

# Sharesies Investment Management Limited

## Investment Option Policy

|             |  |
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| Effective   | 30 November 2022                             |
| Owner       | Investments Manager                          |
| Reviewer    | Investment & Disclosure Management Committee |
| Approved by | SIML Board                                   |
| Last Review | 18 September 2025                            |
| Next Review | September 2026                               |

### Purpose

This policy details the principles and criteria that the Investment & Disclosure Management Committee will apply to investment option selection.

The purpose of this Policy is to ensure that SIML has documented the principles and criteria that will be applied to the selection of investment options in the Sharesies KiwiSaver Scheme (**Scheme**).

### Principles

While the available investment options will change over time, establishing principles for selection is critical to ensure that the Investment & Disclosure Management Committee is aligned when considering options.

The following details our selection principles, to be applied in combination:

Choice - we endeavor to provide as much choice as possible by including as many self-select options as we can.

Liquidity - we prioritise securities that can be bought or sold without difficulty or impacting the security price.

Widely held - to ensure that we do not risk the PIE eligibility of the Sharesies KiwiSaver Scheme.

Suitability - we will ensure that investment risks, material information and volatility of returns for self-select options are disclosed to Investors allowing them to make informed investment decisions in respect of suitability for their KiwiSaver funds.

## Criteria

An index based criteria is used for selecting the self select investment options for the following reasons:

- An index based approach is a credible and market accepted investment method. It also limits the number of highly speculative investments on the platform.
- Limiting the options to the most widely held on Sharesies Invest is important for PIE tax compliance.
- By adding up to 150 of the most popular Sharesies (with exclusion filters) companies outside the indexes will provide our investors with the choice to select the most popular companies they wish to invest into.
- Sharesies will be able to actively add shares to our offering in time according to investor interest. This could be done on a quarterly basis following approval by the Investment & Disclosure Management Committee.
- By limiting the number of highly speculative and smaller cap stocks, the use of the Side Pocketing facility will be reduced.

The index based approach (NZX50, top 50 of ASX200, top 300 of S&P 500) starts with 400 stocks across NZ, AU and US markets, this base is then added to by including 150 of the most popular ETFs on the Sharesies platform and 50 of the most popular stocks that don't feature in the indexes before exclusions are applied.

### **The following exclusions are applied to the index plus base of options**

- Exclude any investment option that does not have a min 100 investors on Sharesies Invest.
- Exclude for consideration any company that has a market capitalisation less than \$250m NZD (full market cap method).
- Exclude any ASX or US listed companies that are dual listed on the NZX. (Include the NZX listed company instead).
- Exclude any ETFs listed on ASX that are generic US ETFs (ie remove any S&P500 ASX listed ETFs that are a wrapper for the US listed ETF).
- Exclude ASX stapled securities and Chess Depositary Interests (only ASX). Shares (not being stapled securities) in an Australian company are exempt from the FIF regime if the company is resident in Australia.
- Review and provide recommendation to the Investment & Disclosure Management Committee on any investment option that has high price volatility (annualised standard deviation > 50%).
- Review and provide recommendations to the Investment Committee on any investment option that has less than two years of price history.
- Discretionary approval by the Investment & Disclosure Management Committee. To ensure speculative stocks, ETFs or other 'meme-stock' (e.g. AMC or GME) will not be offered. It should also ensure that there are no investment options that provide reputational issues for SIML and its Investors.
- Exclude non-ordinary shares (defined as partially paid shares, warrants, rights, units, preferred shares, structured products - these are identified by [ticker symbol conventions](#)).

- The Manager will continuously monitor the self select options in the Scheme, but it is noted that a self select option will not automatically be removed if it does not meet at any stage after inclusion the criteria and exclusions noted in the Policy.

## Monitoring

The Investment Manager is responsible for monitoring eligibility of the investment options. The Investment Manager will make recommendations to the Investment & Disclosure Management Committee on adding new options, restricting options from being added to investment plans, removing options from existing investment plans or from closing a self-select option and cancelling the funds units.

The Investment Manager will monitor investment option volatility and ensure volatility warnings are added to any option with extreme price volatility.

## Review

The Investment & Disclosure Management Committee will review this policy at least annually, and make any recommendations on material changes as necessary to the SIML Board. The Investment & Disclosure Management Committee will ensure that any review takes into account the interests of Members.

## Amendments

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

## Review History

| Date              | Amendments Made   | Reviewer        | Approved by         |
|-------------------|---|-----------------|---------------------|
| 30 November 2022  | Creation of policy  | Matt Macpherson | SIML Board          |
| 29 March 2023     | Nil   | Matt Macpherson | SIML MRCC           |
| 28 September 2023 | Nil   | Matt Macpherson | SIML MRCC           |
| 12 October 2023   | Minor updates to committee naming                         | Matt Macpherson | SIML MRCC           |
| 11 April 2024     | Amend date error and extend review date to September 2024 | Matt Macpherson | SIML I&D Committee. |
| 11 September 2024 | Update of Policy  | Nick Dobson     | SIML I&D Committee. |
| 18 September 2025 | Update of Policy  | Nick Dobson     | SIML I&D Committee. |

