Kiwi Wealth KiwiSaver Scheme

Statement of Investment Policy and Objectives

1 April 2019

Contents

1. About the Kiwi Wealth KiwiSaver Scheme

The Kiwi Wealth KiwiSaver Scheme (the Scheme) was established on 2 April 2007 and is registered under the Financial Markets Conduct Act 2013 (FMCA) as a managed investment scheme

Kiwi Wealth Limited is the manager of the Scheme (Manager) and is responsible for offering and issuing interests in the Scheme and the management of investments and administration of the Scheme. The Manager has delegated its investment management functions to Kiwi Wealth Investments Limited Partnership (Investment Manager). The Manager is a wholly owned subsidiary of the Investment Manager.

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) specifies the policy, objectives, investment philosophy, investment style, guidelines and limits that the Investment Manager and 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 (IGC) who have this responsibility delegated to them by the board of directors (Board) of the Manager.

This SIPO is at all times subject to the Trust Deed and Instrument of Appointment, which appointed the Manager as a default KiwiSaver scheme provider.

The Manager currently offers the following six investment funds to members of the Kiwi Wealth KiwiSaver Scheme:

- Cash Fund
- CashPlus Fund*
- Default Fund
- Conservative Fund
- Balanced Fund
- Growth Fund

*The CashPlus Fund is closed to new fund members from 1 April 2019.

The most current version of this SIPO is available on the registry entry for the offer of 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 set out in the Trust Deed.

3. Role of the Investment Governance Committee

The IGC is a subcommittee of the Board of directors of the General Partner of the Investment Manager. 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.

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 up to three members appointed by the Board of the General Partner and may include independents. In addition, attendees would normally include the following personnel:

- Chief Investment Officer (CIO);
- Senior representatives from the Investment Management Team (IMT);
- Operations representatives;
- Product representatives; and
- Risk and Compliance representatives.

The IGC meets quarterly and can approve requests 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 Investment Manager.

The IGC provides minutes and a quarterly summary report to the General Partner's Board of matters it has considered including any significant issues that the Investment Manager would reasonably expect to know about. Any significant issues will also be brought to the attention of the Supervisor.

4. Objectives of the Scheme

The Kiwi Wealth KiwiSaver Scheme is a savings scheme designed to encourage New Zealanders to save and accumulate assets for their retirement. The principal objective of the Scheme is to diligently manage a KiwiSaver scheme that provides New Zealanders 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 fund of the Scheme are summarised below and are set out in Appendix 1.[1]

[1] This SIPO came into effect on 1 April 2019 and makes changes to some of the investment objectives, asset allocations and benchmarks for the Conservative Fund and Growth Fund contained in the previous SIPO dated 17 August 2017 (available on the Disclose Register). These changes will not take effect until on or about 30 April 2019 ("transition date"). Refer to the previous SIPO (17 August 2017) on the Disclose Register for the investment objectives, asset allocations and benchmarks for the Conservative Fund and Growth Fund that apply prior to the transition date.

	Investment Objective and Benchmark	Minimum Suggested Investment Timeframe
Cash	To exceed the aggregate returns you would receive from investing 100% of your funds in New Zealand cash through the active selection of cash assets. The benchmark is the S&P/NZX 90 Day Bank Bill Index.	Up to 12 Months
CashPlus	To exceed the aggregate returns you would receive from investing 75% of your funds in New Zealand cash and 25% in New Zealand fixed interest assets through active asset allocation and active selection of cash and fixed interest assets. The benchmark is the aggregate of: • 75% in the S&P/NZX 90 Day Bank Bill Index; and • 25% in the S&P/NZX NZ Government Bond Index.	Up to 3 years
Default	To deliver a benchmark return similar to being invested in a fund of 50% in New Zealand cash, 30% in New Zealand fixed interest and 20% in shares and other growth assets. The benchmark is the aggregate of: • 50% in the S&P/NZX 90 Day Bank Bill Index, • 30% in the S&P/NZX NZ Government Bond Index, • 10% in the MSCI All Country World Index, and • 10% in the MSCI All Country World Index 100% Hedged to NZD Index.	1 to 5 years
Conservative	To exceed the returns you would receive from investing 70% of your funds in New Zealand fixed interest assets and cash, and 30% in global shares, through active asset allocation and active selection of shares, fixed interest and cash assets. The benchmark is the aggregate of: • 35% in the S&P/NZX 90 Day Bank Bill Index, • 35% in the S&P/NZX NZ Government Bond Index,	3 to 5 years

