

# Sharesies Investment Management Limited

## Guardrails Policy

<b>Effective</b>	30 March 2023
<b>Owner</b>	Investments Manager
<b>Reviewer</b>	Investment and Disclosure Committee
<b>Approved by</b>	SIML Board
<b>Last Review</b>	23 November 2024
<b>Next Review</b>	November 2025

### Purpose

This policy sets out the approach adopted by Sharesies Investment Management Limited (SIML) with respect to how we set, amend, monitor and communicate the Sharesies KiwiSaver Scheme Guardrails (**Guardrails**).

The Self-Select Fund within the Sharesies KiwiSaver Scheme is designed to provide members with more flexibility and choice but also recognises the importance of diversification as a way of helping to reduce portfolio risk. To support this our Scheme includes Guardrails which place restrictions on a members' ability to invest in certain investment options, and in proportions/amounts that might expose them to greater risk.

### Principles

The following details our Guardrail setting principles, to be applied in combination and always prioritising the interests of members:

- Control - members are provided with more control over the composition of their KiwiSaver investments
- Choice - members have the freedom to choose which companies and investments they invest in (within investment limits)
- Diversification - Guardrails promote diversification and are designed to reduce portfolio risk

## Role of the SIML Board

The Board is ultimately responsible for directing and monitoring the management and offerings of the Scheme as set out in the Board Charter.

In particular, the Board is responsible for ensuring that appropriate policies are in place to govern the Scheme, and that they are implemented and embedded. The Board sets and approves the Guardrails and delegates operational implementation, oversight and ongoing monitoring to the Investment & Disclosure Management Committee.

## Why does this document exist?

The purpose of this policy is to:

- Record the current Guardrail settings
- Detail the monitoring and corrective actions relating to Guardrails
- Describe the processes for changing Guardrail settings

## Current Guardrail settings

The Guardrail settings that apply are:

Effective Dates	Member Activity	Investment Limit
From June 2023 onwards	All members - create or amend an Investment Plan	<p><math>\geq 50\%</math> of a member's Investment Plan must be invested in Base Fund(s)</p> <p><math>\leq 5\%</math> of a member's Investment Plan can be invested in any one self select investment option</p>
From December 2023 onwards	All members - sell an investment and reinvest the proceeds	<p><math>\geq 50\%</math> of a member's portfolio must be invested in Base Fund(s)</p> <p><math>\leq 5\%</math> of a members portfolio can be invested in any one self select investment option</p>

## Monitoring

Guardrails are built into systems and operate as a hard (automated) control.

The Investment and Disclosure Committee will monitor the effectiveness of Guardrail controls,

ensuring that systems are operating effectively and that members are adequately protected from individual investment (idiosyncratic) risk.

- Guardrail exception report - assurance that controls are designed and operating effectively
- Guardrail effectiveness report - distribution of member balances outside expected thresholds

Where self select balances are identified that are materially higher than an expected thresholds the following corrective actions must be taken:

- Self select investment option <10% of member portfolio - immaterial & no action required
- Self select investment option >10% of member portfolio - provide members with education and reminder of how to update investment plan
- Self select investment option >10% of member portfolio for 90 consecutive days - temporarily remove option from the Investment Plan
- Self select investment option >15% of member portfolio - temporarily remove option from the Investment Plan

## Guardrail changes

The Investment and Disclosure Committee will review guardrail settings from time to time, at least annually, to ensure that the settings are effective in light of any emerging risks.

The SIML Board will be responsible for approving any changes to the Guardrail settings based on the recommendation of the Investment and Disclosure Committee.

Any changes to Guardrail settings must be communicated to the Supervisor and members at least 14 days prior to the changes taking effect.

## Policy Review

The Investment & Disclosure Committee will review this policy at least every year, and make any recommendations on material changes as necessary to the SIML Board.

## Amendments

This policy may only be materially amended by the SIML Board. The Investment & Disclosure Committee may approve non-material changes to this policy.

## Review History

Date	Amendments Made	Reviewer	Approved by
30 March 2023	Creation of policy	Matt Macpherson	SIML Board

13 July 2023	Minor monitoring updates	Matt Macpherson	SIML MRCC
28 September 2023	Minor changes to reflect changes within the business	Matt Macpherson	SIML MRCC
12 October 2023	Minor corrective action updates	Matt Macpherson	SIML MRCC
23 November 2023	Added sell guardrail	Matt Macpherson	SIML Board
8 November 2024	Minor date changes	Nick Dobson	SIML MRCC