

A middle-aged man with grey hair, wearing a white t-shirt and a dark backpack, is smiling and looking towards the camera. He is standing next to a bicycle, with his hand on the handlebar. The background is a blurred green park setting.

InvestNow

KiwiSaver Scheme

Statement of Investment Policy and Objectives

Effective Date 8 September 2023



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## 1. Description of the Scheme

The InvestNow KiwiSaver Scheme (**Scheme**) is a KiwiSaver scheme registered under the Financial Markets Conduct Act 2013 (**FMCA**).

The manager of the Scheme is FundRock NZ Limited (**FundRock, Manager, we, us, our**). The Manager has appointed the following parties to assist in managing the Scheme:

- InvestNow Saving and Investment Service Limited (**InvestNow**) as investment manager,
- Link Market Services Limited as registrar, and
- Adminis NZ Limited as custodian and investment fund administration manager.

The Scheme supervisor is Public Trust (**Supervisor**).

The Scheme provides members (**Members**) with a range of investment options (**Funds**) which they can combine in any way they choose. Fund options include:

- Diversified Funds, and
- Sector Funds.

The Diversified Funds range from those 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 shares.

The Sector Funds predominantly invest in one particular asset type, which include cash, NZ fixed interest, global fixed interest, Australasian shares, global shares and property. The Sector Funds may invest in more than one particular asset type generally where the two sectors are similar in investment nature (for example NZ and global fixed interest or property and infrastructure). Both passive and active Sector Funds are offered to Members.

As at the date of this Statement of Investment Policy and Objectives (**SIPO**) the Funds available to Scheme Members are:

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### Diversified Funds

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- |  |   |  |
|--|---|--|
| • InvestNow Milford Conservative Fund            | • InvestNow Foundation Series Balanced Fund | • InvestNow Pathfinder Ethical Growth Fund |
| • InvestNow Mint Diversified Income Fund         | • InvestNow Milford Balanced Fund           | • InvestNow Smartshares Growth Fund        |
| • InvestNow Fisher Funds Conservative Fund       | • InvestNow Harbour Active Growth Fund      | • InvestNow Milford Active Growth Fund     |
| • InvestNow Mercer Ethical Leaders Balanced Fund | • InvestNow Foundation Series Growth Fund   | • InvestNow Fisher Funds Growth Fund       |
| • InvestNow Castle Point 5 Oceans Fund           | • InvestNow Mint Diversified Growth Fund    | • InvestNow Generate Focused Growth Fund   |
| • InvestNow Salt Sustainable Growth Fund         | • InvestNow Milford Aggressive Fund         |  |
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## Sector Funds

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### Cash

- InvestNow Macquarie NZ Cash Fund

### NZ Fixed Interest

- InvestNow Macquarie NZ Fixed Interest Fund
- InvestNow Harbour NZ Core Fixed Interest Fund
- InvestNow Russell Investments NZ Fixed Interest Fund

### Global Fixed Interest

- InvestNow Mercer Ethical Leaders Hedged Global Fixed Interest Index Fund
- InvestNow Hunter Global Fixed Interest Fund
- InvestNow Russell Investments Global Fixed Interest Fund

### Australasian Shares

- InvestNow Harbour Australasian Equity Focus Fund
- InvestNow Castle Point Trans-Tasman Fund
- InvestNow Mint Australasian Equity Fund
- InvestNow Mercer NZ Shares Passive Fund
- InvestNow Salt NZ Dividend Appreciation Fund

### Property

- InvestNow Macquarie Global Listed Real Estate Fund
- InvestNow Salt Enhanced Property Fund

### Global Shares

- InvestNow Mercer All Country Global Shares Index Fund
- InvestNow Harbour T. Rowe Price Global Equity Fund
- InvestNow Clarity Global Shares Fund
- InvestNow Russell Investments Global Shares Fund
- InvestNow Russell Investments Hedged Global Shares Fund
- InvestNow Te Ahumairangi Global Equity Fund
- InvestNow Antipodes Global Fund – Long
- InvestNow Foundation Series US 500 Fund
- InvestNow Foundation Series Total World Fund

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Each Fund invests into a separate underlying fund (**Underlying Fund**) as outlined in the Schedules to this SIPO.

The Scheme operates as a single trust fund and the value of each Member's investment at any time will reflect the value of the Underlying Funds chosen by the Member.

## 2. Investment Objective

The investment objective of the Scheme is to provide Members with the flexibility to combine a range of Funds to suit their own risk profile, investment objectives and investment beliefs.

InvestNow conducts a formal due diligence and approval process before selecting an Underlying Fund and underlying investment manager for each Fund. These Funds have their own specific investment objectives which are contained in the Schedules to this SIPO.

Any changes to the investment strategy, objectives, permitted investments, benchmark asset allocations and ranges of an Underlying Fund that are made by an underlying investment manager will also be made to each Fund. The Manager, in conjunction with InvestNow, will determine whether these changes are consistent with the overall investment objective of the Scheme and whether the Underlying Fund remains an appropriate investment option. Underlying Funds that no longer meet the Scheme's investment objective or are assessed as no longer providing an appropriate investment option will be removed.

## 3. Investment Philosophy

Our core belief is that when it comes to retirement saving one size does not fit all. For example, if you are five years from retirement your investment portfolio is likely to be significantly different to the portfolio of somebody planning to retire in 30 years.

Our approach is to provide Members with building blocks, or Funds, that allow them to construct a portfolio to suit their particular requirements. This is consistent with the InvestNow philosophy of "investing, your way".

The Manager has appointed InvestNow, through its Investment Committee, to select specialist investment managers to manage each Fund. The aim is to provide Funds with a variety of investment styles (for example active and passive, growth and value, large cap and small cap) within the Diversified Funds and Sector Funds to enable Members to “invest their way”.

## **4. Investment Policies**

### **Taxation**

The Scheme has elected to be a Portfolio Investment Entity (PIE) and therefore is taxed under the PIE regime.

The taxation implications of an Underlying Fund's investment method, such as holding assets directly or investing in a managed investment scheme, are taken into account when determining the most appropriate approach for the Scheme. Note that taxation is not the sole consideration when choosing an investment method; other factors taken into account include cost and implementation feasibility.

### **Liquidity**

The liquidity risk of any Underlying Fund is assessed with reference to liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for the Fund.

The 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 Fund within the Scheme were to experience liquidity problems the Manager may defer or suspend redemptions for a period of time.

### **Related-party transactions**

Related-party transactions, other than the types permitted under the FMCA are prohibited.

The Scheme may enter into transactions with related parties if permitted under section 174 of the FMCA or consented to by the Supervisor under section 173(2)(a). Examples of such transactions include:

- The Scheme invests in other managed investment schemes. If these schemes are managed by related parties (for example where the Scheme invests in an Underlying Fund that FundRock is also the manager of), and investment is permitted under section 174 of the FMCA, they are permitted investments for the Scheme.
- Parties related to the Funds, may, from time to time, invest in the Funds.

The Manager will report all transactions by related parties to its Supervisor in accordance with section 173(2) of the FMCA.

### **Trade allocations and transactions**

The Scheme invests in other managed investment schemes and funds rather than trading directly in securities.

### **Rebalancing, currency hedging, derivatives**

The Scheme invests in other managed investment schemes and funds. The responsibility for managing portfolio rebalancing, currency hedging and derivatives sits with each of the underlying investment managers of the Underlying Funds.

### **Responsible Investments**

The Scheme invests in other managed investment schemes and funds. The Responsible Investment Policy of the Underlying Funds is set by each of the underlying investment managers of those Underlying Funds.

### **Other relevant policies**

Summaries of the key relevant policies are set out below.

### **Pricing and Asset Valuation Policy**

The purpose of this policy is to set out how FundRock manages its unit pricing and asset valuation obligations, and the way in which FundRock exercises its discretions authorised by the Trust Deed and the establishment documentation for the Funds.

This policy also links to FundRock's outsourcing policy reflecting that we outsource functions including registry, fund administration and unit pricing to third parties. In particular, the policy governs how FundRock selects, monitors and undertakes ongoing due diligence on third party providers.

Within the bounds of what is reasonable and practical, our goals are to:

- have prices that reflect fair, realisable value of underlying assets and liabilities;
- ensure equitable treatment of investors entering, exiting or remaining in a Fund;
- have a consistent and objective process for determining prices; and
- comply with our governing documents, offer documents and applicable laws.

### **Conflicts of Interest and Related Party Transactions Policy**

The Conflicts of Interest and Related Party Transactions Policy sets out the principles and procedures relating to the management of conflicts of interest within FundRock. The policy applies to all of FundRock's directors, relevant officers, senior management and employees. The policy provides guidance on:

- What is meant by a conflict of interest.
- What constitutes a related party transaction.

The core policy statement is:

'As a licensed manager of Managed Investment Schemes, FundRock must act honestly and in the best interests of the Scheme participants. FundRock recognises that in order to satisfy this duty, it and its staff must put the interests of Scheme participants ahead of those of itself or the staff members.'

### **Investment Management Policy**

This document sets out FundRock's policies and procedures in relation to appointing and monitoring investment managers, such as InvestNow. In particular the policy covers:

- investment management governance,
- investment manager selection and appointment, and
- investment manager monitoring and compliance.

## **5. Investment Performance Monitoring and Reporting**

InvestNow's Investment Committee monitors each Fund's investment performance quarterly. Both risk (volatility of return) and return are reviewed. Various time periods are considered, for example 1, 3 and 5 years. Risk and return results are assessed relative to Fund benchmarks and objectives. Risk and return metrics are measured and assessed gross of tax and net of fees.

The InvestNow Investment Committee reports performance to the Manager on a quarterly basis. The Manager reports performance to the Supervisor also on a quarterly basis.

## **6. Investment Strategy Review**

The Manager, in conjunction with InvestNow, oversees the development, implementation and monitoring of each Fund's investment mandate. The Manager does not oversee the development, implementation and monitoring of the Underlying Funds' investment mandates.

The Manager also appoints and removes the underlying investment managers responsible for managing the Underlying Funds. InvestNow provides advice and recommendations to the Manager as part of this process.