	• 10% in the MSCI All Country World Index, and • 20% MSCI All Country World Index 100% Hedged to NZD Index.	
Balanced	To exceed the returns you would receive from investing 45% of your funds in New Zealand fixed interest assets and cash, and 55% in global shares through active asset allocation and active selection of shares, fixed interest and cash assets. The benchmark is the aggregate of: • 22.5% in the S&P/NZX 90 Day Bank Bill Index, • 22.5% in the S&P/NZX NZ Government Bond Index, • 20% in the MSCI All Country World Index, and • 35% in the MSCI All Country World Index 100% Hedged to NZD Index.	5 to 10 years
Growth	To exceed the returns you would receive from investing 80% of your funds in global shares and 20% of your funds in New Zealand fixed interest assets and cash through active asset allocation and active selection of shares, fixed interest and cash assets. The benchmark is the aggregate of: • 10% in the S&P/NZX 90 Day Bank Bill Index, • 10% in the S&P/NZX NZ Government Bond Index, • 30% in the MSCI All Country World Index, and • 50% in the MSCI All Country World Index 100% Hedged to NZD Index.	More than 10 years

The key investment objective of the Cash, CashPlus, 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 both the Investment Manager and the Manager is that the role of a KiwiSaver 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 Investment 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.

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

The Investment 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.

The Investment 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.

It 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.

Default investment fund

The Default investment fund primarily uses active management but may use a passive investment style from time to time. The Instrument of Appointment mandates that the Default investment fund must have 15% - 25% in growth assets at all times. This means the Investment Manager does not have the flexibility to reduce Default investment fund exposure to shares below 15%.

Currency management

The Investment 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 Manager's portfolio managers 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.

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.

Direct investment in shares and fixed interest investments will be made by the Investment Manager wherever possible, but other investment vehicles may be used where the Investment Manager believes they offer the most effective access to an opportunity.

9. Automatic enrolments and unspecified investment direction

Other than where the below paragraph applies, members allocated to the Scheme by Inland Revenue will automatically be invested in the Default investment fund.

Members who are allocated to the Scheme by Inland Revenue as a result of their employer having chosen the Scheme as its preferred KiwiSaver scheme will automatically be invested in the Balanced investment fund. In addition, members (other than members where the above paragraph applies) who do not provide a valid investment 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 and other growth assets, 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	• Equity securities. • Interests in listed or unlisted managed funds, investment funds or collective investment vehicles where the underlying assets are predominantly within this asset group. • Exchange traded funds, where the underlying assets are predominantly equity securities or commodities. • Derivatives relating to the management of this asset group.
Fixed Interest	• 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, investment funds or collective investment vehicles where the underlying assets are predominantly fixed interest investments. • Derivatives relating to the management of this asset group.
Cash	• 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 Investment 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
Cash	100%	0%	0%
CashPlus	40%-100%	Up to 60%	0%
Default	75% - 85%		15% to 25%
Conservative	65-100%		Up to 35%
Balanced	30-100%		Up to 70%
Growth	10-100%		Up to 90%

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 Investment Manager may invest directly into the asset group or gain exposure to the asset class indirectly through other investment vehicles (e.g. through a unit trust or other type of managed fund).

At any time, the Investment 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 Investment 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.

For the purposes of our quarterly Fund Updates, benchmark (or market index) returns are calculated gross of fees and tax as per the FMC Regulations.

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 fund.

(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 investments 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. Related party transactions

The assets of each of the Scheme's investment funds may be invested with a related party, provided that the transactions meet the requirements for the FMC Act, which includes prior consent from the Supervisor. The Investment Manager also ensures that such transactions are conducted at arm's length and applies the usual principles of prudence, liquidity and diversification.

