

# SHARESIES KIWISAVER SCHEME

## Statement of Investment Policy and Objectives (SIPO)

18 August 2023

Issuer: Sharesies Investment Management Limited



This document gives you important information about this investment to help you decide whether you want to invest. The most current version of the SIPO is available on [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz). There is other useful information about this offer on [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz). Sharesies Investment Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you make an investment decision.

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# CONTENTS

Purpose	3
Description of the Scheme	3
Ownership, Management & Services	3
Investment Objective	4
Investment Philosophy & Strategy	4
Investment Performance Monitoring & Reporting	4
Investment Policies	5
Rebalancing	5
Taxation	5
Liquidity Risk Management	5
Trade Allocation and Trade Execution	5
Currency Hedging and Derivatives	5
Conflicts of Interest	5
SIPO Compliance & Review	6
Schedules	6
Sharesies Smartshares Growth Fund	6
Sharesies PIE Global Growth 2 Fund	8
Sharesies Pathfinder Ethical Growth Fund	9
Sharesies Smartshares Balanced Fund	11
Sharesies Smartshares Conservative Fund	12

# 01. Purpose

The purpose of this Statement of Investment Policy and Objectives (**SIPO**) is to document the investment policies of, and internal guidelines in relation to, the Investment Policy & Objectives for the Sharesies KiwiSaver Scheme (**Scheme**).

# 02. Description of the Scheme

The Sharesies KiwiSaver Scheme is a registered KiwiSaver scheme and established by the Governing Document dated 9 December 2022.

The Scheme is a managed investment scheme for the purposes of the Financial Markets Conduct Act 2013 (**FMCA**).

The Scheme provides Members with a range of fund choices and is divided into five funds (each a Fund) that provide exposure to passively and actively managed underlying funds, and options that invest a greater proportion in lower risk investments such as cash and fixed interest, to those that invest a greater proportion in higher risk investments such as equities. Each Fund invests wholly into an underlying fund.

At the date of this SIPO the Funds available to Members are:

- Sharesies Pathfinder Ethical Growth Fund
- Sharesies Pie Global Growth 2 Fund
- Sharesies Smartshares Growth Fund
- Sharesies Smartshares Balanced Fund
- Sharesies Smartshares Conservative Fund

# 03. Ownership, Management & Services

The manager of the Scheme is Sharesies Investment Management Limited (**SIML**, or **Manager**). SIML is a wholly owned subsidiary of Sharesies Group Limited.

The Manager has appointed the following parties to assist in managing the Scheme:

- Pie Funds Management Limited, Smartshares Limited and Pathfinder Asset Management Limited as underlying fund managers

- Apex Investment Administration (NZ) Ltd as a provider of administration support services
- Sharesies Limited as a provider of operational support

The Scheme supervisor and custodian is Trustees Executors Limited (**Supervisor**).

## 04. Investment Objective

The investment objective of the Scheme is to provide Members with the flexibility to select from a range of managed funds to suit their own risk profile, investment objectives and investment beliefs.

Each underlying fund has its own investment objectives which are summarised in the Schedules to this SIPO.

## 05. Investment Philosophy & Strategy

Our core belief is that when it comes to retirement saving New Zealanders should have greater control over where their KiwiSaver savings are invested. As Manager of the Sharesies KiwiSaver Scheme, SIML is the central point of coordination between the supervisor, custodian, administrator and fund managers. Through this partnering model, SIML can introduce and support a scheme that provides Members with more choice and control over their KiwiSaver and a low cost, digital first experience.

The investment strategies for each underlying fund are included in the schedules to this SIPO.

### **Investment and Disclosure Committee**

The Investment and Disclosure Committee is responsible for approving and reviewing the Scheme's investment options and meets at least quarterly. The Committee forms part of the Scheme's governance structure and is authorised by the SIML Board.

The Investment and Disclosure Committee has completed a due diligence assessment of each underlying fund manager including the credentials and track record of the manager, responsible investing policy, diversification, liquidity, cost, potential risk and returns, administration functions and a review of the underlying fund manager's structures and processes. On the Investment and Disclosure Committee's recommendation the SIML Board has appointed the underlying fund managers.