## 7. SIPO Compliance and Review

The Manager monitors adherence to this SIPO and reports any breaches to the FundRock Board and the Supervisor. In addition, underlying investment managers report 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 FundRock Board. In addition, FundRock's management team may initiate an ad hoc review, with examples of events that could lead to this being:

- an underlying investment manager making material changes to the SIPO of an Underlying Fund,
- a change in roles and responsibilities, and
- a permanent change in risk and return characteristics of the relevant market.

SIPO reviews take into account the views of FundRock, InvestNow and underlying investment 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 Trust Deed 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 FundRock Board approval.

This SIPO was approved by the FundRock Board on 8 September 2023 and takes effect on 8 September 2023.

The current version of this SIPO is available on the schemes register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).



## Schedule 1 – InvestNow Milford Conservative Fund

### Role in the Scheme

The InvestNow Milford Conservative Fund is an actively managed, conservative, diversified fund option.

### 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 investment manager

Milford Asset Management (Milford)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Milford Conservative 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 [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is a diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities.

### Objective

The Underlying Fund's objective is to provide moderate returns and protect capital after the base fund fee<sup>1</sup>, but before tax, over the minimum recommended investment timeframe of three years.

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Benchmark Index
Cash and cash equivalents	5.25%	S&P/NZX Call Rate Deposit Total Return Index
New Zealand fixed interest	22.5%	S&P/NZX Investment Grade Corporate Bond Total Return Index
International fixed interest	23%	S&P/ASX Corporate Bond 0+ Total Return Index (100% NZD-hedged)
	16.25%	Bloomberg Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)

<sup>1</sup> The base fund fee covers the following costs and charges in respect of the Underlying Fund:

- costs such as investment management, supervisor, custodial, fund accounting, audit and legal costs and is paid monthly. These fees are deducted from, and are reflected in, the Fund unit price; and
- estimated underlying external fund charges, where applicable.

International equities	8%	5% x S&P/NZX Call Rate Deposit Total Return Index + 95% x MSCI World Index with net dividends reinvested (100% NZD-hedged)
Investment in underlying multi-asset fund via Milford Income Wholesale Fund	25%	Milford Diversified Income Fund's Market Index <sup>2</sup>

### Currency hedging

Milford believes in active currency management to control risk and add value. The Underlying Fund has tactical ranges around a neutral position, within which changes to the hedging position can be made. Milford may take an active currency position around the neutral position to reflect their view on key drivers for the currency.

### Derivatives

The Underlying Fund is permitted to use derivatives, with the intention of reducing exposure to market risks or increasing exposure to market positions Milford believes will improve performance.

### Tactical asset allocation and rebalancing

Milford makes tactical asset allocation decisions within the asset allocation ranges outlined for the Underlying Fund. These investment decisions are made on an active and continuous basis to improve the risk-adjusted returns of the Underlying Fund.

Milford does not automatically rebalance asset classes to targets. However, they actively review positions in light of asset class targets and targets are periodically reviewed as part of their SIPO review process.

Milford actively monitors the Underlying Fund to ensure that investment authority limits are not breached. In cases where these limits are breached, Milford will take action to rebalance the Underlying Fund's portfolio in line with the authorised asset ranges.

### Other

The Underlying Fund has the ability to short sell individual securities. This is limited to 25% of the Underlying Fund's net asset value and is subject to the Underlying Fund's relevant SIPO ranges of limits.

In addition the Underlying Fund has the ability to borrow cash with a maximum permissible borrowing of the Underlying Fund of 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 and does not include the use of derivatives.

As a result of short selling, borrowing and use of derivatives, the Underlying Fund may have a maximum net long position of 110% and maximum gross exposure of 175%. The net long position reflects total long exposures (positions which benefit from a rise in security value) less total short exposures (positions which benefit from a decline in security value).

The gross exposure reflects gross long positions plus gross short positions. Any maximum gross exposure limit above 125% is in place for hedging flexibility and does not represent the typical gross exposure of the Fund. The notional value of investments used solely for interest rate, duration and currency hedging purposes are not included. These are accounted for based on their market value.

<sup>2</sup> Please see the Compilation of Market Index Constituents for further information on the Milford Diversified Income Fund's Market Index. This can be found at [www.milfordasset.com/forms-documents](http://www.milfordasset.com/forms-documents).

## Schedule 2 – InvestNow Mint Diversified Income Fund

### Role in the Scheme

The InvestNow Mint Diversified Income Fund is an actively managed, conservative, diversified fund option.

### 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 investment manager

Mint Asset Management (Mint)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mint Diversified Income Fund	Mint Asset Management Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is a multi-asset class fund and offers diversification by investing across a number of asset classes both in New Zealand and internationally. These include cash, fixed interest, listed property, and equities.

### Objective

The objective of the Underlying Fund is to deliver a total return (through a combination of income and capital growth) in excess of the Consumers Price Index (CPI) by 3% per annum, before fees, over the medium to long-term.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	5%	0%-15%	S&P/NZX Bank Bills 90 Day Index
Fixed Interest <sup>3</sup>	65%	40%-90%	S&P/NZX Investment Grade Corporate Bond Total Return Index
Australasian equities, including Listed Property (if held)	20%	0%-30%	S&P/NZX 50 Gross Index
International equities, including Listed Property (if held)	10%	0%-30%	S&P Global BMI (NZD Hedged) Net Total Return

### Currency management

The Underlying Fund generally hedges foreign currency exposures to New Zealand dollars, using forward foreign exchange contracts.

<sup>3</sup> Fixed interest includes New Zealand and international fixed interest.

**Derivatives policy**

The Underlying Fund is permitted to use derivatives, however their use must be consistent with the Underlying Fund's investment objectives and risk profile, and with Mint's derivatives policy.

**Tactical asset allocation and rebalancing**

The Underlying Fund's broad asset class exposures are reviewed at Mint's Investment Committee meetings, and benchmark asset allocations are reviewed annually. Mint utilises tactical asset allocation to manage the Underlying Fund's broader exposure to particular asset classes, as opposed to holding fixed asset allocation weights.

## Schedule 3 – InvestNow Fisher Funds Conservative Fund

### Role in the Scheme

The InvestNow Fisher Funds Conservative Fund is an actively managed, conservative, diversified fund option.

### 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 investment manager

Fisher Funds Management Limited (Fisher Funds)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Fisher Funds Conservative Fund	Fisher Funds Managed Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund provides investors with exposure to a wide range of domestic and global assets. The Underlying Fund will invest in a portfolio with a higher exposure to income assets and a lower exposure to growth assets.

### Investment objective

The objective of the Underlying Fund is to provide stable returns over the long term by investing mainly in income assets with a modest allocation to growth assets.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	14.5%	0%-100%	S&P/NZX 90 Day Bank Bill Index or equivalent index
NZ fixed interest	26%	10%-100%	Bloomberg New Zealand Bond Composite 0+ Year Index or equivalent index
International fixed interest	32%	0%-60%	Bloomberg Global Aggregate Index hedged into NZD or equivalent index
<b>Total Income Assets</b>	<b>72.5%</b>	<b>50%-100%</b>	
Australasian equities	5.5%	0%-16%	50% S&P/NZX50 Gross Index including imputation credits & 50% S&P/ASX 200 Accumulation Index 70% hedged into NZD
International equities	12%	0%-20%	S&P Global Large MidCap Index 50% hedged into NZD
Listed property and infrastructure	5%	0%-10%	65% S&P Global Infrastructure Index (70% hedged to NZD) 15% S&P/ASX 200 A-REIT Index (70% hedged to NZD) 20% S&P/NZX All Real Estate Index

Unlisted property	5%	0%-10%	S&P/NZX All Real Estate Index
<b>Total Growth Assets</b>	<b>27.5%</b>	<b>0%-50%</b>	
Alternative Assets <sup>4</sup>	0%	0%-10%	

### Currency management

The Underlying Fund's targets the following hedging positions for the asset classes with foreign currency exposure:

- International fixed interest: The benchmark hedge ratio is 100% hedged into NZD. The permitted range is 90% to 110%
- Australian equities: The benchmark hedge ratio is 70%. The permitted range is 0% to 110%
- International equities: The benchmark hedge ratio for the is 50% hedged into the NZD. The permitted range is 0% to 110%. Proxy hedging (i.e. using the currency of a country as a proxy for the currency of another country) is permitted.
- Listed property: The benchmark hedge ratio for the overseas portion of the Listed Property portfolio is 70% hedged into NZD. The permitted range is 0% to 110%. Proxy hedging (i.e. using the currency of a country as a proxy for the currency of another country) is permitted

### Derivatives policy

The Underlying Fund is permitted to use derivatives that reference investments that are authorised in the Underlying Fund SIPO. Where derivatives are used the resulting portfolio exposures to investments plus the economic exposure derived by derivative positions must comply with all appropriate guidelines in the Underlying Fund SIPO.

### Tactical asset allocation and rebalancing

Actual asset class allocations of the Underlying Fund will be reviewed weekly and rebalanced if appropriate. Fisher Funds will have regard for transaction costs when considering whether a rebalancing is appropriate.

<sup>4</sup> The characteristics of any Alternative asset will determine whether it is classified as an Income or Growth asset

## Schedule 4 – InvestNow Mercer Ethical Leaders Balanced Fund

### Role in the Scheme

The InvestNow Mercer Ethical Leaders Balanced Fund is an actively managed, balanced, diversified fund option.

### 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 investment manager

Mercer (N.Z.) (Mercer)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mercer Ethical Leaders Balanced Fund	Mercer Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund aims to provide capital growth over the longer-term with moderate levels of volatility. To do this, it uses diversification across asset types, with a slightly lower mix of income assets (e.g. bonds) and a slightly lower mix of growth assets (e.g. shares). The fund is managed to specific 'responsible investment' criteria which prohibit investments in certain companies or activities, and encourage investment in companies with strong environmental, social and governance characteristics.

