



Kiwi Wealth Super Scheme

Statement of Investment Policy and Objectives

13 March 2020

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1. About the Kiwi Wealth Super Scheme

The Kiwi Wealth Super Scheme (the **Scheme**) is registered under the Financial Markets Conduct Act 2013 (**FMCA**) as a managed investment scheme.

Kiwi Wealth Investments Limited Partnership is the manager of the Scheme (**Manager**) and is responsible for offering and issuing interests in the Scheme and administration of the Scheme.

Public Trust is the supervisor of the Scheme (**Supervisor**), and JBWere (NZ) Nominees Limited is the custodian of the Scheme.

This Statement of Investment Policy and Objectives (**SIPO**) was proposed by the Manager and consented to by the Supervisor on 13 March 2020 in accordance with the trust deed of the Scheme dated 8 December 2017 (**Trust Deed**). It specifies the policy, objectives, investment philosophy, investment style, guidelines and limits that the Manager shall follow in relation to the investment of the assets of each investment fund of the Scheme.

The governance function for this SIPO is the responsibility of the Investment Governance Committee who have this responsibility delegated to them by the board of directors of the Manager (**the Board**).

The Scheme currently offers the following three investment funds to its members:

- Conservative Fund
- Balanced Fund
- Growth Fund

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

2. Role of the Supervisor

The Supervisor of the Scheme is Public Trust. A complete list of the Supervisor's responsibilities is listed in the Trust Deed. A copy of the Trust Deed can be found at <https://www.kiwiwealth.co.nz/scheme-fund-documents>.

3. Role of the Investment Governance Committee

The Investment Governance Committee (**IGC**) is a subcommittee of the Board of directors of the General Partner of the Manager, Kiwi Wealth Investments General Partner Limited (**General Partner**) (formerly known as GMI General Partner Limited). Its role is to:

- provide governance oversight of the investment related risk taking activities;
- review investment processes and performance;
- approve within its guiding principles changes to the SIPO; and

- and bring any material issues to the attention of the Board through a regular reporting process.

The IGC's guiding principles are:

- A fiduciary duty to the investor/client;
- Prudent risk management;
- Clear separation of management (doing the work) and governance (setting the investment objectives, boundaries, policies and limits and reviewing performance and compliance); and
- The setting of clear measurable accountabilities and defined investment risk and return objectives.

The IGC reviews the Scheme's strategies and their ability to deliver investment objectives and to perform in periods of stress. Reports that show metrics, such as tracking error and absolute risk, are provided to the IGC.

The IGC has at least four members appointed by the Board of the General Partner and may include independents. In addition, attendees would normally include the Chief Investment Officer (**CIO**) and senior representatives from the following teams:

- Investment Management Team (**IMT**);
- Operations;
- Product; and
- Risk and Compliance.

The IGC meets quarterly and can consider requests for approval out of cycle if required.

All matters voted on by the IGC must receive unanimous agreement from those members present, with a minimum quorum of two members. Matters that cannot be agreed will be referred to the Board of the General Partner of the Manager.

The IGC provides minutes and a quarterly summary report to the Board of matters it has considered including any significant issues that the Manager would reasonably expect to know about. Any significant issues will also be brought to the attention of the Scheme 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 a range of transparent, liquid and diversified investment options they can use to save for their retirement.

5. Investment objectives

Investment objectives specific to each investment funds of the Scheme are summarised below and are set out in Appendix 1:

Fund	Investment Objective	Minimum Suggested Investment Timeframe
Conservative	The objective is to exceed 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.	1 to 5 years
Balanced	The objective is to exceed 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.	5 to 10 years
Growth	The objective is to exceed 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.	More than 10 years

The key investment objective of the Conservative, Balanced, and Growth investment funds is to deliver returns that, over the relevant investment timeframe, after taking account of all fees and taxes, exceed that investment fund's benchmark, with lower volatility (i.e. less risk) than the benchmark.