The Manager can make changes to the investment philosophy and strategy in accordance with the Governing Document and the FMCA. Before making changes to the SIPO, the Manager will consider if the changes are in the best interests of Members and consult with the Supervisor. Any changes to the SIPO requires SIML Board approval, as well as written approval of the Supervisor.

## 06. Investment Performance Monitoring & Reporting

The Manager's Investment and Disclosure Committee monitors each Fund's investment performance quarterly. Both risk (volatility of return) and return are reviewed. Various time periods are considered, for example 1, 3 and 5 years. Risk and return results are assessed relative to Fund benchmarks and objectives. Risk and return metrics are measured and assessed gross of tax and net

of fees. The Investment and Disclosure Committee reports performance to the Supervisor on a quarterly basis.

The Manager does not oversee the development, implementation and monitoring of the underlying funds' investment mandates. This is done by the managers of the underlying funds.

# 07. Investment Policies

## **Rebalancing**

The Scheme itself is not rebalanced. The funds that the Funds invest into are rebalanced by the underlying fund managers. Detailed information can be found within each underlying fund's SIPO, which are available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## **Taxation**

The Scheme 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 [ird.govt.nz/pir](https://ird.govt.nz/pir).

## **Liquidity Risk Management**

The Scheme has regular inflow arising from Member contributions and investment income and outflows arising from Member withdrawal and transfer requests.

Scheme liquidity and cash flow management is part of the role of the Manager, ensuring sufficient cash is available to pay liabilities as they fall due, including to fund withdrawals.

The liquidity risk of any Fund is assessed with reference to the liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for the Fund. The Funds within the Scheme invest predominantly in liquid investments and hence have daily applications and redemptions. Market conditions can change however, resulting in some assets becoming difficult to sell. As a result if any Fund within the Scheme were to experience liquidity problems the Manager may defer or suspend redemptions for a period of time.

## **Trade Allocation and Trade Execution**

The Scheme invests in other managed investment schemes and funds rather than trading directly in securities.

## **Currency Hedging and Derivatives**

The Funds of the Scheme invest in other New Zealand based managed investment schemes and funds. The responsibility for managing currency hedging and derivatives sits with each of the investment managers of the underlying funds. Detailed hedging policy information can be found within each underlying fund's SIPO, which are available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## **Conflicts of Interest**

The Manager operates a Conflicts of Interest, Insider Trading and Related Party Transactions Policy. It is designed to identify potential conflicts that may exist and then ensure any perceived or actual conflict is managed in an appropriate manner.

The policy is constructed to ensure at all times that directors, senior managers, secondees, and staff (together, Staff) must act honestly and in the best interests of scheme participants. SIML recognises that to satisfy this duty, it and its Staff must put the interests of Members ahead of its own interests and/or the personal interests of Staff. SIML must also not enter into transactions that provide for a related party benefit to be given (unless certain requirements are met).

SIML, as Manager of the Scheme, must comply with a professional standard of care, and must exercise the care, diligence and skill that a prudent person engaged in the profession would exercise in the same circumstances. The same professional standard also applies to all our Funds' underlying fund managers.

## 08. SIPO Compliance & Review

The Manager's Investment and Disclosure Committee monitors and ensures adherence to this SIPO and reports any breaches to the SIML Board and the Supervisor. In addition, underlying fund managers report to the Manager quarterly on compliance with their SIPOs or investment guidelines. This SIPO is reviewed annually by the Manager with the outcomes of the review reported to the SIML Board. In addition, SIML's management team may initiate an ad hoc review, with examples of events that could lead to this being:

- an underlying fund manager making material changes to the SIPO of an underlying fund
- a change in roles and responsibilities
- a permanent change in risk and return characteristics of the relevant market.

SIPO reviews take into account the views of SIML and underlying fund managers and if required, the views of external experts. The SIPO of each

underlying fund is reviewed regularly, and where appropriate, any changes are updated in the relevant schedule(s) to this document as soon as practicable.

