SIPO, and subject to agreement from the Supervisor.

The Funds may also invest in other investments that are not explicitly stated in this SIPO, that the Manager and Fisher Funds consider fall within the parameters of authorised investments and that appropriately reflect the risk profile of the relevant Fund and will contribute to the performance objectives of that Fund.

13. Related party transactions

Transactions with related parties which confer related party benefits are only permissible as per the Financial Markets Conduct Act 2013or with Supervisor consent. Transactions with related parties which confer no benefit are always permitted.

Refer to the offers register entry for the Scheme on the Disclose Register website at https://disclose-register.companiesoffice.govt.nz for a copy of our Conflicts of Interest Disclosure Document.

14. Derivatives

Forward foreign exchange contracts entered into for the sole purpose of achieving the target NZ dollar exposure are the only permitted derivatives for the Funds. The underlying funds into which the Funds invest may use the derivatives referenced in the Asset Groups in Section 9. Where derivatives are used the resulting portfolio exposures to investments plus the economic exposure derived by derivative positions must comply with all appropriate guidelines in this SIPO.

Neither the Manager nor Fisher Funds will enter into derivatives in relation to a Fund that give rise to liabilities beyond the value of the assets of that Fund.

15. Asset valuations and pricing

The guiding principle is that securities in the Funds are valued at a price that fairly and accurately represents the market price.

Securities are valued in accordance with the Trust Deed and Asset Valuation and Pricing Policy which can be found on our website: https://www.kiwiwealth.co.nz/about/investment-policies/ and on the Scheme's offer register entry: https://disclose-register.companiesoffice.govt.nz.

16. Foreign currency hedging policy

The Manager and Fisher Funds may actively manage currency risk. The NZ Dollar target for each asset group is in the table below. The Manager and Fisher Funds may vary from the target level.

NZ Dollar exposure by asset group

Asset Group	Indicative Range %	Target %
Fixed Interest	90-110	100
Shares and other growth assets	0-110	50

Separate to the NZ Dollar exposure, the Manager and Fisher Funds may also actively manage and vary exposure between foreign currency pairs.

17. Borrowing policy

The Manager may not arrange for moneys to be borrowed unless otherwise agreed, in writing, with the Supervisor as to both the purpose and extent of those borrowings.

For the purposes of this clause, amounts outstanding or payable for settlement purposes, taxation, or under a derivative contract permitted under this SIPO shall not be considered to be borrowing.

18. Investment guidelines

Investment concentration

The Manager and Fisher Funds will take reasonable care to ensure that investments of the Scheme, excluding specified related party investments to which the Supervisor has agreed these guidelines do not apply[1], adhere to the following guidelines:

a. Direct exposure to a single commonly recognised investment manager, excluding the Investment Manager or a sub-appointee of the Investment Manager, is limited to 50% of the assets of each Fund.
b. Direct exposure to any one underlying financial product (e.g. equity security or equivalent (American Depository Receipts for example) or fixed interest security), excluding interests in a managed investment scheme issued by the Manager or any entity which is wholly owned by the Investment Manager or any other entity to which the Supervisor has agreed this limit does not apply, is limited to 7.5% of the assets of each Fund or 10% over the weighting of that security or equivalent (e.g. American Depository Receipt) in the benchmark, whichever is the higher. Cash and derivatives are excluded, but remain subject to the diversification principle.
c. Direct exposure to fixed interest investments of any one underlying issuer (e.g. bank or corporate) is limited to 15% of the assets of each Fund, unless the issuer is either:
    (i) the New Zealand Government; or
    (ii) the New Zealand Local Government Funding Agency Limited (or its successor, or an entity issuing financial products on its behalf).
d. Direct exposure to fixed interest investments issued by either (i) or (ii) above is limited to 50% of the assets of each Fund.
e. Broader exposure (e.g. including cash and derivatives) to any one underlying issuer (excluding specified related party investments to which the Supervisor has agreed these limits do not apply[2]) is limited to 50% of the assets of each Fund.

For fixed interest assets, the Manager and Fisher Funds will take reasonable care to limit total underlying exposure to non-investment grade credit to no more than 25% of a Fund.

Any investment in any financial product issued by any related party of the Manager is permitted subject to compliance with this SIPO and restrictions on related party investments set out in the FMC Act.