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.

Neither the Manager nor the Investment Manager will 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 paragraphs 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 that can be found on our website: www.kiwiwealth.co.nz/how-we-invest/investing-policies and on the Scheme's offers register entry: https://disclose-register.companiesoffice.govt.nz.

17. Foreign currency hedging policy

The Investment Manager actively manages currency risk. The New Zealand dollar target for each investment fund is in the table below. The Investment 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 %
Cash	98 - 100	100
CashPlus	80 - 100	100
Default	80 - 100	90
Conservative	80 - 100	90
Balanced	70-90	80
Growth	50-90	70

Separate to the New Zealand exposure, the Investment Manager may also manage exposure between foreign currencies.

18. Borrowing policy

Neither the Manager nor the Investment Manager may arrange for moneys to be borrowed unless otherwise agreed, in writing, with the Supervisor as to both the purpose and extent of those borrowings.

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 Investment 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 apply, adhere to the following limits:

a. Direct exposure to a single commonly recognised investment manager excluding the Investment Manager or a sub-appointee of the Investment Manager, is limited to 50% of the assets of each investment fund.

b. Direct exposure to any one underlying security (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 securities 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 either of:
   (i) the New Zealand Government; or
   (ii) the New Zealand Local Government Funding Agency Limited (or its successor, or an entity issuing securities on its behalf).

d. Direct exposure to fixed interest assets issued by either (i) or (ii) is limited to 50% of the assets of each investment fund.

e. Broader exposure (e.g. cash and derivatives) to any one underlying issuer is limited to 50% of the assets of an investment fund.

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

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.

Liquidity

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

20. Investment cycle and rebalancing policy

The investment manager operates on a weekly investment cycle. All member actions received during the week are processed as part of the next weekly investment cycle.

Member contributions are deposited into the Scheme applications bank account, and are linked to that member's account and earn interest. Contributions accumulate each week, and are then transferred to the relevant investment funds for investment. Member contributions are normally invested within 10 working days of receipt.

Other member requests (such as withdrawals and investment direction changes) are actioned on the weekly cycle. Requests received during the week are normally processed within 10 - 15 working days of the receipt of a member's completed request.

Each investment fund's equity exposures will be rebalanced on a weekly basis to ensure each equity within the fund is in line with the current asset and security allocations (subject to an agreed threshold, refer table below). In addition, on a monthly basis each equity will be rebalanced to within a smaller threshold (refer table below). Changes to asset and security allocations may also be made to investment funds outside of the weekly or monthly investment cycle upon instruction from the Investment Management team.

Rebalancing Rule	Frequency	Threshold
Equities – tactical asset allocation	Weekly	Transactions to rebalance the portfolio will only be generated if total Growth assets are 0.5% or more under or overweight the tactical asset allocation.
Equities – security level	Weekly	Operations will advise IMT of individual trades of more than $200k generated by the model. IMT will advise if these transactions should proceed.
Equities – tactical asset allocation	Monthly	Once a month a tight rebalance will be performed at the total growth assets level to bring in line with the tactical asset allocations.
Equities – security level	Monthly	Once a month a tight rebalance will be performed at the security level to bring in line with model allocations (+/- 2%). This will coincide with the monthly tactical asset allocation rebalance.
Equities – hedging	Weekly	The portfolio equity hedges will be rebalanced if the actual NZD hedge position is more than 0.5% under- or overweight the desired hedge level on total portfolio assets.
Equities – hedging	Monthly	The portfolio equity hedges will be rebalanced to target NZD positions, regardless of the transaction quantum
Investment Guideline Breach	Continuous	Regular compliance checks are made to ensure portfolio positions are within the required investment guidelines, as specified in the Scheme's governing documents and SIPO.

21. Responsible investment policy

The Investment 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 and offer documents.

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

24. Review and amendment

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

This SIPO is reviewed at least annually by the Manager and any changes are reviewed and approved by the IGC. Material changes will be notified to members prior to taking effect.