The Manager can make changes to the SIPO in accordance with the Governing Document and the FMCA. Before making changes to the SIPO, the Manager will consider if the changes are in the best interests of Members and consult with the Supervisor. Any changes to the SIPO require SIML Board approval, as well as written approval of the Supervisor.

The most current version of the SIPO is available from the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## 09. Schedules

### Schedule 1

#### Sharesies Smartshares Growth Fund

##### Description

Designed for investors that want a growth investment option that aims to achieve higher returns over the long term, with more ups and downs along the way. Provides exposure to a diverse range of domestic and global growth assets.

##### Permitted investments

The Fund will invest in an underlying fund to provide exposure to the asset classes listed in the benchmark asset allocation table below. The underlying fund may gain exposure to these asset classes by either investing directly into securities (including using derivatives) or by investing in other funds.

##### Selected underlying manager

Smartshares Limited

##### Selected fund and scheme

Underlying Fund	Underlying Scheme
SuperLife Growth Fund	SuperLife Invest

##### Further information

Further detailed information on the underlying fund can be found within the underlying fund's SIPO, which is available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

The remainder of this schedule summarises the underlying fund's SIPO.

##### Strategy

The underlying fund aims to maximise long term returns by investing 80% in growth assets, such as shares and property, with a small diverse allocation to income assets. The underlying fund keeps fees low by passively tracking market indexes.

## Underlying Fund Investment Strategy

Purpose	Asset Class	Target Asset Allocation	Range	Market Index / Benchmark
Income	Cash and cash equivalents	4%	0%-40%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	8%	0%-20%	50% S&P/NZX A-Grade Corporate Bond Index 50% S&P/NZX NZ Government Bond Index
	International fixed interest	8%	0%-30%	Bloomberg Global Aggregate Bond Index (100% hedged to the New Zealand dollar)
	Total	20%	5%-40%	
Growth	Australasian equities	19%	0%-50%	70% S&P/NZX 50 Index 30% S&P/ASX 200 Index (60% hedged to the New Zealand dollar)
	International equities	53%	0%-60%	FTSE Global All-Cap Index (60% hedged to the New Zealand dollar)
	Listed property	4%	0%-25%	25% S&P/NZX Real Estate Select Index 25% S&P/ASX 200 A-REIT Equal Weight Index (100% hedged to the New Zealand dollar) 50% FTSE EPRA/NAREIT Developed ex Aus Rental Index (100% hedged to the New Zealand dollar)
	Other	4%	0%-15%	FTSE Developed Core Infrastructure 50/50 Index (100% hedged to the New Zealand dollar)
	Total	80%	60%-95%	

Smartshares Limited may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

### Permitted investments

The underlying fund may invest in the following assets:

- listed financial products
- tradeable debt securities
- any fund in the Smartshares Exchange Traded Funds or other managed investment scheme managed by Smartshares
- any fund managed by a third party
- cash and cash equivalents.

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian, and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

### Derivatives

The underlying fund may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The fund may not use derivatives to lever the fund.

The minimum over-the-counter derivative counterparty rating is A- issued by Standard & Poor's, or its equivalent issued by Moody's or Fitch.

### Hedging

The underlying fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 69% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

### Securities lending

The underlying fund may lend up to 50% of the fund's net asset value and up to 50% of the aggregate value of any class of financial product held by the fund.

### Investment restrictions

The underlying fund may borrow up to 10% of the fund's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, securities settlement or pay expenses).

## Schedule 2

### Sharesies PIE Global Growth 2 Fund

#### Description

Provides exposure to a portfolio with the objective to deliver long-term capital growth by investing in large companies globally, directly and through ETFs.

#### Permitted investments

The Fund will invest in an underlying fund that will typically not hold more than 50 investments in direct equity positions at any one time.

No equity position will exceed 20% of the underlying fund at any time. During periods of uncertainty, the underlying fund can increase its cash position up to 100% of the portfolio to help to reduce downside volatility and help to preserve investor capital.

#### Selected underlying manager

Pie Funds Management Limited

#### Selected fund and scheme

Underlying Fund	Underlying Scheme
Pie Global Growth 2 Fund	Pie Funds Management Scheme

#### Further information

Further detailed information on the underlying fund can be found within the underlying fund's SIPO, which is available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

The remainder of this schedule summarises the underlying fund's SIPO.