Given the range of assets and issuers and in some cases the complex relationships that exist in financial markets it is important to see the above as guidelines rather than rigid rules. Accordingly, the above are not limits on the nature or type of investments that may be made, or on the proportion of each type of asset invested in, for the purposes of section 164 of the FMC Act.

Liquidity

Reasonable care will be taken by the Manager and Fisher Funds to ensure the investments of each Fund are liquid (as described in section 6. Investment philosophy).

[1] On 30 August 2016 the Supervisor agreed for the Scheme to invest up to 100% of the Scheme's assets into wholesale managed funds issued by Kiwi Investment Management Limited, subject to meeting the target and range sector allocations for each Fund. The Supervisor is also the trustee of those underlying wholesale funds.

19. Asset group rebalancing policy

The weightings to each asset group will be reviewed, at least monthly, and the Funds rebalanced if appropriate. The Manager and Fisher Funds will have regard to transaction costs when considering whether a rebalance is appropriate.

Members can find each Fund's actual asset allocations at the end of each quarter in the fund updates that are available at www.kiwiwealth.co.nz/scheme-and-fund-documents/.

20. Responsible investment policy

The Manager and Fisher Funds maintain a responsible investment policy with some exclusions and giving consideration to environmental, social and governance issues.

Further information can be found in the responsible investment policy, available on our website at the following address: www.kiwiwealth.co.nz/about/investment-policies/.

21. Taxation

The Scheme is a Portfolio Investment Entity (**PIE**). The Scheme pays tax calculated at the rate of the member's elected Prescribed Investor Rate (**PIR**). Details of the way the Scheme calculates tax can be found in the Scheme's Trust Deed and offer documents.

22. Permitted encumbrances

The Manager (or any person to whom it has delegated its functions) may not create or allow to exist any encumbrance over all or any part of the investments or property of the Scheme or a fund, except where it:

- has directed the Supervisor to encumber the property in accordance with the Trust Deed;
- arises by operation of law;
- was created by the Trust Deed in favour of the Supervisor or the Manager;
- was created by any nominee or custodian deed or agreement (however so described) and made in connection with holding or vesting such investments or property; or
- after consultation with the Supervisor, was made in favour of a third party in connection with investing such investments or property.

In this SIPO, "encumbrance" includes a mortgage, charge, assignment, pledge, lien, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect but, for the avoidance of doubt, excludes any right of set-off.

23. Investment performance monitoring and reporting

Investment performance for the Scheme is monitored monthly by the IMT and reviewed by the Investment Policy Committee when it meets. The Investment Policy Committee is responsible for setting portfolio objectives and constraints. In monitoring investment performance, the Investment Policy Committee considers an attribution analysis and other performance reports provided to it.

Performance of the Scheme is monitored over various periods, including, monthly, quarterly, year-to-date and on a rolling 12 months' basis (gross of tax). Performance is measured on an absolute return basis as well as relative to the Fund benchmark indices.

24. SIPO Compliance and Review

Investment Compliance monitors whether the Funds are in compliance with the guidelines and investment objectives stated in this SIPO, daily. Reports are produced monthly, and Investment Compliance is a standing agenda item for Investment Policy Committee meetings. Monthly and quarterly compliance reports for the Scheme are reviewed by relevant business teams and submitted to the Supervisor quarterly. Compliance with the benchmark asset allocations and prudential limits imposed by this SIPO is taken into consideration before trades are executed and monitored post-trade. The pre-trade compliance consists of using models that show the resulting asset allocation of the Fund assuming the planned trade is executed. Portfolio Managers fully understand the prudential limits of the portfolios and take this into account when determining appropriate trades. Each day monitoring is undertaken to ensure the investments of the Fund remain within the limits of the SIPO.

This SIPO is reviewed at least annually by the Manager and Fisher Funds and any changes are reviewed and approved by the Investment Policy Committee. The SIPO may only be amended or replaced with the Supervisor's consent. Material changes will be notified to affected investors prior to taking effect.

Ad hoc reviews may occur where there is a change to any of the Funds including (but not limited to), the nature or type of investments, benchmark or asset ranges, or a change to any of the investment policies of the Funds.

Appendix 1 – Funds

Conservative Fund

This type of fund is generally more suitable for investors with a short investment timeframe (one to five years) or those who are risk averse and who can tolerate the occasional decline in the value of their member account.