### Objective

The Underlying Fund aims to outperform, over the medium term, the weighted average return of the market indices used to measure performance of the underlying funds/assets in which the fund invests.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	10%	0%-30%	Bloomberg NZBond Bank Bill Index
New Zealand fixed interest	12.5%	0%-32.5%	Bloomberg NZBond Composite 0+Yr Index
International fixed interest	12.5%	0%-32.5%	Bloomberg MSCI Global Aggregate SRI Select ex-Fossil Fuels Index - hedged in New Zealand dollars
<b>Total Income Assets</b>	<b>35%</b>	<b>10%-60%</b>	
<b>Alternative assets<sup>5</sup></b>	<b>0%</b>	<b>0%-30%</b>	

<sup>5</sup> Alternatives assets have been classified as neither Growth or Income assets to indicate that the Underlying Fund may hold instruments that are either share-like or bond-like, depending on suitability. Alternative assets may include (but are not limited to) private equity, forestry, infrastructure, carbon offset credits, social or environmental impact or other developing asset types with a responsible investment focus.

Australasian equities	20%	0%-40%	S&P/NZX 50 Index including imputation credits
International equities	35%	15%-55%	MSCI All Country World Index with net dividends reinvested (69% gross hedged to the New Zealand dollar)
Listed property	10%	0%-30%	FTSE EPRA/NAREIT Developed Total Return Index with net dividends reinvested
<b>Total Growth Assets</b>	<b>65%</b>	<b>40%-90%</b>	

### Currency management

The Underlying Fund targets exposure to foreign currency shares (excluding Australian dollar shares) being 69% gross hedged to the New Zealand dollar. For Australian dollar shares, the Underlying Fund targets a position of the fund's exposure being 50% gross hedged to the New Zealand dollar. For all other asset classes, the Underlying Fund targets 100% gross hedging of foreign currency exposure to the New Zealand dollar. Mercer has the discretion to alter these target positions should this be deemed appropriate.

### Derivatives policy

The Underlying Fund may use derivatives such as options, futures or swaps for the purpose of:

- protecting against risks such as unfavourable changes in an investment's price;
- enhancing returns by taking advantage of favourable mispricing within a market, as a cost-effective alternative to purchasing physical assets;
- implementing the investment objectives of the Underlying Fund; and
- currency management.

The Underlying Fund is also permitted to hold derivatives related to each asset class so long as the total market value exposure of each asset class (i.e. the physical plus the underlying derivative market value exposure) remains within the permitted asset allocation ranges.

### Tactical asset allocation and rebalancing

Mercer employs tactical asset allocation if they believe shorter term events will be material.

Mercer employs a rebalancing process in the Underlying Fund to ensure actual asset allocations are close to the target asset allocations. Mercer monitors actual asset allocations against target asset allocations daily. If the actual allocation for a given asset class is greater or lesser than 1% of the target allocation, then Mercer will buy or sell assets to rebalance the fund to be within this 1% tolerance. In some instances, Mercer may take an active decision not to rebalance the Underlying Fund provided the actual asset allocations are within the benchmark asset allocation ranges.



## Schedule 5 – InvestNow Castle Point 5 Oceans Fund

### Role in the Scheme

The InvestNow Castle Point 5 Oceans Fund is an actively managed, balanced, diversified fund option.

### 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 investment manager

Castle Point Funds Management (**Castle Point**)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Castle Point 5 Oceans Fund	Castle Point Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund aims to generate a positive return above cash with a focus on protecting investors' capital. To do this, it has a diversified asset and geographic exposure. The exposure to growth assets can be varied between 30% and 70% of the Underlying Fund depending on Castle Point's assessment of market risk. This is quite different from traditional diversified funds which often target a set growth allocation and invest accordingly.

### Objective

The Underlying Fund aims to outperform the NZ Official Cash Rate by 3% per annum over the medium to long-term, after all fees (and other expenses) but before tax.

### Benchmark asset allocation, range and benchmark index

The Underlying Fund does not have a strict target asset allocation rather operates within broad investment ranges shown in the table below. The target asset allocation shown is for purposes of calculating the market index as required for fund updates.

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	10%	0%-70%	S&P/NZX Bank Bills 90 Day Index
New Zealand fixed interest	5%	0%-70%	Bloomberg NZBond Credit 0-5 Yr Index
International fixed interest	30%	0%-70%	Bloomberg AusBond Bank Bill Index (NZD hedged)
<b>Total Income Assets</b>	<b>45%</b>	<b>30%-70%</b>	
Australasian equities	19.5%	0%-50%	50% S&P/NZX 50 Index (including Imputation Credits) & 50% S&P/ASX All Ords Index (100% hedged to NZD)
International equities	29%	0%-70%	MSCI World (75% hedged to NZD)

Listed property	0%	0%-50%	
Unlisted property	0%	0%-50%	
Other <sup>6</sup>	6.5%	0%-100%	S&P/NZX Bank Bills 90 Day Index
<b>Total Growth Assets</b>	<b>55%</b>	<b>30%-70%</b>	

### Currency hedging

While the Underlying Fund has discretion to leave foreign currency exposures unhedged, the default position is to hedge foreign currency exposure back to NZ dollars using hedging in underlying funds and/or forward contracts as per the table below:

Sector	Target Hedging (%)
International fixed interest	100%
Australasian equities	90%-100%
International equities	50%-100%
Other	100%

### Derivatives

The Underlying Fund can only use derivatives in accordance with its investment strategy and derivatives are used for:

- risk management
- hedging (including currency)
- implementing investment opportunities

### Tactical asset allocation and rebalancing

The actual asset allocation of the Underlying Fund is monitored daily by Castle Point to account for market movements, together with any inflows and outflows. Rebalancing occurs if actual allocations have deviated sufficiently from desired levels to justify any costs of trading that would be incurred. If any of the limits are breached Castle Point must rebalance to within the permitted limits within 5 business days, unless written approval is obtained from their supervisor.

<sup>6</sup> The Other asset class includes carbon credits and assets that are designed to provide downside protection in market crashes and increase diversification. Examples include options and hedge funds.

## Schedule 6 – InvestNow Foundation Series Balanced Fund

### Role in the Scheme

The InvestNow Foundation Series Balanced Fund is a predominantly passively managed, balanced, diversified fund option.

### 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 investment manager

InvestNow Saving and Investment Service (InvestNow)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Foundation Series Balanced Fund	Foundation Series Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund aims for mid-range long-run returns by investing in a diversified portfolio with a balance of income and growth assets.

### Objective

The Underlying Fund is managed with the objective of performing broadly in line with the return of its investment benchmark. The investment benchmark is the weighted average return (before tax, fees and other expenses) of the benchmark indices into which the Underlying Fund invests.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	2%	0%-10%	Bloomberg NZBond Bank Bill Index
New Zealand fixed interest	12%	0%-20%	Bloomberg NZBond Composite 0+ Yr Index
International fixed interest	26%	10%-40%	Bloomberg Global Aggregate Index (100% hedged to NZD)
<b>Total income assets</b>	<b>40%</b>	<b>35%-45%</b>	
Australasian equities	20%	10%-30%	S&P/NZX 50 Index (gross and including imputation credits)
International equities	40%	25%-55%	MSCI World Net Index (50% hedged to NZD)
<b>Total Growth Assets</b>	<b>60%</b>	<b>55%-65%</b>	

### **Currency management**

The Underlying Fund targets being:

- 100% hedged to New Zealand dollars for international fixed interest, and
- 50% hedged to New Zealand dollars for international equities.

The allowable range of currency exposure for international equities is +/- 10%.

### **Tactical asset allocation and rebalancing**

InvestNow does not aim to increase returns by actively over-weighting or under-weighting asset classes.

InvestNow and FundRock monitor the Underlying Fund's asset allocations daily. If the allocation between income and growth assets deviates more than 5% from the benchmark asset allocation, the Underlying Fund will be rebalanced. In addition, if an asset allocation moves outside its range the Underlying Fund will be rebalanced.

## Schedule 7 – InvestNow Milford Balanced Fund

### Role in the Scheme

The InvestNow Milford Balanced Fund is an actively managed, balanced, diversified fund option.

### 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 investment manager

Milford Asset Management (**Milford**)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Milford Balanced 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 [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is a diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities.

### Objective

The Underlying Fund objective is to provide capital growth after the base fund fee<sup>7</sup>, but before tax and before the performance fee over the minimum recommended investment timeframe of five years.

#### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Benchmark Index
Cash and cash equivalents	5%	S&P/NZX Call Rate Deposit Total Return Index
New Zealand fixed interest	2%	S&P/NZX Investment Grade Corporate Bond Total Return Index
International fixed interest	2%	S&P/ASX Corporate Bond 0+ Total Return Index (100% NZD-hedged)
	4%	Bloomberg Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)
Australasian equities	7%	S&P/NZX 50 Gross Index with Imputation Credits
	3%	S&P/ASX 200 Total Return Index (100% NZD-hedged)
	4%	S&P/ASX Small Ordinaries Total Return Index (100% NZD-hedged)

<sup>7</sup> The base fund fee covers the following costs and charges in respect of the Underlying Fund:

- costs such as investment management, supervisor, custodial, fund accounting, audit and legal costs and is paid monthly. These fees are deducted from, and are reflected in, the Fund unit price; and
- estimated underlying external fund charges, where applicable.

International equities	23%	MSCI World Index with net dividends reinvested (50% NZD-hedged)
Investment in underlying multi-asset fund via:	40%	Milford Diversified Income Fund's Market Index <sup>8</sup>
Milford Diversified Income Fund	10%	Milford Active Growth Fund's Market Index <sup>7</sup>
Milford Active Growth Fund		

### Currency hedging

Milford believes in active currency management to control risk and add value. The Underlying Fund has tactical ranges around a neutral position, within which changes to the hedging position can be made. Milford may take an active currency position around the neutral position to reflect their view on key drivers for the currency.

### Derivatives

The Underlying Fund is permitted to use derivatives, with the intention of reducing exposure to market risks or increasing exposure to market positions Milford believes will improve performance.