#### Underlying Fund Objective and strategy

The underlying fund seeks to provide investors with long term capital growth by investing in large companies globally, directly and through ETFs. The fund will typically not hold more than 50 investments in direct equity positions at any one time\*. No equity position will exceed 20% of the fund at any time. During periods of uncertainty, the fund can increase its cash position up to 100% of the portfolio to reduce downside volatility and help to preserve investor capital.

\*The underlying fund follows a concentrated, high-conviction strategy. During periods of uncertainty, the portfolio manager may increase the number of holdings to serve clients' interests. Uncertainty can often mean a buyer's market – but not always, which is why the portfolio manager can also raise cash levels as set out above. Increasing the number of positions during periods of uncertainty means the portfolio manager has more flexibility to use cash to fund opportunities, rather than having to sell existing holdings at likely unattractive prices. The underlying manager will disclose to investors when this contingency measure is in action, in the first available quarterly fund update.

#### Permitted investments

The underlying fund can invest in any of:

- Equities
- Cash and cash equivalents
- NZ Fixed Interest
- International Fixed Interest
- Other Pie Funds Products
- ETFs
- Derivatives such as contracts for difference, equity options and futures
- Any other investment not excluded by the investment manager's ESG Policy and permitted by the Supervisor.

#### Derivatives

The underlying fund manager may seek to hedge market risk, including during a market correction, to try to protect underlying fund assets; and reduce downside volatility and investment drawdowns.



## Hedging

The underlying fund manager hedges currency exposure to reduce, eliminate or change the effect of the New Zealand dollar appreciating against the home currencies of our offshore investments. The underlying fund manager's approach is not to fully hedge foreign currency exposure. Some will be unhedged. This decision is at the underlying fund manager's discretion. When they hedge, the underlying fund manager typically buys forward New Zealand dollar exposure, and sells the relevant foreign currency exposure, in one-month rolling contracts. The underlying fund manager can also purchase investments already partially or fully hedged to the New Zealand dollar (many ETFs and derivatives provide this option)

When deciding whether to hedge, how much to hedge and with what instruments, the underlying fund manager considers the diversification benefits of foreign currency against the benefits to the fund from currency hedging. Currency hedges are considered weekly, but generally rebalanced monthly to align with the current hedging policy. Currency hedges may be adjusted during the month if there are significant deposits into or withdrawals

from the relevant fund, there is a change in hedging policy or market conditions, or the underlying fund manager's Investment Team considers it appropriate.

## Benchmark

The underlying fund is an absolute return fund. The underlying fund manager does not formally benchmark its performance, nor do they have benchmark asset allocation or ranges for the fund against which they monitor and rebalance actual asset allocations.

Nevertheless, the underlying fund manager references the MSCI ACWI (NZD) as a market index for the fund. The index is an appropriate comparator for the holdings, risk level and performance of the fund. This is because this index captures large and mid-cap representation across 23 Developed Markets (DM) and 27 Emerging Markets (EM) countries. With 2,975 constituents, the index covers approximately 85% of the global investable equity opportunity set. The index assumes dividends are reinvested and measures both growth and dividend income.

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## Schedule 3

### Sharesies Pathfinder Ethical Growth Fund

#### Description

Ethical investing to achieve medium to high returns with a higher risk exposure. Provides exposure to a portfolio with a higher exposure to growth assets and a lower exposure to income assets.

#### Permitted investments

The Fund will invest in an underlying fund to provide exposure to the asset classes listed in the benchmark asset allocation table below. The underlying fund may gain exposure to these asset classes by either investing directly into securities (including using derivatives) or by investing in other funds.

#### Selected underlying manager

Pathfinder Asset Management Limited

#### Selected fund and scheme

Underlying Fund	Underlying Scheme
Pathfinder Ethical Growth Fund	Pathfinder Managed Investment Scheme

#### Further information

Further detailed information on the underlying fund can be found within the underlying fund's SIPO, which is available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

The remainder of this schedule summarises the underlying fund's SIPO.