All investment objectives are set with the explicit recognition that there will be variance in results and periods where an investment fund will fail to meet or exceed investment objectives.

6. Investment philosophy

The philosophy of the Manager 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 believes 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 believes that there are targeted opportunities to add value through active management. These opportunities arise because:

- Risk premiums 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.

The Manager is 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.

7. Investment style

The Manager's investment style is active, global investment with a dynamic total fund approach to investing.

The Manager is principally an active investment manager of global investments. As an active investment manager, it has 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, as opposed to managing tightly against a predefined asset allocation. All investment funds are actively managed.

The Manager seeks 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 follows 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

The investment goal is to deliver higher returns, with lower risk, than common market index funds over the long term - after all costs, fees, and taxes.

Currency management

The Manager looks to hold currency hedges appropriate to the Scheme's investment funds to reduce the impact on returns from variations in the value of the NZD, in accordance with the Scheme's hedging policy (see section 17).

8. Security selection

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

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.

As at the date of this SIPO, the investment funds of the Scheme gain their investment exposure by investing in investment funds offered by a related party of the Manager. All transactions are conducted at arm's length and are subject to the related party certification and/or consent of the Supervisor, pursuant to the Financial Markets Conduct Act 2013.

9. Investment funds

The Manager operates the following investment funds, which members may invest in:

- Conservative
- Balanced
- Growth

Members who do not provide a valid investment fund direction will have their contributions (or any unallocated percentage of them) invested in the Balanced investment fund.

10. Asset groups

Each investment fund invests, in different proportions, across three asset groups: shares, 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	<ul style="list-style-type: none"> • Equity securities. • Interests in listed or unlisted managed funds, investment funds or collective investment vehicles. • Exchange traded funds, where the underlying assets are predominantly equity securities or commodities. • Derivatives relating to the management of this asset group.
Fixed Interest	<ul style="list-style-type: none"> • Bank certificates of deposit with 6 months or more to maturity. • Domestic or global fixed rate bonds with 6 months or more to maturity. • Interests in listed or unlisted managed funds or collective investment vehicles where the underlying assets are predominantly fixed interest investments. • Derivatives relating to the management of this asset group.
Cash	<ul style="list-style-type: none"> • On call bank deposits. • Bank certificates of deposit with 6 months or less to maturity. • Domestic fixed rate bonds with 6 months or less to maturity. • Global bonds with 6 months or less to maturity. • Bank bills. • Floating rate notes with a reset period of 6 months or less. • Derivatives relating to the management of this asset group.

11. Asset allocation ranges

The Manager must invest the assets of each investment fund in accordance with the asset group limits set out in the following table:

	Cash	Fixed Interest	Shares and other growth assets
Conservative	80% -100%		0% - 20%
Balanced	30% - 100%		0% - 70%
Growth	0% - 100%		0% - 100%

The asset group limit ranges in the table above refer to the underlying exposure and not the investment vehicle by which the exposure is obtained. The Manager may invest directly into the asset group or gain exposure to the asset class indirectly through other investment vehicles (e.g. through a managed fund or other type of managed fund).

At any time, the Manager has a tactical asset allocation target for each investment fund. The tactical asset allocation can change in response to market conditions. The tactical asset allocation can change considerably over time as part of the Manager's active investment management. By way of example, the allocation to shares in the Growth investment fund has ranged between 43% and 92% since that investment fund's inception.

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

12. Benchmarks

The benchmarks that apply to each investment fund are specified in Appendix 1. More information on the relevant market indices can currently be found at the following web pages:

S&P/NZX: us.spindices.com/regional-exposure/asia-pacific/new-zealand

MSCI: msci.com/indexes

www.kiwiwealth.co.nz/superannuation/benchmarks

Please note that the market indices and the links above may change, or may be renamed or replaced from time to time without notice.