### Tactical asset allocation and rebalancing

Milford makes tactical asset allocation decisions within the asset allocation ranges outlined for the Underlying Fund. These investment decisions are made on an active and continuous basis to improve the risk-adjusted returns of the Underlying Fund.

Milford does not automatically rebalance asset classes to targets. However, they actively review positions in light of asset class targets and targets are periodically reviewed as part of their SIPO review process.

Milford actively monitors the Underlying Fund to ensure that investment authority limits are not breached. In cases where these limits are breached, Milford will take action to rebalance the Underlying Fund's portfolio in line with the authorised asset ranges.

### Other

The Underlying Fund has the ability to short sell individual securities. This is limited to 25% of the Underlying Fund's net asset value and is subject to the Underlying Fund's relevant SIPO ranges of limits.

In addition the Underlying Fund has the ability to borrow cash with a maximum permissible borrowing of the Underlying Fund of 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 and does not include the use of derivatives.

As a result of short selling, borrowing and use of derivatives, the Underlying Fund may have a maximum net long position of 110% and maximum gross exposure of 175%. The net long position reflects total long exposures (positions which benefit from a rise in security value) less total short exposures (positions which benefit from a decline in security value).

The gross exposure reflects gross long positions plus gross short positions. Any maximum gross exposure limit above 125% is in place for hedging flexibility and does not represent the typical gross exposure of the Fund. The notional value of investments used solely for interest rate, duration and currency hedging purposes are not included. These are accounted for based on their market value.

<sup>8</sup> Please see the Compilation of Market Index Constituents for further information on the Milford Diversified Income Fund and the Milford Active Growth Fund's Market Indices. This can be found at [www.milfordasset.com/forms-documents](http://www.milfordasset.com/forms-documents).

## Schedule 8 – InvestNow Harbour Active Growth Fund

### Role in the Scheme

The InvestNow Harbour Active Growth Fund is an actively managed, growth, diversified fund option.

### 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 investment manager

Harbour Asset Management (**Harbour**)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Harbour Active Growth Fund	Harbour Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund provides investors with exposure to a wide range of domestic and global assets. The Underlying Fund is actively managed to enhance returns and manage downside risks.

### Investment objective

The objective of the Underlying Fund is to exceed the Official Cash Rate (OCR) plus 5% over rolling 5-year periods.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	5%	2.5%-30%	S&P/NZX Bank Bills 90 Day Index
NZ fixed interest	25%	10%-50%	Bloomberg Composite 0+ Year Index
International fixed interest	0%	0%-50%	
Australasian equities	30%	0%-60%	22.5% S&P/NZX 50 Index and 7.5% S&P ASX 200 Index (50% hedged to NZD)
International equities	30%	0%-60%	MSCI All Country World Index
Listed property	10%	0%-30%	S&P/NZX All Real Estate Index
Unlisted property	0%	0%-10%	
Other	0%	0%-35%	

### **Currency management**

With the exception of foreign currency denominated equities, the Underlying Fund's currency exposure is 100% hedged to NZD. International Equities (excluding Australian Equities) have a neutral foreign currency hedging position of 0% but will be managed within a tactical range of between 0 and 100%. Australian Equities will be managed within a tactical range of between 0 and 100%.

### **Derivatives policy**

The Underlying Fund may use derivatives. Derivative use is governed by the underlying investment manager's Derivative Risk Statement (DRS). The DRS summarises the policies in place covering the use of derivatives, controls on their use, and the processes for assessing compliance with those controls. These policies and controls are intended to ensure proper use of derivatives. Derivatives are not to be considered in isolation, but as part of the investment operations of the responsible party as a whole and the investment strategy being implemented.

### **Tactical asset allocation and rebalancing**

Underlying Fund actual asset allocations will vary from the benchmark asset allocations as market conditions change and if Harbour pursue tactical investment opportunities.



## Schedule 9 – InvestNow Foundation Series Growth Fund

### Role in the Scheme

The InvestNow Foundation Series Growth Fund is a predominantly passively managed, growth, diversified fund option.

### 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 investment manager

InvestNow Saving and Investment Service (InvestNow)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Foundation Series Growth Fund	Foundation Series Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund aims for high long-run returns by investing in a diversified portfolio weighted towards growth assets but with some income asset exposure.

### Objective

The Underlying Fund is managed with the objective of performing broadly in line with the return of its investment benchmark. The investment benchmark is the weighted average return (before tax, fees and other expenses) of the benchmark indices into which the Underlying Fund invests.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	2%	0%-10%	Bloomberg NZBond Bank Bill Index
New Zealand Fixed interest	3%	0%-15%	Bloomberg NZBond Composite 0+ Yr Index
International fixed interest	15%	5%-25%	Bloomberg Global Aggregate Index (100% hedged to NZD)
<b>Total Income Assets</b>	<b>20%</b>	<b>15%-25%</b>	
Australasian equities	26%	16%-36%	S&P/NZX 50 Index (gross and including imputation credits)
International equities	54%	39%-69%	MSCI World Net Index (50% hedged to NZD)
<b>Total Growth Assets</b>	<b>80%</b>	<b>75%-85%</b>	

### **Currency management**

The Underlying Fund targets being:

- 100% hedged to New Zealand dollars for international fixed interest, and
- 50% hedged to New Zealand dollars for international equities.

The allowable range of currency exposure for international equities is +/- 10%.

### **Tactical asset allocation and rebalancing**

InvestNow does not aim to increase returns by actively over-weighting or under-weighting asset classes.

InvestNow and FundRock monitor the Underlying Fund's asset allocations daily. If the allocation between income and growth assets deviates more than 5% from the benchmark asset allocation, the Underlying Fund will be rebalanced. In addition, if an asset allocation moves outside its range the Underlying Fund will be rebalanced.

## Schedule 10 – InvestNow Mint Diversified Growth Fund

### Role in the Scheme

The InvestNow Mint Diversified Growth Fund is an actively managed, growth, diversified fund option.

### 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 investment manager

Mint Asset Management (Mint)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mint Diversified Growth Fund	Mint Asset Management Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is a multi-asset class fund which offers a diversified portfolio and aims to provide capital growth over the long-term. The Underlying Fund invests primarily in New Zealand and international equities, but will also hold cash and fixed interest securities.

### Investment objective

The objective of the Underlying Fund is to deliver returns in excess of the Consumers Price Index (CPI) by 4.5% per annum, before fees, over the medium to long-term.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	5%	0%-15%	S&P/NZX Bank Bills 90 Day Index
Fixed interest <sup>9</sup>	15%	0%-40%	S&P/NZX Investment Grade Corporate Bond Total Return Index
Australasian equities, including Listed Property (if held)	20%	0%-40%	S&P/NZX 50 Gross Index
International equities, including Listed Property (if held)	60%	40%-90%	S&P Global BMI (NZD Hedged) Net Total Return

### Currency management

The Underlying Fund generally hedges foreign currency exposures to New Zealand dollars, using forward foreign exchange contracts.

<sup>9</sup> Fixed interest includes New Zealand and international fixed interest.

**Derivatives policy**

The Underlying Fund is permitted to use derivatives, however their use must be consistent with the Underlying Fund's investment objectives and risk profile, and with Mint's derivatives policy.

**Tactical asset allocation and rebalancing**

The Underlying Fund's broad asset class exposures are reviewed at Mint's Investment Committee meetings, and benchmark asset allocations are reviewed annually. Mint utilises tactical asset allocation to manage the Underlying Fund's broader exposure to particular asset classes, as opposed to holding fixed asset allocation weights.

## Schedule 11 – InvestNow Pathfinder Ethical Growth Fund

### Role in the Scheme

The InvestNow Pathfinder Ethical Growth Fund is an actively managed, growth, diversified fund option.

### 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 investment manager

Pathfinder Asset Management (Pathfinder)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Pathfinder Ethical Growth Fund	Pathfinder Managed Investment

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund provides investors with exposure to a wide range of domestic and global assets. The Underlying Fund will invest in a portfolio with a higher exposure to growth assets and a lower exposure to income assets.

### Investment objective

The objective of the Underlying Fund is to invest ethically to achieve medium to high returns with a higher risk focus.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	7.7%	0%-100%	Morningstar Target Allocation Index – Growth Multisector for New Zealand
NZ fixed interest	8.8%	0%-70%	
International fixed interest	11.7%	0%-70%	
Australasian equities	20.6%	0%-90%	
International equities	41.5%	0%-90%	
Listed property	4.7%	0%-20%	
Other	5.0%	0%-15%	

\* Other may include venture capital, private credit, private equity and unlisted property investments.

### Currency management

The Underlying Fund's base position is for foreign currency fixed interest exposure to be 100% hedged to New Zealand dollars and foreign currency equity exposure to be unhedged. The permitted range for both foreign currency fixed interest exposure and foreign currency equity exposure is between 0 and 110%. Pathfinder seeks to

add value through the level of currency hedging and as such the Underlying Fund may deviate significantly from its base position.

### **Derivatives policy**

Derivative contracts may be used by the Fund to manage market risk exposure to equities, foreign currencies, interest rates and to 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.

### **Tactical asset allocation and rebalancing**

Actual asset class allocations will frequently differ from the benchmark asset allocation but are to remain inside the permitted ranges. Pathfinder may at any time rebalance the Underlying Fund's holding(s) closer to the benchmark asset allocation but is not required to do so.

## Schedule 12 – InvestNow Smartshares Growth Fund

### Role in the Scheme

The InvestNow Smartshares Growth Fund is an actively managed, growth, diversified fund option.

### 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 investment manager

Smartshares Limited (Smartshares)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

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 [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund provides exposure to a diversified fund that invests mostly in growth assets.