#### Objective

Ethical investing to achieve medium to high returns.

#### Benchmark

Morningstar® Target Allocation Index™: Growth Multisector for New Zealand

## Underlying Fund Investment Strategy

Purpose	Asset Class	Target Asset Allocation	Range
<b>Income</b>	Cash and cash equivalents	7.7%	0%-100%
	New Zealand fixed interest	8.8%	0%-70%
	International fixed interest	11.7%	0%-70%
	Total	28.2%	
<b>Growth</b>	Australasian equities	20.6%	0%-90%
	International equities	41.5%	0%-90%
	Listed property	4.7%	0%-20%
	Other	5%	0%-15%
	Total	71.8%	

Pathfinder Asset Management Limited may change the Target Asset Allocations at any time. Actual asset class allocations will frequently differ from the Target Asset Allocation but are to remain within the Ranges. Pathfinder Asset Management Limited may at any time rebalance the fund so that its actual asset allocation is closer to its target asset allocation, but is not required to do so.

### Permitted investments

The underlying fund may invest in the following assets:

- listed financial products
- tradeable debt securities
- any fund managed by a third party
- cash and cash equivalents.

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian, and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

### Derivatives

Derivative contracts may be used to manage market risk exposure to equities, foreign currencies, interest rates and other market investment risks. Derivatives can be futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter' which means entered into directly with another party.

### Hedging

Where assets are denominated in a currency other than the New Zealand dollar, the 'base position' for currency hedging is (a) 100% for fixed income assets and (b) 0% for other assets. However, the fund may at any time deviate from this 'base position' (and may deviate significantly). While the fund may have exposure to several foreign currencies, it is not necessary to hedge all currencies. It may be convenient for the US dollar to be used as a proxy for some or all other currencies.

### Securities lending

The underlying fund will not borrow money to buy investments.

## Schedule 4

### Sharesies Smartshares Balanced Fund

#### Description

Designed for investors that want a balance between stability of returns and growth of their investment over the long term. Provides exposure to a diverse mix of growth and income assets.

#### Permitted investments

The Fund will invest in an underlying fund to provide exposure to the asset classes listed in the benchmark asset allocation table below. The underlying fund may gain exposure to these asset classes by either investing directly into securities (including using derivatives) or by investing in other funds.

#### Selected underlying manager

Smartshares Limited

#### Selected fund and scheme

Underlying Fund	Underlying Scheme
SuperLife Balanced Fund	SuperLife Invest

#### Further information

Further detailed information on the underlying fund can be found within the underlying fund's SIPO, which is available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

The remainder of this schedule summarises the underlying fund's SIPO.

#### Strategy

The underlying fund provides a balanced investment, with 60% growth assets (such as shares and property) and 40% income assets (such as bonds and cash). The underlying fund keeps fees low by passively tracking market indexes.

### Underlying Fund Investment Strategy

Purpose	Asset Class	Target Asset Allocation	Range	Market Index / Benchmark
Income	Cash and cash equivalents	8%	0%-60%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	15%	0%-30%	50% S&P/NZX A-Grade Corporate Bond Index 50% S&P/NZX NZ Government Bond Index
	International fixed interest	17%	0%-40%	Bloomberg Global Aggregate Bond Index (100% hedged to the New Zealand dollar)
	Total	40%	20%-60%	
Growth	Australasian equities	14%	0%-40%	70% S&P/NZX 50 Index 30% S&P/ASX 200 Index (60% hedged to the New Zealand dollar)
	International equities	40%	0%-50%	FTSE Global All-Cap Index (60% hedged to the New Zealand dollar)
	Listed property	3%	0%-20%	25% S&P/NZX Real Estate Select Index 25% S&P/ASX 200 A-REIT Equal Weight Index (100% hedged to the New Zealand dollar) 50% FTSE EPRA/NAREIT Developed ex Aus Rental Index (100% hedged to the New Zealand dollar)
	Other	3%	0%-15%	FTSE Developed Core Infrastructure 50/50 Index (100% hedged to the New Zealand dollar)
	Total	60%	40%-80%	

Smartshares Limited may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

### Permitted investments

The underlying fund may invest in the following assets:

- listed financial products
- tradeable debt securities
- any fund in the Smartshares Exchange Traded Funds or other managed investment scheme managed by Smartshares
- any fund managed by a third party
- cash and cash equivalents.