13. Permitted investments

The investment funds of the Scheme may, subject to the policies and limits in this SIPO, be invested in the following asset classes:

- (a) Equity securities of companies;
- (b) Government agency or local authority bonds of any country;
- (c) Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured;
- (d) Bills of exchange, promissory notes and other forms of negotiable instruments;
- (e) Units, shares, interests or investments in any managed fund or in any other collective investment vehicles, including related parties of the Manager;
- (f) Underwriting or sub-underwriting contracts;
- (g) Commodities;
- (h) Forward foreign exchange contracts, currency options, and cross currency swaps;
- (i) Futures and options;
- (j) Interest rate swaps.

New asset classes may be added as permitted investments upon agreement in writing between the Manager and the Supervisor.

The investment funds of the Scheme may also invest in other investments that are not explicitly stated, that the Investment Manager considers fall within the parameters of permitted investments and that appropriately reflect the risk profile of the funds and will contribute to the performance objectives of the funds.

14. Conflicts and related party transactions

A conflict of interest may arise when a relationship or dealing of the Manager may materially influence the investment decisions of the Manager in respect of the Scheme, or any fund within the Scheme.

The Manager is a related party of Kiwi Wealth Limited, Kiwi Investment Management Limited, Kiwibank Limited (**Kiwibank**) and of New Zealand Post Limited (**NZ Post**).

Kiwi Wealth Investments Limited Partnership is owned by Kiwi Wealth Management Limited. Kiwi Wealth Management Limited is a wholly owned subsidiary of Kiwi Group Holdings Limited (which in turn is owned by New Zealand Post Limited, Guardians of the New Zealand Superannuation Fund and the Accident Compensation Corporation). Kiwi Group Holdings Limited also owns Kiwibank Limited. Related and associated parties may materially influence the investment decisions of the Manager in relation to the Scheme and each fund by providing positive or negative incentives or exerting management control to:

- Influence the Manager to invest in securities issued by the related party in preference to securities of other issuers;
- Influence the Manager to use third parties which provide benefits to the related party;
- Influence the decisions of the Manager to obtain benefit for the related party, or another party over which they have control;
- Influence the Manager to use the services of a related party ahead of third parties.

The constitution of the Manager contains a provision requiring the Directors, in the event of a conflict, to act in the best interests of the company and not in the best interests of the parent company. Each Director must also comply with the Director's Code of Conduct and Conflict of Interest Policy. The Manager is also subject to the conduct requirements of the Financial Markets Conduct Act 2013 (**FMC Act**) and required to act in the best interests of investors of the Scheme.

Existing conflicts	How the conflict is managed
The Manager currently has a broking relationship with the Financial Markets division of Kiwibank. A conflict would arise if the Manager used Kiwibank for broking services, without considering costs.	Any deal done through the Kiwibank trading desk must be done on a competitive quote basis, as per the Manager's Related Party Dealings policy.
Directors and senior managers of the Manager may, and do, hold interests in the funds. A conflict would arise if a senior manager or director attempted to change the investment strategy for the Scheme or a fund to benefit the fund in which they invest.	All Directors and senior managers are obliged under the FMC Act to act in the best interests of the members of the scheme, and bound to comply with the relevant (staff or director) conflict of interest policy.
The Manager is also the investment manager of the Kiwi Wealth Growth Fund and the Kiwi Wealth Fixed Interest Fund, which are managed funds offered by Kiwi Investment Management Limited. The Manager will invest the assets of the Scheme in the Kiwi Wealth Growth Fund and the Kiwi Wealth Fixed Interest Fund.	The Manager has sought and received the Supervisor's consent to these transactions in accordance with the requirements of the FMC Act. There are no fees charged within either the Kiwi Wealth Growth Fund or the Kiwi Wealth Fixed Interest Fund, and the costs associated with investing in those funds are paid by the Manager out of the fee it receives for managing the Scheme.