Investment Objective	To exceed over the relevant timeframe the returns you would receive from investing 85% of your funds in New Zealand fixed interest and cash assets, and 15% in global shares, through active asset allocation and active selection of shares, fixed interest and cash assets – to exceed a "conservative" benchmark.
Benchmark	42.5% New Zealand Fixed Interest: Bloomberg NZ Bond Composite 0+ Yr Index or equivalent index 42.5% International Fixed Interest: Bloomberg Global Aggregate Total Return NZD Hedged Index or equivalent index 7.5% International Shares: S&P Global LargeMidCap Hedged to NZD Index or equivalent index 7.5% S&P Global LargeMidCap Unhedged Index or equivalent index.
Authorised investments (subject to the applicable asset group descriptions in section 9 and investment concentration guidelines in section 18)	The Fund will invest in the asset classes listed in the table below directly or through investing in underlying funds to provide exposure to the asset classes listed (including by using derivatives). Cash may be held for transactional purposes.

Conservative Fund asset group allocation ranges

<table>
<tr><th>Asset group</th><th colspan="2">Lower limit</th><th>Upper limit</th></tr>
<tr><td>Cash</td><td>0%</td><td rowspan="2">80%*</td><td>100%</td></tr>
<tr><td>Fixed Interest</td><td>0%</td><td>100%</td></tr>
<tr><td>Shares and other growth assets</td><td colspan="2">0%</td><td>20%</td></tr>
</table>

*This is the combined lower limit for both Cash and Fixed Interest assets.

Balanced Fund

This type of fund is generally more suitable for investors with a medium investment timeframe (five to ten years) or those who have a moderate appetite for risk and tolerance for declines in the value of their member account.

Investment Objective	To exceed over the relevant timeframe the returns you would receive from investing 45% of your funds in New Zealand fixed interest and cash assets, and 55% in global shares through active asset allocation and active selection of shares, fixed interest and cash assets – to exceed a "balanced" benchmark.
Benchmark	22.5% New Zealand Fixed Interest: Bloomberg NZ Bond Composite 0+ Yr Index or equivalent index 22.5% International Fixed Interest: Bloomberg Global Aggregate Total Return NZD Hedged Index or equivalent index 27.5% International Shares: S&P Global LargeMidCap Hedged to NZD Index or equivalent index 27.5% S&P Global LargeMidCap Unhedged Index or equivalent index.
Authorised investments (subject to the applicable asset group descriptions in section 9 and investment concentration guidelines in section 18)	The Fund will invest in the asset classes listed in the table below directly or through investing in underlying funds to provide exposure to the asset classes listed (including by using derivatives). Cash may be held for transactional purposes.

Balanced Fund asset group allocation ranges

<table>
<tr><th>Asset group</th><th colspan="2">Lower limit</th><th>Upper limit</th></tr>
<tr><td>Cash</td><td>0%</td><td rowspan="2">30%*</td><td>100%</td></tr>
<tr><td>Fixed Interest</td><td>0%</td><td>100%</td></tr>
<tr><td>Shares and other growth assets</td><td colspan="2">0%</td><td>70%</td></tr>
</table>

*This is the combined lower limit for both Cash and Fixed Interest assets.

Growth Fund

This type of fund is generally more suitable for investors with a longer investment timeframe (more than ten years) and who have a greater tolerance for declines in the value of their member account.

Investment Objective	To exceed over the relevant timeframe the returns you would receive from investing 85% of your funds in global shares and 15% of your funds in New Zealand fixed interest and cash assets through active asset allocation and active selection of shares, fixed interest and cash assets – to exceed a "growth" benchmark.
Benchmark	7.5% New Zealand Fixed Interest: Bloomberg NZ Bond Composite 0+ Yr Index or equivalent index 7.5% International Fixed Interest: Bloomberg Global Aggregate Total Return NZD Hedged Index or equivalent index 42.5% International Shares: S&P Global LargeMidCap Hedged to NZD Index or equivalent index 42.5% S&P Global LargeMidCap Unhedged Index or equivalent index.
Authorised investments (subject to the applicable asset group descriptions in section 9 and investment concentration guidelines in section 18)	The Fund will invest in the asset classes listed in the table below directly or through investing in underlying funds to provide exposure to the asset classes listed (including by using derivatives). Cash may be held for transactional purposes.

Growth Fund asset group allocation ranges

Asset group	Lower limit	Upper limit
Cash	0%	100%
Fixed Interest	0%	100%
Shares and other growth assets	0%	100%