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian, and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

### Derivatives

The underlying fund may use derivatives to gain exposures to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The underlying fund may not use derivatives to lever the underlying fund.

The minimum over-the-counter derivative counterparty rating is A- issued by Standard & Poor's, or its equivalent issued by Moody's or Fitch.

### Hedging

The underlying fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 75.5% of the underlying fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

### Securities lending

The underlying fund may lend up to 50% of the fund's net asset value and up to 50% of the aggregate value of any class of financial product held by the underlying fund.

### Investment restrictions

The underlying fund may borrow up to 10% of the fund's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, securities settlement or pay expenses).

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## Schedule 5

### Sharesies Smartshares Conservative Fund

#### Description

Designed for investors that want a conservative investment option that aims to provide more stable returns over the short to medium term. Provides exposure to a diverse range of domestic and global income assets.

#### Permitted investments

The Fund will invest in an underlying fund to provide exposure to the asset classes listed in the benchmark asset allocation table below. The underlying fund may gain exposure to these asset classes by either investing directly into securities (including using derivatives) or by investing in other funds.

#### Selected underlying manager

Smartshares Limited

#### Selected fund and scheme

Underlying Fund	Underlying Scheme
SuperLife Conservative Fund	SuperLife Invest

#### Further information

Further detailed information on the underlying fund can be found within the underlying fund's SIPO, which is available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

The remainder of this schedule summarises the underlying fund's SIPO.

#### Strategy

The underlying fund aims to provide stable returns by investing in 70% income assets, such as domestic and international bonds, cash and cash equivalents. It also has a small diverse allocation to global growth assets. The underlying fund keeps fees low by passively tracking market indexes.

## Underlying Fund Investment Strategy

Purpose	Asset Class	Target Asset Allocation	Range	Market Index / Benchmark
Income	Cash and cash equivalents	14%	0%-90%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	27%	0%-50%	50% S&P/NZX A-Grade Corporate Bond Index 50% S&P/NZX NZ Government Bond Index
	International fixed interest	29%	0%-60%	Bloomberg Global Aggregate Bond Index (100% hedged to the New Zealand dollar)
	Total	70%	50%-90%	
Growth	Australasian equities	5%	0%-30%	70% S&P/NZX 50 Index 30% S&P/ASX 200 Index (60% hedged to the New Zealand dollar)
	International equities	22%	0%-35%	FTSE Global All-Cap Index (60% hedged to the New Zealand dollar)
	Listed property	1.5%	0%-15%	25% S&P/NZX Real Estate Select Index 25% S&P/ASX 200 A-REIT Equal Weight Index (100% hedged to the New Zealand dollar) 50% FTSE EPRA/NAREIT Developed ex Aus Rental Index (100% hedged to the New Zealand dollar)
	Other	1.5%	0%-15%	FTSE Developed Core Infrastructure 50/50 Index (100% hedged to the New Zealand dollar)
	Total	30%	10%-50%	

Smartshares Limited may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

### Permitted investments

The underlying fund may invest in the following assets:

- listed financial products
- tradeable debt securities
- any fund in the Smartshares Exchange Traded Funds or other managed investment scheme managed by Smartshares
- any fund managed by a third party
- cash and cash equivalents.

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian, and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

### Derivatives

The underlying fund may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The underlying fund may not use derivatives to lever the underlying fund.

The minimum over-the-counter derivative counterparty rating is A- issued by Standard & Poor's, or its equivalent issued by Moody's or Fitch.

### Hedging

The underlying fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 88% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

### Securities lending

The underlying fund may lend up to 50% of the fund's net asset value and up to 50% of the aggregate value of any class of financial product held by the underlying fund.

### Investment restrictions

The underlying fund may borrow up to 10% of the fund's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, securities settlement or pay expenses).