In accordance with the requirements of the FMC Act, the assets of each of the Scheme's investment funds may be invested with a related party, provided that the transaction is conducted on commercial arm's length terms and subject to the usual principles of prudence, liquidity and diversification, or if the transaction is conducted with the prior consent of the Supervisor. While the assets of the Scheme will primarily be invested in the GMI Fixed Interest Fund and the GMI Growth Fund at the date the Scheme transitions to the FMC Act, the same principles of prudence, diversification and liquidity are applied to the investments of those funds.

15. Derivatives

Unless otherwise agreed in writing with the Supervisor, derivative transactions are only to be entered into to help facilitate risk management and efficient investment implementation.

Prior to any type or class of derivative being entered into for an investment fund of the Scheme, the Supervisor and Manager shall agree in writing on the relevant limits that are to apply (if any). Amendments to any such limits may from time to time be agreed in writing between the Supervisor and the Manager.

Where the Scheme invests in other investment vehicles, derivatives may be used by the underlying investment manager.

The Manager will not enter into derivatives in relation to an investment fund that give rise to liabilities beyond the value of the assets of that investment fund.

For the purpose of this SIPO, “derivatives” means each of the asset classes specified in clauses 13(h), 13(i) and 13(j) of this SIPO and contracts or arrangements related to those.

16. Asset valuations and pricing

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

Securities are valued in accordance with the Asset Valuation and Pricing Policy which can be found on the Scheme’s offers register entry: <https://disclose-register.companiesoffice.govt.nz>.

17. Foreign currency hedging policy

The Manager actively manages currency risk. The New Zealand dollar target for each fund is in the table below. The Manager may vary from the target level. The maximum effective hedge ratio for foreign assets is 100% and the minimum is 0%.

New Zealand dollar exposure by investment funds

	Indicative range %	Target %
Conservative	80 – 100%	90%
Balanced	70-90%	80%
Growth	50-90%	70%

Separate to the NZ exposure, the Manager may also manage exposure between foreign currency pairs.

18. Borrowing policy

The Manager may not arrange for moneys to be borrowed unless otherwise agreed in writing with the Supervisor.

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.

In addition, borrowing can only occur if the Manager determines in good faith that it is necessary or desirable for the sole purpose of conducting the operation of the Fund (including facilitating the payment of withdrawals).

19. Investment guidelines

Investment concentration

The Manager will take reasonable care to ensure that investments of the Scheme, excluding specified related party investments to which the Supervisor has agreed these limits do not apply¹, adhere to the following limits:

- a. Direct exposure to a single commonly recognised investment manager, excluding the Manager, is limited to 50% of the assets of each investment fund.
- b. Direct exposure to any one underlying financial product (e.g. equity or fixed interest security), excluding interests in a managed investment scheme issued by the Manager or any entity which is wholly owned by Kiwi Wealth Investments Limited Partnership, is limited to 7.5% of the assets of each investment fund. 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 investment fund, unless the issuer is any of:
 - (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); or
- d. Direct exposure to fixed interest investments issued by either (i) or (ii) is limited to 50% of the assets of each investment fund.
- e. Broader exposure (i.e. including cash and derivatives) to any one underlying issuer (excluding specified related party investments to which the Supervisor has agreed these limits do not apply²) is limited to 50% of the assets of an investment fund.

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

¹ As at the date of the SIPO the Supervisor has provided consent for the Scheme to invest up to 100% of the Scheme's assets in the Kiwi Wealth Growth Fund and Kiwi Wealth Fixed Interest Fund, subject to meeting the target and range sector allocations for each of the Funds in the Scheme. The Supervisor is also the Supervisor of the Kiwi Wealth Growth Fund and Kiwi Wealth Fixed Interest Fund.

² Same as footnote 1

Liquidity

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

20. Investment cycle and rebalancing policy

Member contributions are deposited into the Scheme applications bank account, and are linked to the member's account and earn interest. Contributions accumulate daily, and are then transferred to the relevant investment funds for investment during the monthly process outlined below.