### Investment objective

The objective of the Underlying Fund is to provide investors with a growth investment option.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	4%	0%-40%	S&P/NZX Bank Bills 90-Day Index
NZ fixed interest	8%	0%-20%	50% S&P/NZX A-Grade Corporate Bond Index 50% S&P/NZX NZ Government Bond Index
International fixed interest	8%	0%-30%	Bloomberg Global Aggregate Index (100% hedged to the New Zealand dollar)
<b>Total Income Assets</b>	<b>20%</b>	<b>5%-40%</b>	
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%	FTSE Global All-Cap Index (60% hedged to the New Zealand dollar)

Listed property	4%	0%-25%	25% S&P/NZX Real Estate Select Index 25% S&P/ASX 200 A-REIT Equal Weight Index (100% hedged to the New Zealand dollar) 50% FTSE EPRA/NAREIT developed ex Australia rental Index (100% hedged to the New Zealand dollar)
Other	4%	0%-15%	FTSE Developed Core Infrastructure 50/50 Index (100% hedged to the New Zealand dollar)
<b>Total Growth Assets</b>	<b>80%</b>	<b>60%-95%</b>	

### Currency management

The Underlying Fund's base position is for foreign currency exposure to be hedged to the New Zealand dollar. The target hedging level is 69%. The actual hedging level can be anywhere in the 0% - 120% range.

### Derivatives policy

The Underlying Fund may use derivatives to gain exposure to assets that are consistent with its permitted investments 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. If a counterparty has multiple credit ratings, Smartshares will use the highest credit rating of Standard & Poor's, Moody's or Fitch. If a counterparty is not rated by any of these rating agencies, Smartshares will decide a credit rating. If a counterparty is downgraded below the minimums set out above, Smartshares will decide the appropriate action.

### Tactical asset allocation and rebalancing

Smartshares may from time to time rebalance the Underlying Fund so that its actual asset allocation is consistent with its target asset allocation.



## Schedule 13 – InvestNow Milford Active Growth Fund

### Role in the Scheme

The InvestNow Milford Active Growth Fund is an actively managed, growth, diversified fund option.

### 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 investment manager

Milford Funds Limited (Milford)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund
Milford Active Growth Wholesale Fund No. 2

### Further information

The remainder of this schedule summarises details of the Underlying Fund.

### Description

The Underlying Fund provides investors with exposure to a diversified fund that primarily invests in equities, with a moderate allocation to fixed interest securities.

### Investment objective

The objective of the Underlying Fund is to provide annual returns of 10% after the base fund fee<sup>10</sup> but before tax and before the performance fee, over the minimum recommended investment timeframe.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	6%	-10%-70%	S&P/NZX Call Rate Deposit Total Return Index
NZ fixed interest	2%	0%-70%	S&P/NZX Investment Grade Corporate Bond Total Return Index
International fixed interest	4%	-10%-50%	S&P/ASX Corporate Bond 0+ Total Return Index (100% NZD-hedged)
	10%		Bloomberg Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)

<sup>10</sup> The base fund fee covers the following costs and charges in respect of the Underlying Fund:

- costs such as investment management, supervisor, custodial, fund accounting, audit and legal costs and is paid monthly. These fees are deducted from, and are reflected in, the Fund unit price; and
- estimated underlying external fund charges, where applicable.

Australasian equities	16%	10%-90%	S&P/NZX 50 Gross Index with Imputation Credits
	12%		S&P/ASX 200 Total Return Index (100% NZD-hedged)
	6%		S&P/ASX Small Ordinaries Total Return Index (100% NZD hedged)
International equities	44%	0%-70%	MSCI World Index with net dividends reinvested (63% NZD-hedged)

### Currency hedging

Milford believes in active currency management to control risk and add value. The Underlying Fund has tactical ranges around a neutral position, within which changes to the hedging position can be made. Milford may take an active currency position around the neutral position to reflect their view on key drivers for the currency.

### Derivatives

The Underlying Fund is permitted to use derivatives, with the intention of reducing exposure to market risks or increasing exposure to market positions Milford believes will improve performance.

### Tactical asset allocation and rebalancing

Milford makes tactical asset allocation decisions within the asset allocation ranges outlined for the Underlying Fund. These investment decisions are made on an active and continuous basis to improve the risk-adjusted returns of the Underlying Fund.

Milford does not automatically rebalance asset classes to targets. However, they actively review positions in light of asset class targets and targets are periodically reviewed as part of their SIPO review process.

Milford actively monitors the Underlying Fund to ensure that investment authority limits are not breached. In cases where these limits are breached, Milford will take action to rebalance the Underlying Fund's portfolio in line with the authorised asset ranges.

### Other

The Underlying Fund has the ability to short sell individual securities. This is limited to 25% of the Underlying Fund's net asset value and is subject to the Underlying Fund's relevant SIPO ranges of limits.

In addition the Underlying Fund has the ability to borrow cash with a maximum permissible borrowing of the Underlying Fund of 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 and does not include the use of derivatives.

As a result of short selling, borrowing and use of derivatives, the Underlying Fund may have a maximum net long position of 110% and maximum gross exposure of 175%. The net long position reflects total long exposures (positions which benefit from a rise in security value) less total short exposures (positions which benefit from a decline in security value).

The gross exposure reflects gross long positions plus gross short positions. Any maximum gross exposure limit above 125% is in place for hedging flexibility and does not represent the typical gross exposure of the Fund. The notional value of investments used solely for interest rate, duration and currency hedging purposes are not included. These are accounted for based on their market value.

## Schedule 14 – InvestNow Fisher Funds Growth Fund

### Role in the Scheme

The InvestNow Fisher Funds Growth Fund is an actively managed, growth, diversified fund option.

### 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 investment manager

Fisher Funds Management (Fisher Funds)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Fisher Funds Growth Fund	Fisher Funds Managed Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund provides investors with exposure to a wide range of domestic and global assets. The Underlying Fund will invest in a portfolio with a higher exposure to growth assets and a lower exposure to income assets.

### Investment objective

The objective of the Underlying Fund is to grow your investment with more focus on capital growth over the long term. Invested in mainly growth assets.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	1%	0%-30%	S&P/NZX 90 Day Bank Bill Index or equivalent index
NZ fixed interest	11%	0%-30%	Bloomberg New Zealand Bond Composite 0+ Year Index or equivalent index
International fixed interest	7%	0%-15%	Bloomberg Global Aggregate Index hedged into NZD or equivalent index
<b>Total Income Assets</b>	<b>19%</b>	<b>0%-30%</b>	
Australasian equities	25%	10%-50%	50% S&P/NZX50 Gross Index including imputation credits & 50% S&P/ASX 200 Accumulation Index 70% hedged into NZD
International equities	47%	20%-80%	S&P Global Large MidCap Index 50% hedged into NZD
Listed property and infrastructure	4.5%	0%-10%	65% S&P Global Infrastructure Index (70% hedged to NZD) 15% S&P/ASX 200 A-REIT Index (70% hedged to NZD)

			20% S&P/NZX All Real Estate Index
Unlisted property	4.5%	0%-10%	S&P/NZX All Real Estate Index
Other	0%	0%-10%	
<b>Total Growth Assets</b>	<b>81%</b>	<b>70%-100%</b>	
Alternatives <sup>11</sup>	0%	0%-10%	

### Currency management

The Underlying Fund's targets the following hedging positions for the asset classes with foreign currency exposure:

- International fixed interest: The benchmark hedge ratio is 100% hedged into NZD. The permitted range is 90% to 110%
- Australian equities: The benchmark hedge ratio is 70%. The permitted range is 0% to 110%
- International equities: The benchmark hedge ratio for the is 50% hedged into the NZD. The permitted range is 0% to 110%. Proxy hedging (i.e. using the currency of a country as a proxy for the currency of another country) is permitted.
- Listed property: The benchmark hedge ratio for the overseas portion of the Listed Property portfolio is 70% hedged into NZD. The permitted range is 0% to 110%. Proxy hedging (i.e. using the currency of a country as a proxy for the currency of another country) is permitted

### Derivatives policy

The Underlying Fund is permitted to use derivatives that reference investments that are authorised in the Underlying Fund SIPO. Where derivatives are used the resulting portfolio exposures to investments plus the economic exposure derived by derivative positions must comply with all appropriate guidelines in the Underlying Fund SIPO.

### Tactical asset allocation and rebalancing

Actual asset class allocations of the Underlying Fund will be reviewed weekly and rebalanced if appropriate. Fisher Funds will have regard for transaction costs when considering whether a rebalancing is appropriate.

<sup>11</sup> The characteristics of any Alternative asset will determine whether it is classified as an Income or Growth asset

## Schedule 15 – InvestNow Macquarie NZ Cash Fund

### Role in the Scheme

The InvestNow Macquarie NZ Cash Fund is an actively managed, single sector, fund option.

### 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 investment manager

The manager of the Underlying Fund, Mercer (N.Z.), has selected Macquarie Asset Management (NZ) as investment manager.

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mercer Macquarie NZ Cash Fund	Mercer Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is an actively managed portfolio of bank bills, floating rate notes and short-term deposits and securities, and is a very low risk investment product that targets capital security. Environmental, Social and Governance characteristics are integrated into the investment process where applicable.

### Objective

The Underlying Fund objective is to provide a Gross Return above the return of the Bloomberg NZBond Bank Bill Index on a rolling 12 month basis.

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Sub-sector Range %	Benchmark Index
Cash and cash equivalents	100%		Bloomberg NZBond Bank Bill Index
New Zealand Government or government guaranteed securities, bank risk or debt securities and registered bank deposits/cash		50%-100%	
Corporate securities		0%-50%	
Floating rate notes		0%-25%	

### Currency hedging

Not applicable.

## **Derivatives**

The Underlying Fund may use derivatives such as options, futures or swaps for the purpose of:

- protecting against risks such as unfavourable changes in an investment's price;
- enhancing returns by taking advantage of favourable mispricing within a market, as a cost-effective alternative to purchasing physical assets;
- implementing the investment objectives of the Underlying Fund; and
- currency management.

The Underlying Fund is also permitted to hold derivatives related to each asset class so long as the total market value exposure of each asset class (i.e. the physical plus the underlying derivative market value exposure) remains within the permitted asset allocation ranges.

## **Tactical asset allocation and rebalancing**

The Underlying Fund may undertake regular rebalancing to ensure sub-sector allocations remain within permitted ranges.

## Schedule 16 – InvestNow Macquarie NZ Fixed Interest Fund

### Role in the Scheme

The InvestNow Macquarie NZ Fixed Interest Fund is an actively managed, single sector, fund option.

