

# SHARESIES KIWISAVER SCHEME

## Statement of Investment Policy and Objectives (SIPO)

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# 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 KiwiSaver scheme registered under the KiwiSaver Act 2006 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**).

Under the Scheme, members are able to develop their own individual investment portfolios by selecting investments from a range of options that have been approved by the Sharesies Investment Management Limited Investment and Disclosure Committee (**Investment and Disclosure Committee**).

The Scheme provides members with a range of investment options, by way of interests in certain funds (**Funds**), which they can combine in different ways they choose, subject to the Scheme's investment limits (**Guardrails**).

Fund options are:

- Base Funds
- Self Select Fund

**Base Funds:** The Base Funds available include Funds 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 Base Fund invests wholly into the underlying fund.

At the date of this SIPO the Base Funds available to members are:

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

**Self Select Fund:** The Self Select Fund provides options for a member to select their own investments from the investment options available, subject to the Scheme's Guardrails.

More information about the Self Select Fund is available in our Investment Options Supplement (**IOS**) which can be found on our website at [sharesies.co.nz/kiwisaver](https://sharesies.co.nz/kiwisaver) and on the Disclose Register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz). This includes:

- A description of each investment option within the Self Select Fund
- The risk indicator score for each investment option within the Self Select Fund
- A link to publically available information on each investment option
- The fees for the Self Select Fund and each underlying investment option.

### Guardrails

To encourage Scheme members to grow diversified portfolios the Self Select Fund includes investment limits or 'Guardrails'.

The Guardrails are built directly into our systems and are the primary control to ensure that investment limits are effective.

You provide us with instructions to invest your KiwiSaver contributions. These instructions are referred to as your Investment Plan. When you establish your Investment Plan we will ensure your instructions are within the Guardrails.

The Guardrail Policy records the current Guardrail settings, details the monitoring and corrective actions we will take relating to guardrails and describes the processes for changing Guardrail settings.

Our Guardrail settings are:

Member Activity	Investment Limit
Create or amend an Investment Plan	>=50% of a member's Investment Plan must be invested in base fund(s)  <=5% of a member's Investment Plan can be invested in any one self select option
Sell an investment and reinvest the proceeds	>=50% of a member's portfolio must be invested in Base Fund(s)  <=5% of a members portfolio can be invested in any one self select investment option

Where a single Self Select Fund investment option makes up more than 10% of a member's KiwiSaver balance for more than 90 days or a single Self Select Fund option makes up more than 15% of a member's KiwiSaver balance, we will take corrective action and temporarily remove that option from the Investment Plan until the balance is back within the 10% threshold.

If you would like to learn more about the Guardrails, you can read the Guardrails Policy. The Guardrails Policy is available on [sharesies.co.nz/kiwisaver](https://sharesies.co.nz/kiwisaver) and [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## 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, Milford Funds Limited and Pathfinder Asset Management Limited as investment managers of the underlying funds

- 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 combine a range of managed funds and/or self select investments to suit their own risk profile, investment objectives and investment beliefs.

The Scheme provides members with a wide range of investment options, but also promotes diversification as a key risk management strategy through Guardrails.

Because Scheme members plan their own portfolios, there are no pre-assigned selections or performance benchmarks set for individual Scheme members or for the Scheme as a whole. Individual members will determine these for themselves, subject to the Scheme's Guardrails.

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 fund managers, supervisor, custodian and administrator. Through this partnering model SIML can introduce and support an innovative scheme that provides members with more choice and control over their KiwiSaver and a low cost, digital first experience.

As the Scheme enables members to construct an investment portfolio which meets their particular investment philosophies, strategies and objectives, the Scheme provides exposure to managed funds with a variety of investment styles (for example active and passive, growth and value, large cap and small cap) in the Base Funds in combination with self directed investing through the Self Select Fund.

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 Investment and Disclosure Committee forms part of the Scheme's governance structure and is authorised by the SIML Board.

The Investment and Disclosure Committee has selected investment managers to provide the funds that the Base Funds invest into in line with our strategy to provide a range of investment styles for members to select from. The Investment and Disclosure Committee has completed a due diligence assessment of each underlying 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 fund manager's structures and processes. On the Investment and Disclosure Committee's recommendation the SIML Board has appointed the underlying fund managers.

The Investment and Disclosure Committee selects the self select investment options in line with our Investment Options Policy. The following principles are applied in combination when selecting self select investment options:

- **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 the PIE eligibility of the Sharesies KiwiSaver Scheme
- **Suitability** - we ensure that investment risks, material information and volatility of returns for self-select options are disclosed to Investors

The investment options are chosen from a range of underlying assets including:

- New Zealand managed funds
- NZ stocks and ETFs listed on the NZX

The Investment Options Policy is available on [sharesies.co.nz/kiwisaver](https://sharesies.co.nz/kiwisaver) and [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

The Manager reviews the investment philosophy and strategy at least once every year. As the Scheme enables members to construct a personalised investment portfolio, the purpose of these reviews is to consider whether the investment strategy and Scheme setting are in the best interests of all members.