The SIPO is signed off by the CIO, Head of Investment Operations, General Manager Customer, Product and Innovation, and Legal, before being approved by the IGC.

25. Permitted encumbrances

Neither Manager nor the Investment Manager may 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.

26. Investment Performance Monitoring and Reporting

Investment performance for the Scheme is monitored monthly by the IMT, 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, the IGC considers an attribution analysis and other performance reports provided to it.

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 investment fund benchmark indices.

27. SIPO Compliance and Review

Scheme compliance with investment concentration and asset allocation limits is monitored against the SIPO monthly and reported to IGC by Risk and Compliance. 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 investment funds are in compliance with guidelines and investment objectives stated in this SIPO.

Appendix 1 – Investment funds

Cash

This type of investment fund is generally suitable for members with an investment timeframe of up to 12 months or who have no tolerance for risk or declines in the value of their member account.

Investment Objective	The objective is to exceed the returns you would receive from investing 100% of your funds in New Zealand cash through the active selection of cash assets– to exceed a "cash" benchmark.
Benchmark	The S&P/NZX 90 Day Bank Bill Index.
NZD Exposure	100%
Permitted investments (subject to the applicable asset group descriptions and limits)	Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured with 6 months or less to maturity. Government agency or local authority bonds of any country with 6 months or less to maturity. Bills of exchange, promissory notes and other forms of negotiable instruments 6 months or less to maturity. Forward foreign exchange contracts, currency options, and cross currency swaps.
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. 100% of the assets the investment fund holds must be assets within the cash asset group, subject to the guidelines in the SIPO.

Cash asset group allocation ranges

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

CashPlus

This type of investment fund is generally more suitable for members with a short investment timeframe (less than three years) or members who have low tolerance for declines in the value of their member account. From 1 April 2019, this fund no longer accepts new fund members.

Investment Objective	The objective is to exceed the returns you would receive from investing 75% of your funds in New Zealand cash and 25% in New Zealand fixed interest assets through active asset allocation and active selection of cash and fixed interest assets – to exceed a "cash and fixed interest" benchmark.
Benchmark	75% S&P/NZX 90 Day Bank Bill Index and 25% S&P/NZX NZ Government Bond Index.
NZD Exposure	100%
Permitted investments (subject to the applicable asset group descriptions and limits)	Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured. Government agency or local authority bonds of any country. Bills of exchange, promissory notes and other forms of negotiable instruments. Units, shares, interests or investments in any managed fund or in any other funds or Collective Investment Vehicles. Underwriting or sub-underwriting contracts. Forward foreign exchange contracts, currency options, and cross currency swaps. Futures and options. Interest rate swaps.
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 60% of the assets the investment fund holds may be assets within the fixed interest asset group, subject to the guidelines in the SIPO. It is not permitted to invest in shares.

CashPlus asset group allocation ranges

Asset group	Lower limit	Upper limit
Cash	40%	100%
Fixed Interest	0%	60%
Shares and other growth assets	0%	0%

Default

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 deliver a benchmark return similar to being invested in a fund of 50% in New Zealand cash, 30% in New Zealand fixed interest and 20% in shares and other growth assets.
Benchmark	50% S&P/NZX 90 Day Bank Bill Index, 30% S&P/NZX NZ Government Bond Index, 10% MSCI All Country World Index, 10% 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)	Equity securities of companies. Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured. Government agency or local authority bonds of any country. Bills of exchange, promissory notes and other forms of negotiable instruments. Units, shares, interests or investments in any managed fund or in any other funds or Collective Investment Vehicles. Underwriting or sub-underwriting contracts. Any physical commodities. Forward foreign exchange contracts, currency options, and cross currency swaps. Futures and options. Interest rate swaps.
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. Between 15% and 25% of the assets the investment fund holds must be assets within the shares and other growth assets group, subject to the guidelines in the SIPO.