### 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 investment manager

The manager of the Underlying Fund, Mercer (N.Z.), has selected Macquarie Asset Management (NZ) as investment manager

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mercer Macquarie NZ Fixed Interest Fund	Mercer Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is an actively managed portfolio of fixed interest securities. It is a medium risk investment product, focusing predominantly on government bonds and corporate securities in the New Zealand market. Environmental, Social and Governance characteristics are integrated into the investment process where applicable.

### Objective

The Underlying Fund aims to provide a Gross Return above the return of the Bloomberg NZBond Composite 0+ Yr Index on a rolling three year basis.

### Benchmark asset allocation and benchmark index

Asset Class or sub-sector	Benchmark asset allocation %	Sub-sector or asset class range %	Benchmark Index
New Zealand fixed interest	100%	0%-50%	Bloomberg NZBond Composite 0+ Yr Index
<ul style="list-style-type: none"> <li>On call NZ cash, short-term securities and deposits</li> <li>New Zealand Government, corporate and other non-government securities</li> <li>Local Government Funding Authority</li> </ul>		50%-100%	
		0%-50%	
International fixed interest	0%	0%-20%	

### **Currency hedging**

The Underlying Fund aims to hedge all foreign currency exposure (principal and interest) back to New Zealand dollars.

### **Derivatives**

The Underlying Fund may use derivatives such as options, futures or swaps for the purpose of:

- protecting against risks such as unfavourable changes in an investment's price;
- enhancing returns by taking advantage of favourable mispricing within a market, as a cost-effective alternative to purchasing physical assets;
- implementing the investment objectives of the Underlying Fund; and
- currency management.

The Underlying Fund is also permitted to hold derivatives related to each asset class so long as the total market value exposure of each asset class (i.e. the physical plus the underlying derivative market value exposure) remains within the permitted asset allocation ranges.

### **Tactical asset allocation and rebalancing**

The Underlying Fund may undertake regular rebalancing to ensure asset class and sub-sector allocations remain within permitted ranges.



## Schedule 17 – InvestNow Harbour NZ Core Fixed Interest Fund

### Role in the Scheme

The InvestNow Harbour NZ Core Fixed Interest Fund is an actively managed, single sector, fund option.

### 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 investment manager

Harbour Asset Management (**Harbour**)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Harbour NZ Core Fixed Interest Fund	Harbour Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is an actively traded investment grade portfolio that holds New Zealand Government and corporate bonds. Additional diversification may be gained through holdings of liquid Australian investment grade corporate bonds, whose firms are covered by the Harbour Australasian Equities team. The Underlying Fund also uses hedging instruments to efficiently manage interest rate and credit risks in the portfolio and has the ability to make allocations in the US and Australian rate markets when there are pricing discrepancies relative to New Zealand. Foreign currency exposures are hedged back to NZ dollars (NZD).

### Investment objective

The Underlying Fund aims to outperform the Bloomberg NZBond Composite 0+ Yr Index by 100 basis points per annum over a rolling three year period.

### Benchmark asset allocation, range and benchmark index:

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	5%	0%-70%	Bloomberg NZBond Composite 0+ Yr Index
New Zealand Fixed interest	85%	30%-100%	
International fixed interest	10%	0%-20%	

### Currency management

Aggregate non-NZD credit exposures must not exceed 20% of the NAV of the Underlying Fund. All non-NZD risk will be hedged to NZD (with the trading tolerance of +/-2% of the Underlying Fund's NAV).

### Derivatives policy

The Underlying Fund may use derivatives. Derivative use is governed by the underlying investment manager's Derivative Risk Statement (DRS). The DRS summarises the policies in place covering the use of derivatives, controls on their use, and the processes for assessing compliance with those controls. These policies and controls are

intended to ensure proper use of derivatives. Derivatives are not to be considered in isolation, but as part of the investment operations of the responsible party as a whole and the investment strategy being implemented.

### **Tactical asset allocation and rebalancing**

Underlying Fund actual asset allocations will vary from the benchmark asset allocations as market conditions change and if Harbour pursue tactical investment opportunities.

## Schedule 18 – InvestNow Russell Investments NZ Fixed Interest Fund

### Role in the Scheme

The InvestNow Russell Investments NZ Fixed Interest Fund is an actively managed, single sector, fund option.

### 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 investment manager

Russell Investments (Russell)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Russell Investments NZ Fixed Interest Fund	Russell Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is an actively managed NZ Fixed Interest fund. The underlying investment exposure is typically comprised of government fixed income securities, bank bills and cash equivalents, and securities issued by local authorities, semi-government organisations, and corporations, as well as to mortgage-backed and asset backed securities. The underlying investment portfolio may from time to time be exposed to low grade or unrated debt securities to a limited extent, and derivatives. The Underlying Fund also has the ability to invest in the Australian fixed income market either through Australian dollar denominated debt securities or derivative instruments. Australian dollar currency exposure is largely hedged back to the New Zealand dollar.

### Objective

The Underlying Fund objective is to provide a total return, before costs and tax, higher than the Bloomberg NZBond Composite 0+ Yr Index over the long term (3 years plus).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
New Zealand Fixed interest and cash and cash equivalents	100%	80%-100%	Bloomberg NZBond Composite 0+ Yr Index
International fixed interest and cash and cash equivalents	0%	0%-20%	
Currency hedging instruments	0%	0%-20%	

### Currency hedging

Australian dollar currency exposure in the Underlying Fund is largely hedged back to the New Zealand dollar.

### Derivatives

The Underlying Fund may use derivative instruments including currency hedging instruments.

### **Tactical asset allocation and rebalancing**

The Underlying Fund may undertake regular rebalancing to ensure asset class allocations remain within permitted ranges.

## Schedule 19 – InvestNow Mercer Ethical Leaders Hedged Global Fixed Interest Index Fund

### Role in the Scheme

The InvestNow Mercer Ethical Leaders Hedged Global Fixed Interest Index Fund is a passively managed, single sector, fund option.

### 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 investment manager

The manager of the Underlying Fund, Mercer (N.Z.), has selected UBS Asset Management (Australia) as investment manager

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mercer Ethical Leaders Hedged Global Fixed Interest Index Fund	Mercer Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is a passively managed international fixed interest portfolio that is designed to closely match the return of the Bloomberg Barclays MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, fully hedged to the New Zealand dollar. The fund is managed to specific 'responsible investment' criteria which prohibit investments in certain companies or activities, and encourage investment in companies with strong environmental, social and governance characteristics.

### Objective

The Underlying Fund aims to provide a return that closely matches the return of the Bloomberg Barclays MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, fully hedged to the New Zealand dollar.

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	0%	0%-5%	Bloomberg Barclays MSCI Global Aggregate SRI Select ex-Fossil Fuels Index, fully hedged to the New Zealand dollar
International fixed interest <sup>12</sup>	100%	95%-100%	

### Currency hedging

The Underlying Fund is fully hedged to New Zealand dollars.

<sup>12</sup> International fixed interest may also include New Zealand fixed interest securities.

### **Derivatives**

The Underlying Fund may use derivatives for currency hedging purposes.

### **Tactical asset allocation and rebalancing**

The allocations of the Underlying Fund are maintained by daily monitoring of the cash balance to ensure that the cash balance is close to the target allocation. Rebalancing will occur when required by the buying or selling of assets to bring the allocations closer to the target allocations.

## Schedule 20 – InvestNow Hunter Global Fixed Interest Fund

### Role in the Scheme

The InvestNow Hunter Global Fixed Interest Fund is an actively managed, single sector, fund option.

### 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 investment manager

The manager of the Underlying Fund, Harbour Asset Management, has selected PIMCO Australia Pty (PIMCO) as investment manager.

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Hunter Global Fixed Interest Fund	Hunter Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund invests in a diversified portfolio of international fixed income securities, derivatives and cash.

### Objective

The Underlying Fund aims to provide a total return, before costs and tax, of 1% per annum higher than the Bloomberg Global Aggregate Index – 100% New Zealand dollar hedged over a rolling 3 year period.

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Funding account (holds NZD cash and cash equivalents)	0%	0%-5%	Bloomberg Global Aggregate Index, fully hedged to the New Zealand dollar
International fixed interest*	100%	95%-100%	

- The underlying investment manager has authority to take actions in connection with exchanges, reorganisations, conversions or other corporate events that could result in the receipt of securities (including, but not limited to, common stock) that may or may not be permitted investments as defined in the Underlying Fund's SIPO. The underlying investment manager may, in the best interest of the portfolio, hold these for a reasonable amount of time (as determined by the underlying investment manager in its commercially reasonable discretion). The Portfolio may invest in New Zealand fixed interest. This is included in its asset allocation to international fixed interest.

### Currency hedging

The Underlying Fund targets being fully hedged to New Zealand dollars. Hedging is performed by PIMCO, who may also take active currency positions between currencies (for example, increasing or decreasing the Underlying Fund's exposure to different underlying currencies).

## **Derivatives**

The Underlying Fund may use derivatives such as options, futures, swaps or credit derivatives for the purpose of:

- Protecting against risks such as unfavourable changes in an investment's price;
- Enhancing returns by taking advantage of pricing inefficiencies;
- As a cost-effective alternative to purchasing physical assets;
- Implementing the investment objectives of the Fund; and
- Currency management.

## **Tactical asset allocation and rebalancing**

The Underlying Fund does not have a rebalancing policy.



## Schedule 21 – InvestNow Russell Investments Global Fixed Interest Fund

### Role in the Scheme

The InvestNow Russell Investments Global Fixed Interest Fund is an actively managed, single sector, fund option.

### 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 investment manager

Russell Investments (Russell)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Russell Investments Global Fixed Interest Fund	Russell Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund Provides exposure to international fixed interest securities and is actively managed using a multi-manager approach.

### Objective

The Underlying Fund aims to provide a total return, before costs and tax, higher than the Bloomberg Global Aggregate Index – New Zealand dollar hedged over the long term (3 years plus).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	0%	0%-10%	Bloomberg Global Aggregate Index, fully hedged to the New Zealand dollar
International fixed interest	100%	90%-100%	

### Currency hedging

The Underlying Fund targets a position of being fully hedged back to New Zealand dollars. Due to active management by the underlying fund managers, there will generally be some foreign currency exposure.