The Scheme is designed for the long term and consequently it is unlikely that changes to the model will be made frequently however the base fund options, guardrail settings and the Investment Options Policy can be amended and the principles by which investment options are selected for self select can be adjusted.

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 require SIML Board approval, as well as the written approval of the Supervisor.

# 06. Investment Policies

## Rebalancing

The Scheme itself is not rebalanced, because it does not have benchmark or target asset allocations.

Further, we do not undertake any automatic rebalancing of member portfolios. Each member is responsible for rebalancing their portfolio, including determining the regularity with which that is done.

The Manager enables members to rebalance their portfolios through the platform. However, it remains the decision of the member as to whether they wish to diversify or rebalance their portfolio and we will only act on member instructions.

The funds that the Base Funds invest into are rebalanced by the underlying fund managers. Detailed information can be found within the underlying fund's SIPO, which is available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## Investment Options

The Investment and Disclosure Committee selects the self select investment options in line with our Investment Options Policy. See **section 5 "Investment philosophy and strategy"**.

The Investment Options Policy is available on [sharesies.co.nz/kiwisaver](https://sharesies.co.nz/kiwisaver) and [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## Guardrails

The Guardrail Policy records the current Guardrail settings, details the monitoring and corrective actions we will take relating to guardrails and describes the processes for changing Guardrail settings. See **section 2 "Description of the Scheme"** for an explanation of how the Guardrails operate.

The Guardrails Policy is available on [sharesies.co.nz/kiwisaver](https://sharesies.co.nz/kiwisaver) and [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## 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 Base 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 Base Fund. The Base Funds within the Scheme invest predominantly in liquid investments and hence have daily applications and redemptions. Market conditions can, however, change resulting in some assets becoming difficult to sell. Hence if any Base Fund within the Scheme were to experience liquidity problems the Manager may defer or suspend redemptions for a period of time.

The Self Select Fund investment options have been selected by the Investment and Disclosure Management Committee taking into account the liquidity of the underlying securities.

We have designed a side-pocketing mechanism and policy for managing temporarily or permanently illiquid investments in the Self Select Fund.

Further details on the Side Pocketing process and policy are available in the Other Material Information and Side Pocketing Policy documents available on [sharesies.co.nz/kiwisaver](https://sharesies.co.nz/kiwisaver) or from the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## Proxy Voting

The Manager will not exercise any proxy voting rights on behalf of investments held in the Self Select Fund. For the avoidance of doubt, these rights will not be exercisable by members directly.

## Currency Hedging and Derivatives

The Base 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).

With respect to the Self Select the Scheme does not hedge investments on behalf of the members.

## Conflicts of Interest

The Manager operates a Conflicts of Interest, Insider Trading and Related Party Transactions Policy. This policy 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.

#### **Asset Valuation and Unit Pricing**

The Manager operates an Asset Valuation and Unit Pricing Policy. This policy describes the methodology to value each type or class of fund in a way that is appropriate for the asset type and complexity. Further details on the Asset Valuation and Unit Pricing are available in the Other Material Information document available on [sharesies.co.nz/](http://sharesies.co.nz/)

## 07. Investment Performance Monitoring & Reporting

The Manager's Investment and Disclosure Committee monitors each Base Fund's investment performance at least quarterly. Risk and return results are assessed relative to the Base Fund benchmarks and objectives to ensure they are consistent with the overall investment objective of the Scheme and whether the Base Fund remains an appropriate investment option. Base Funds that no longer meet the Scheme's investment objective or are assessed as no longer providing an appropriate investment option will be removed. 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.

The Manager provides each member with personalised quarterly reports that includes information to enable members to monitor the performance of their investments. The reports show the returns, and the total fees actually charged to investors, during the previous year.

## 08. Asset Allocation

Asset classes are the different investment groups the underlying fund managers use for managing their funds.

Asset Class	Examples of investments
Cash and cash equivalents	Cash at bank.
New Zealand fixed interest	Fixed interest securities, loans, bonds and other yield-bearing investments in New Zealand.
International fixed interest	Fixed interest securities, loans, bonds and other yield bearing investments based outside of New Zealand.
Australasian equities	New Zealand and Australian based equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants, exchange-traded funds (ETFs), futures and options
International equities	International equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants, ETFs and options. This definition specifically excludes Australasian (AU and NZ) equities.
Listed property	Property shares listed on a stock exchange.
Other	Other investments that do not meet the criteria of the above categories.

## 09. 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 the written approval of the Supervisor.

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

## 10. 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 objective

Designed for investors that want a growth investment option after fund charges but before tax over the minimum recommended investment timeframe.



## 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	6%	0%-20%	50% S&P/NZX A-Grade Corporate Bond Index 50% S&P/NZX NZ Government Bond Index
	International fixed interest	10%	0%-30%	Bloomberg Barclays 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%	90% MSCI World ex Australia Total Return Index (50% NZD Hedged) 10% MSCI Emerging Markets Total Return Index
	Listed property	4%	0%-25%	FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged)
	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 58% 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 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 Global Growth 2 Fund seeks to provide investors with long term capital growth after fund charges but before tax 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 underlying 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 underlying manager can also raise cash levels as set out above. Increasing the number of positions during periods of uncertainty means the underlying 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 Global Growth 2 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 underlying manager's Responsible Investment 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 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 S&P Global Broad Market (BMI) Total Return Index (75% hedged to 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 approximately 50 countries in developed and emerging markets. 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.