Other member requests (such as withdrawals and investment direction changes) are actioned on the monthly cycle.

Each month, in line with the investment cycle, every member's account is rebalanced to ensure that it is aligned with the member's current investment direction. Rebalancing includes investing cash contributions, rebalancing for market movements and rebalancing if a member's investment direction is split (e.g. 50% Conservative 50% Balanced) to return the investor to that asset allocation. Each investment fund is also rebalanced to ensure each investment within the fund is in line with the current asset and security allocations. Changes to asset and security allocations may be made to investment funds outside of the monthly investment cycle.

Rebalancing Rule	Frequency	Threshold
Growth assets – target asset allocation	Monthly	Once a month a rebalance will be performed at the growth fund level to bring in line with the target asset allocations.
Growth assets – hedging	Monthly	The fund equity hedges will be rebalanced to target NZD positions.
Fixed Interest and Cash – target asset allocation	Monthly	Once a month a rebalance will be performed at the Fixed Interest and cash fund level to bring in line with the target asset allocations.
Investment guideline breach	On-going	Regular compliance checks are made to ensure fund positions are within the required investment guidelines, as specified in the schemes' governing documents and SIPO.

21. Responsible investment policy

The Manager maintains a responsible investment policy with some exclusions and giving consideration to environmental, social and governance issues. Zero tolerance applies to companies which are involved in any of the following product areas, and they will be excluded for both direct and indirect investment:

- Tobacco
- Controversial and nuclear weapons
- Whaling and whale meat processing

Further information can be found in the responsible investment policy, available on our website at the following address:

<https://www.kiwiwealth.co.nz/how-we-invest/investing-policies>

22. 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.

Tax efficiency is taken into account by the Manager and investment decisions are assessed on an after-tax basis.

23. Review and amendment

This SIPO has been prepared and reviewed by the Manager with the Investment Management Team, Operations, Product, Legal and Risk and Compliance team involvement. The Supervisor of the Scheme has also been involved in the development, review and consent of the SIPO.

This SIPO is reviewed at least annually by the Manager and any changes must be reviewed and approved by the IGC and the Supervisor. The Manager will give investors at least two weeks' prior notice of any change to the asset allocation ranges.

An ad hoc review of the SIPO will be triggered where there is a proposed material change to the funds which includes the nature or type of investments that may be made by the Scheme, if there are changes to be made to the benchmark, asset allocation ranges or any of the investment policies of the funds.

The SIPO is signed off by the Chief Investment Officer, Chief Customer Officer, Head of Investment Operations, and Legal before being approved by the IGC.

24. Permitted encumbrances

The Manager may not create or allow to exist any encumbrance over all or any part of the investments or property of the Scheme or an investment fund, except where it:

- has the prior written approval of the Supervisor;
- 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” means 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.

25. Investment performance monitoring and reporting

Investment performance for the Scheme is monitored monthly by the Investment Management Team and reviewed quarterly by the IGC. The IGC is responsible for governance oversight of investment risk taking activities and setting investment risk tolerances. In monitoring investment performance, IGC considers analysis and other performance reports provided to them.

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.

26. SIPO Compliance and Review

Scheme compliance to investment limits is monitored monthly against the SIPO by Risk and Compliance, which provides an assurance function. Monthly and quarterly compliance reports for the Scheme are reviewed by relevant business teams and submitted to the Supervisor.

Additionally, Scheme compliance is a standing agenda item for IGC meetings. Information is presented at IGC meetings demonstrating whether the funds are in compliance with guidelines and investment objectives stated in this SIPO.