### Derivatives

The Underlying Fund may use derivative instruments including currency hedging instruments.

### Tactical asset allocation and rebalancing

The Underlying Fund does not have a rebalancing policy.

## Schedule 22 – InvestNow Harbour Australasian Equity Focus Fund

### Role in the Scheme

The InvestNow Harbour Australasian Equity Focus Fund is an actively managed, single sector, fund option.

### 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 investment manager

Harbour Asset Management (**Harbour**)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Harbour Australasian Equity Focus Fund	Harbour Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is an actively managed, high conviction portfolio investing principally in listed Australasian equities. The focus is on delivering strong positive returns through the market cycle by investing in equity positions with no particular attention to an equity benchmark. The Fund is a research focused equity fund. It may have a higher risk profile than traditional core equity funds. Harbour can actively allocate investments between Australasian listed equities, fixed interest and cash. The Fund may also use derivatives to hedge currency and equity risk.

### Objective

The Underlying Fund objective is to deliver medium to long term capital growth through investing in quality businesses with strong growth prospects.

### Relevant benchmark

The Underlying Fund does not follow a particular benchmark. However, the following is the appropriate market index and has been used to calculate risk indicator prior to the Underlying Fund's inception: 50% S&P/NZX50 Index and a 50% S&P/ASX200 Index (which is 50% hedged into NZD).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %
Cash and cash equivalents <sup>13</sup>	5%	0%-35%
Australasian equities – listed or about to be listed	95%	65%-100%
Australasian equities – unlisted	0%	0%-4%

<sup>13</sup> Cash and cash equivalents can include NZ and Australian investment grade corporate bonds

### **Currency hedging**

The Underlying Fund is managed to a 50% hedged benchmark, and when hedging is in place it can typically range from 10%-90% of Australian dollar exposure. Currency exposure is managed in the derivative market using forwards and currency swaps.

### **Derivatives**

The Underlying Fund's use of derivatives is governed by Harbour's Derivative Risk Statement (DRS). Their DRS summarises the policies in place covering the use of derivatives, controls on their use, and the processes for assessing compliance with those controls. These policies and controls are intended to ensure proper use of derivatives. Derivatives are not to be considered in isolation, but as part of the investment operations of the responsible party as a whole and the investment strategy being implemented.

### **Tactical asset allocation and rebalancing**

The Underlying Fund may undertake regular rebalancing to ensure asset class allocations remain within permitted ranges.

## Schedule 23 – InvestNow Castle Point Trans-Tasman Fund

### Role in the Scheme

The InvestNow Castle Point Trans-Tasman Fund is an actively managed, single sector, fund option.

### 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 investment manager

Castle Point Funds Management (Castle Point)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Castle Point Trans-Tasman Fund	Castle Point Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund primarily invests into a portfolio of New Zealand and Australian listed equities. While the Underlying Fund is targeted to be fully invested into equities, it will hold a low level of cash for transactional purposes. The Underlying Fund is actively managed, which means that holdings and returns are likely to differ materially from the benchmark.

### Objective

The investment objective of the Underlying Fund is to outperform the S&P/ NZX 50 Index (including Imputation Credits) over rolling three-year periods after all fees (and other expenses) but before tax.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	2%	0%-10%	S&P/ NZX 50 Index (including Imputation Credits)
Australasian equities	98%	90%-100%	

### Currency hedging

While the Underlying Fund has discretion to leave foreign currency exposures unhedged, the default position is to hedge foreign currency exposure back to NZ dollars using hedging in underlying funds and/or forward contracts as per the table below:

Sector	Target Hedging (%)
Australasian equities	90%-100%

## **Derivatives**

The Underlying Fund can only use derivatives in accordance with its investment strategy and derivatives are used for:

- risk management;
- hedging (including currency); and
- implementing investment opportunities.

## **Tactical asset allocation and rebalancing**

The actual asset allocation of the Underlying Fund is monitored daily by Castle Point to account for market movements, together with any inflows and outflows. Rebalancing occurs if actual allocations have deviated sufficiently from desired levels to justify any costs of trading that would be incurred. If any of the limits are breached Castle Point must rebalance to within the permitted limits within 5 business days, unless written approval is obtained from their supervisor.

## Schedule 24 – InvestNow Mint Australasian Equity Fund

### Role in the Scheme

The InvestNow Mint Australasian Equity Fund is an actively managed, single sector, fund option.

### 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 investment manager

Mint Asset Management (Mint)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mint Australasian Equity Fund	Mint Asset Management Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund typically invests in New Zealand and Australian listed equities. The Underlying Fund is actively managed and investments are made where the underlying investment manager believes they offer an attractive investment return rather than tracking an index.

### Investment objective

The Underlying Fund aims to provide investors with superior returns with lower risk than the benchmark index over the medium to long term.

### Benchmark asset allocation, range and benchmark index

The Underlying Fund does not have a benchmark asset allocation but operates within the following asset allocation ranges.

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	5%	0%-100%	S&P/NZX 50 Gross Index
New Zealand equities	95%	0%-100%	
Australian equities		0%-100%	

### Currency management

Currency hedging is at the underlying investment manager's discretion, however, the default position is that the non-New Zealand dollar exposures will be hedged to neutralise, as much as practicable, any currency impact.

### Derivatives policy:

The Underlying Fund is permitted to use derivatives, however their use must be consistent with the Underlying Fund's investment objectives and risk profile, and with Mint's derivatives policy.

### **Tactical asset allocation and rebalancing**

The Underlying Fund's broad asset class exposures are reviewed at Mint's Investment Committee meetings, and benchmark asset allocations are reviewed annually. Mint utilises tactical asset allocation to manage the Underlying Fund's broader exposure to particular asset classes, as opposed to holding fixed asset allocation weights.

## Schedule 25 – InvestNow Mercer NZ Shares Passive Fund

### Role in the Scheme

The InvestNow Mercer NZ Shares Passive Fund is a passively managed, single sector, fund option.

### 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 investment manager

The manager of the Underlying Fund, Mercer (N.Z.), has selected Macquarie Investment Management Global as investment manager.

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mercer NZ Shares Passive Fund	Mercer Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is a passively managed New Zealand Shares portfolio that is designed to track the return of the S&P/NZX 50 Index.

### Objective

The Underlying Fund aims to provide a return that closely matches the return of the S&P/NZX 50 Index (on a gross basis and including imputation credits).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation (%)	Range %	Benchmark Index
Cash and cash equivalents	0%	0%-5%	S&P/NZX 50 Index (on a gross basis and including imputation credits)
Australasian equities	100%	95%-100%	

### Currency hedging

Not applicable.

### Derivatives

The Underlying Fund is permitted to hold futures and options to assist in matching the returns of the benchmark index, subject to the market value of the exposure being covered by cash or backed by physical assets, with the total market exposure within the permitted allocation ranges.

### Tactical asset allocation and rebalancing

The allocations of the Underlying Fund are maintained by daily monitoring of the cash balance to ensure that the cash balance is close to the target allocation. Rebalancing will occur when required by the buying or selling of assets to bring the allocations closer to the target allocations.



## Schedule 26– InvestNow Salt NZ Dividend Appreciation Fund

### Role in the Scheme

The InvestNow Salt NZ Dividend Appreciation Fund is an actively managed, single sector, fund option.

### 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 investment manager

Salt Funds Management (Salt)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Salt NZ Dividend Appreciation Fund	Salt Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund targets a portfolio of shares of New Zealand companies that may, in Salt's opinion, pay high and sustainable dividends.

### Objective

The Underlying Fund aims to outperform (after fees and expenses but before tax) the S&P/NZX 50 Gross Index on a rolling three-year basis by investing predominantly in New Zealand shares).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	0%	0%-5%	S&P/NZX 50 Gross Index (including imputation credits)
NZ shares <sup>14</sup>	100%	95%-100%	
Unlisted securities <sup>15</sup>	0%	0%-5%	

### Currency hedging

The Underlying Fund targets a position of fully hedging its overseas assets, although these may be partially hedged or completely unhedged at Salt's discretion.

### Derivatives

The Underlying Fund is permitted to use derivatives. Derivatives may not be used where this would result in a conflict with the Underlying Fund's governing documents or SIPO. The use of derivatives must also be consistent with Salt's derivatives risk policy.

<sup>14</sup> NZ shares are those listed on the NZX, or dual-listed on the NZX and the ASX.

<sup>15</sup> The Underlying Fund can invest in unlisted securities which have the intention of listing within 12 months (excluding IPOs).

### **Tactical asset allocation and rebalancing**

The Underlying Fund is actively managed within its benchmark asset allocation ranges.

## Schedule 27 – InvestNow Macquarie Global Listed Real Estate Fund

### Role in the Scheme

The InvestNow Macquarie Global Listed Real Estate Fund is an actively managed, single sector, fund option.

### 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 investment manager

The manager of the Underlying Fund, Mercer (N.Z.), has selected Macquarie Asset Management (NZ) as investment manager

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mercer Macquarie Global Listed Real Estate Fund	Mercer Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund invests in a global portfolio of property securities listed on stock exchanges around the world. It aims to generate medium to high returns over the long term by investing in a broad range of property regions, sectors and securities through a single fund. Environmental, Social and Governance characteristics are integrated into the investment process.

### Objective

The underlying fund aims to provide a Gross Return above the FTSE EPRA/NAREIT Developed Total Return Index with net dividends reinvested, fully hedged to New Zealand dollars, on a rolling three year basis.

### Benchmark asset allocation and benchmark index

Asset Class or sub-sector	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	0%	0%-10%	FTSE EPRA/NAREIT Developed Total Return Index with net dividends reinvested, fully hedged to New Zealand dollars
International listed property	100%	90%-100%	

### Currency hedging

The Underlying Fund targets a position of being fully hedged to the New Zealand dollar. The Underlying Fund will, to the extent it is able, apply the FDR foreign currency hedges method for tax purposes.