Default asset group allocation ranges

Asset group	Lower limit	Upper limit
Cash	0%	85%
Fixed Interest	0%	85%
Shares and other growth assets	15%	25%

Conservative

This type of investment fund is generally more suitable for investors with a short investment timeframe (three to five years) or those who are risk averse and who can tolerate the occasional decline in the value of their member account.[2]

Investment Objective	The objective is to exceed the returns you would receive from investing 70% of your funds in New Zealand fixed interest assets and cash, and 30% in global shares, through active asset allocation and active selection of shares, fixed interest and cash assets – to exceed a "conservative" benchmark.
Benchmark	35% S&P/NZX 90 Day Bank Bill Index, 35% S&P/NZX NZ Government Bond Index, 10% MSCI All Country World Index, 20% 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)	Equity securities of companies. Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured. Government agency or local authority bonds of any country. Bills of exchange, promissory notes and other forms of negotiable instruments. Units, shares, interests or investments in any managed fund or in any other funds or Collective Investment Vehicles. Underwriting or sub-underwriting contracts. Any physical commodities. Forward foreign exchange contracts, currency options, and cross currency swaps. Futures and options. Interest rate swaps.
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 35% of the assets the investment fund holds may be assets within the shares and other growth assets group, subject to the guidelines in the SIPO.

[2] This SIPO came into effect on 1 April 2019 and makes changes to some of the investment objective, asset allocations and benchmark for the Conservative Fund contained in the previous SIPO dated 17 August 2017 (available on the Disclose Register). These changes will not take effect until on or about 30 April 2019 ("transition date"). Refer to the previous SIPO (17 August 2017) on the Disclose Register for the investment objective, asset allocations and benchmark for the Conservative Fund that apply prior to the transition date.

Conservative asset group allocation ranges

Asset group	Lower limit	Upper limit
Cash	0%	100%
Fixed Interest	0%	100%
Shares and other growth assets	0%	35%

Balanced

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 assets and cash, 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)	Equity securities of companies. Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured. Government agency or local authority bonds of any country. Bills of exchange, promissory notes and other forms of negotiable instruments. Units, shares, interests or investments in any managed fund or in any other funds or Collective Investment Vehicles. Underwriting or sub-underwriting contracts. Any physical commodities. Forward foreign exchange contracts, currency options, and cross currency swaps. Futures and options. Interest rate swaps.
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 and other growth assets group, subject to the guidelines in the SIPO.

Balanced asset group allocation ranges

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

Growth

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.[3]

Investment Objective	The objective is to exceed the returns you would receive from investing 80% of your funds in global shares and 20% of your funds in New Zealand fixed interest assets and cash through active asset allocation and active selection of shares, fixed interest and cash assets – to exceed a "growth" benchmark.
Benchmark	10% S&P/NZX 90 Day Bank Bill Index, 10% S&P/NZX NZ Government Bond Index, 30% MSCI All Country World Index, 50% 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)	Equity securities of companies. Deposits with, loans to or other debt obligations of any bank, company or person whether secured or unsecured. Government agency or local authority bonds of any country. Bills of exchange, promissory notes and other forms of negotiable instruments. Units, shares, interests or investments in any managed fund or in any other funds or Collective Investment Vehicles. Underwriting or sub-underwriting contracts. Any physical commodities. Forward foreign exchange contracts, currency options, and cross currency swaps. Futures and options. Interest rate swaps.
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 in the SIPO, there are no other restrictions. Up to 90% of the assets the investment fund holds may be assets within the shares and other growth assets group, subject to the guidelines in the SIPO.

[3] This SIPO came into effect on 1 April 2019 and makes changes to some of the investment objective, asset allocations and benchmark for the Growth Fund contained in the previous SIPO dated 17 August 2017 (available on the Disclose Register). These changes will not take effect until on or about 30 April 2019 ("transition date"). Refer to the previous SIPO (17 August 2017) on the Disclose Register for the investment objective, asset allocations and benchmark for the Growth Fund that apply prior to the transition date.

Growth asset group allocation ranges

Asset group	Lower limit	Upper limit
Cash	0%	100%
Fixed Interest	0%	100%
Shares and other growth assets	0%	90%