#### Underlying Fund Objective

Ethical investing to achieve medium to high returns after fund charges but before tax over the minimum recommended investment timeframe.

#### 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) 50% 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.

### Ethical Investment Policy

High performing environmental, social and governance (ESG) companies are sought out but ESG alone is not considered sufficient for making ethical judgements on potential investments.

Exclusion filters have been designed with the intention of removing or avoiding investments that disrespect people, the planet or animals.

Investments are monitored and records kept of companies where a risk of breach of the policy is identified.

Further detailed information on the underlying fund's ethical investment policy is available from [pathfinder.kiwi/documents-and-forms/](https://pathfinder.kiwi/documents-and-forms/)

## 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 objective

Designed for investors that want a balanced investment option after fund charges but before tax over the minimum recommended investment timeframe.

### 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	12%	0%-30%	50% S&P/NZX A-Grade Corporate Bond Index 50% S&P/NZX NZ Government Bond Index
	International fixed interest	20%	0%-40%	Bloomberg Barclays 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%	90% MSCI World ex Australia Total Return Index (50% NZD Hedged) 10% MSCI Emerging Markets Total Return Index
	Listed property	3%	0%-20%	FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged)
	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 66% 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 objective

Designed for investors that want a balanced investment option after fund charges but before tax over the minimum recommended investment timeframe.

## 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	21%	0%-50%	50% S&P/NZX A-Grade Corporate Bond Index 50% S&P/NZX NZ Government Bond Index
	International fixed interest	35%	0%-60%	Bloomberg Barclays 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 (50% hedged to the New Zealand dollar)
	International equities	22%	0%-35%	90% MSCI World ex Australia Total Return Index (50% NZD Hedged) 10% MSCI Emerging Markets Total Return Index
	Listed property	1.5%	0%-15%	FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged)
	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 79% 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).

## Schedule 6

### Sharesies Milford Aggressive Fund

#### Description

Designed to maximise capital growth over the minimum recommended investment timeframe.

#### 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

Milford Funds Limited

#### Selected Fund and Scheme

Underlying Fund	Underlying Scheme
Milford Aggressive Fund	Milford Investment Funds

#### 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 primarily invests in international equities, with a moderate allocation to Australasian equities.

#### Underlying fund objective

The Milford Aggressive Fund's objective is to maximise capital growth after fund charges but before tax over the minimum recommended investment timeframe.

### Investment Strategy

Purpose	Asset Class	Target Asset Allocation	Range	Market Index / Benchmark
Income	Cash and cash equivalents	5%	-10%-30%	SS&P/NZX Call Rate Deposit Total Return Index
	New Zealand fixed interest	0%	-10%-30%	
	International fixed interest	0%	-10%-30%	
	Total	5%	-10%-30%	
Growth	Australasian equities	25%	0%-50%	5% S&P/NZX 50 Gross Index with Imputation Credits 20% S&P/ASX 200 Total Return Index (100% NZD-hedged)
	International equities	70%	50%-100%	MSCI World Net Total Return Index (50% NZD-hedged)
	Listed property	0%	-10%-20%	
	Other	0%	-20%-20%	
	Total	95%	70%-110%	



### Permitted investments

The underlying fund may invest in the following assets:

- listed financial products
- tradeable debt securities
- derivatives
- 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

Derivatives may also be used to obtain long or short exposure to shares and bonds. This is subject to the underlying fund's relevant SIPO ranges or limits.

### Hedging

The underlying fund's foreign currency exposure is hedged to the New Zealand dollar. The natural

exposure is 24.5% and the hedging level can be anywhere in the -10% - 70% range.

### Borrowing cash

The underlying fund may borrow up to 10% of the underlying fund's net asset value. Borrowing will be typically used to cover a funding shortfall rather than to leverage the Fund. It does not include the use of derivatives.

### Short selling

Short selling refers to the ability of funds to borrow and short sell individual shares and bonds. This is limited to 25% of the underlying fund's net asset value and is subject to the underlying fund's relevant SIPO ranges or limits.

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## Schedule 7

### Sharesies Self Select Fund

#### Description

The Self Select Fund allows members to select their own investments (called Self Select Investment Options) from the available investment options, subject to the Scheme's Guardrails.

More information about the Self Select Fund is available in our Investment Options Supplement (IOS) which can be found on our website at [sharesies.co.nz/kiwisaver](https://sharesies.co.nz/kiwisaver) and on the Disclose Register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

This includes:

- A description of each investment option within the Self Select Fund
- The risk indicator score for each investment option within the Self Select Fund
- The fees for the Self Select Fund and each underlying investment option

#### Investment objective

To provide members with the flexibility to self select investments to suit their own risk profile, investment objectives and investment beliefs.

#### Target asset allocation and Benchmark

Because Scheme members plan their own portfolios, there are no pre-assigned selections or performance benchmarks set for the Self Select Fund.