Appendix 1 – Investment funds

Conservative Fund

This type of investment 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	The objective is to exceed 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% S&P/NZX 90 Day Bank Bill Index, 42.5% S&P/NZX NZ Government Bond Index, 10% MSCI All Country World Index, 5% MSCI All Country World Index 100% Hedged to NZD Index.
NZD Exposure	Typical exposure is around 90%.
Permitted investments (subject to the applicable asset group descriptions and limits)	<p>Equity securities of companies.</p> <p>Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured.</p> <p>Government agency or local authority bonds of any country.</p> <p>Bills of exchange, promissory notes and other forms of negotiable instruments.</p> <p>Units, shares, interests or investments in any managed fund or in any other funds or Collective Investment Vehicles.</p> <p>Underwriting or sub-underwriting contracts.</p> <p>Any physical commodities.</p> <p>Forward foreign exchange contracts, currency options, and cross currency swaps.</p> <p>Futures and options.</p> <p>Interest rate swaps.</p>
Investment restrictions	<p>In addition to the restrictions specified in the SIPO, the investment fund must only invest in assets in the 'permitted investments' section above.</p> <p>Up to 20% of the assets the investment fund holds may be assets within the shares asset group, subject to the guidelines in the SIPO.</p>

Conservative asset group allocation ranges

Asset group	Lower limit	Upper limit	Target
Cash	0%	100%	42.5%
Fixed Interest	0%	100%	42.5%
Shares and other growth assets	0%	20%	15%

Balanced Fund

This type of investment fund is generally more suitable for investors with a medium-term 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	The objective is to exceed 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% S&P/NZX 90 Day Bank Bill Index, 22.5% S&P/NZX NZ Government Bond Index, 20% MSCI All Country World Index, 35% MSCI All Country World Index 100% Hedged to NZD Index.
NZD Exposure	Typical exposure is around 80%.
Permitted investments (subject to the applicable asset group descriptions and limits)	<p>Equity securities of companies.</p> <p>Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured.</p> <p>Government agency or local authority bonds of any country.</p> <p>Bills of exchange, promissory notes and other forms of negotiable instruments.</p> <p>Units, shares, interests or investments in any managed fund or in any other funds or Collective Investment Vehicles.</p> <p>Underwriting or sub-underwriting contracts.</p> <p>Any physical commodities.</p> <p>Forward foreign exchange contracts, currency options, and cross currency swaps.</p> <p>Futures and options.</p> <p>Interest rate swaps.</p>
Investment restrictions	In addition to the restrictions specified in the SIPO, the investment fund must only invest in assets in the ‘permitted investments’ section above. Up to 70% of the assets the investment fund holds may be assets within the shares asset group, subject to the guidelines in the SIPO.

Balanced asset group allocation ranges

Asset group	Lower limit	Upper limit	Target
Cash	0%	100%	22.5%
Fixed Interest	0%	100%	22.5%
Shares and other growth assets	0%	70%	55%

Growth Fund

This type of investment 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	The objective is to exceed 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% S&P/NZX 90 Day Bank Bill Index, 7.5% S&P/NZX NZ Government Bond Index, 30% MSCI All Country World Index, 55% MSCI All Country World Index 100% Hedged to NZD Index.
NZD Exposure	Typical exposure is around 70%.
Permitted investments (subject to the applicable asset group descriptions and limits)	<p>Equity securities of companies.</p> <p>Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured.</p> <p>Government agency or local authority bonds of any country.</p> <p>Bills of exchange, promissory notes and other forms of negotiable instruments.</p> <p>Units, shares, interests or investments in any managed fund or in any other funds or Collective Investment Vehicles.</p> <p>Underwriting or sub-underwriting contracts.</p> <p>Any physical commodities.</p> <p>Forward foreign exchange contracts, currency options, and cross currency swaps.</p> <p>Futures and options.</p> <p>Interest rate swaps.</p>
Investment restrictions	In addition to the restrictions specified in the SIPO, the investment fund must only invest in assets in the ‘permitted investments’ section above. Subject to the guidelines the SIPO, there are no other restrictions.

Growth asset group allocation ranges

Asset group	Lower limit	Upper limit	Target
Cash	0%	100%	7.5%
Fixed Interest	0%	100%	7.5%
Shares and other growth assets	0%	100%	85%