### Derivatives

The Underlying Fund may use derivatives such as options, futures or swaps for the purpose of:

- protecting against risks such as unfavourable changes in an investment's price;

- enhancing returns by taking advantage of favourable mispricing within a market, as a cost-effective alternative to purchasing physical assets;
- implementing the investment objectives of the Underlying Fund; and
- currency management.

The Underlying Fund is also permitted to hold derivatives related to each asset class so long as the total market value exposure of each asset class (i.e. the physical plus the underlying derivative market value exposure) remains within the permitted asset allocation ranges.

#### **Tactical asset allocation and rebalancing**

The allocations of the Underlying Fund are maintained by daily monitoring of the cash balance to ensure that the cash balance is close to the target allocation. Rebalancing will occur when required by the buying or selling of assets to bring the allocations closer to the target allocations.

## Schedule 28 – InvestNow Salt Enhanced Property Fund

### Role in the Scheme

The InvestNow Salt Enhanced Property Fund is an actively managed, single sector, fund option.

### 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 investment manager

Salt Funds Management (Salt)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Salt Enhanced Property Fund	Salt Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund targets a portfolio of shares of New Zealand and Australian property trusts, companies and other property related securities with exposure to commercial, residential, retail, tourism, industrial, medical, educational, rural, retirement, leisure and other property sectors.

In addition to holding “long-only” New Zealand and Australian property and property-related securities, the Underlying Fund may, at Salt's discretion short sell securities, hold cash, lever its assets and utilise active currency management to generate returns.

### Objective

The Underlying Fund aims to outperform (after fees and expenses but before tax) the S&P/NZX All Real Estate (Industry Group) Gross Index benchmark over a full market cycle by investing predominantly in New Zealand and Australian property and property-related shares.

### Benchmark asset allocation and benchmark index

The Underlying Fund does not have benchmark asset allocations for each asset class, but will invest between the following ranges:

Asset Class	Range %	Benchmark Index
Cash and cash equivalents	0%-30%	S&P/NZX All Real Estate (Industry Group) Gross Index
Gross equity exposure <sup>16</sup>	70%-200%	
Net equity exposure <sup>16</sup>	70%-100%	
Unlisted securities	0%-5%	

<sup>16</sup> Exposure is to NZ and Australian property and property-related shares.

As a result of the Underlying Fund's investment strategy involving short selling securities (described below), it has a disclosed target investment mix in its product disclosure statement of 95% listed property and 5% cash and cash equivalents. However, these indicate an average value of what might be expected and should be considered as a general guide only. The actual investment mix could vary quite markedly in the normal course of undertaking the Fund's investment strategy.

The Underlying Fund uses short selling as part of its investment strategy. Short selling involves the sale of a security that a seller, such as the Fund, has borrowed, to be subsequently repurchased in the future. Short selling is undertaken with the belief that the security can be repurchased at a lower price than it was initially sold for. Short selling differs from "long positions" in that "long positions" are shares which the Fund has bought and owns with the objective of selling at a higher price than the Fund purchased it for. The Fund will make money on "long positions" if the share price increases while it will make money on "short positions" if the share price falls. Conversely, the Fund will lose money on "long positions" if the share price decreases and will lose money on "short positions" if the share price increases in the period before the Fund has to return the borrowed securities. Since there is no upper limit to a share price, the risk of loss on a short sale is theoretically infinite.

### **Currency hedging**

The Underlying Fund targets a position of fully hedging its overseas assets, although these may be partially hedged or completely unhedged at Salt's discretion.

### **Derivatives**

The Underlying Fund is permitted to use derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts. Derivatives may not be used where this would result in a conflict with the Underlying Fund's governing documents or SIPO. The use of derivatives must also be consistent with Salt's derivatives risk policy.

### **Tactical asset allocation and rebalancing**

The Underlying Fund will be actively managed within the benchmark asset allocation ranges.

### **Suitability and additional information**

Due to the Underlying Fund's wide investment parameters and ability to short sell securities, the Fund's return will generate investment returns relative to the underlying benchmark index, although to a larger degree than traditional equity investment funds, the investment performance of the Fund will depend on Salt's skill in selecting, combining and implementing investment decisions. As the Underlying Fund actively invests in New Zealand and Australian property and property related shares, subsequent returns may be volatile. This Fund is likely to suit investors looking to invest into property related shares over a longer term investment timeframe (at least five years) and who are prepared to accept a high degree of volatility.

## Schedule 29 – InvestNow Harbour T. Rowe Price Global Equity Fund

### Role in the Scheme

The InvestNow Harbour T. Rowe Price Global Equity Fund is an actively managed, single sector, fund option.

### 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 investment manager

The manager of the Underlying Fund, Harbour Asset Management, has selected T. Rowe Price International (T. Rowe Price) as investment manager.

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Harbour T. Rowe Price Global Equity Fund	Harbour Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund invests primarily in a portfolio of securities of companies which are traded, listed or due to be listed, on recognised exchanges and/or markets throughout the world. The portfolio may include investments in the securities of companies traded, listed or due to be listed, on recognized exchanges and/or markets of developing countries. T. Rowe Price follows a growth orientated active investment management approach to generate outperformance for the Fund.

### Objective

The Underlying Fund aims to provide long term capital appreciation. The Underlying Fund's benchmark is the MSCI All Country World Index (unhedged) in NZD.

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	2%	0%-10%	MSCI All Country World Index (unhedged) in NZD
Australasian equities	0%	0%-10%	
International equities	98%	80%-100%	

### Currency hedging

The Underlying Fund's benchmark is unhedged. At times a portion of the Underlying Fund's currency exposure may be hedged.

### Derivatives

The Underlying Fund may use derivatives. Derivative use is governed by the underlying investment manager's Derivative Risk Statement (DRS). The DRS summarises the policies in place covering the use of derivatives, controls on their use, and the processes for assessing compliance with those controls. These policies and controls are

intended to ensure proper use of derivatives. Derivatives are not to be considered in isolation, but as part of the investment operations of the responsible party as a whole and the investment strategy being implemented.

**Tactical asset allocation and rebalancing**

Actual asset allocations will vary from the benchmark asset allocations as market conditions change, and if tactical investment opportunities are pursued.



## Schedule 30 – InvestNow Clarity Global Shares Fund

### Role in the Scheme

The InvestNow Clarity Global Shares Fund is an actively managed, single sector, fund option.

### 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 investment manager

The manager of the Underlying Fund, Clarity Funds Management (**Clarity**) has appointed MFS International Australia Pty (**MFS**) as investment manager.

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Clarity Global Shares Fund	Clarity Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund invests in a portfolio of well-diversified global securities listed on share markets around the world. These assets may include listed equities and exchange traded funds, as well as currency positions and cash. Securities of companies which are traded or due to be listed on international stock exchanges may be considered for inclusion in the Underlying Fund. As the Underlying Fund is actively managed, the holdings may differ considerably from the relevant benchmark index. The Underlying Fund's custodian holds the assets directly.

### Objective

The Underlying Fund aims to provide a better return than the MSCI All Country World ex-Tobacco Index (net dividends reinvested) in New Zealand dollars with 50% hedged to the New Zealand dollar over the medium to long term (five years or longer).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	2%	0%-5%	MSCI All Country World ex-Tobacco Index (net dividends reinvested) in New Zealand dollars with 50% hedged to the New Zealand dollar
New Zealand equities	0%	0%-10%	
Australasian equities	0%	0%-10%	
International equities	98%	80%-100%	
Listed property	0%	0%-10%	
Other assets	0%	0%-5%	

### Currency hedging

The Underlying Fund can use forward contracts to lock in an exchange rate for a currency transaction at a future date, within the ranges set out in the table below:

Sector	Hedging Target (%)	Hedging Range (%)
Australasian equities	50%	0%-100%
International equities (excluding Australia)	50%	0%-100%

### Tactical asset allocation and rebalancing

The Underlying Fund may occasionally engage in tactical deviations from the benchmark asset allocation. This process allows the underlying investment manager to adjust portfolio positions should market conditions change or in reaction to other material short-term events, such as worthwhile investment opportunities. These deviations will be short-term adjustments and portfolios will be rebalanced to the target asset allocation as soon as practicable. The Underlying Fund's holdings are reviewed at least monthly to ensure the individual security positions and asset allocations for each fund are aligned with the underlying manager's Investment Committee's current investment view. Where security positions are considered to be not aligned then security positions will be rebalanced as soon as practicable.

## Schedule 31 – InvestNow Russell Investments Global Shares Fund

### Role in the Scheme

The InvestNow Russell Investments Global Shares Fund is an actively managed, single sector, fund option.

### 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 investment manager

Russell Investments (Russell)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Russell Investments Global Shares Fund	Russell Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund provides exposure to international shares and is actively managed using a multi-manager approach.

### Objective

The Underlying Fund aims to provide a total return, before costs and tax, higher than the MSCI ACWI – Net Index over the long term (3 years plus).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	0%	0%-10%	MSCI ACWI – Net Index
International equities	100%	90%-100%	

### Currency hedging

The Underlying Fund is normally not hedged to the New Zealand dollar.

### Derivatives

The Underlying Fund may use derivative instruments, including currency hedging instruments.

### Tactical asset allocation and rebalancing

The Underlying Fund does not have a rebalancing policy

## Schedule 32 – InvestNow Russell Investments Hedged Global Shares Fund

### Role in the Scheme

The InvestNow Russell Investments Hedged Global Shares Fund is an actively managed, single sector, fund option.

### 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 investment manager

Russell Investments (Russell)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Russell Investments Hedged Global Shares Fund	Russell Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund provides exposure to international shares and is actively managed using a multi-manager approach.

### Objective

The Underlying Fund aims to provide a total return, before costs and tax, higher than the MSCI ACWI Index – 100% Hedged to NZD - Net over the long term (3 years plus).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	0%	0%-10%	MSCI ACWI Index -100% Hedged to NZD – Net
International equities	100%	90%-100%	

### Currency hedging

The Underlying Fund targets a position of being fully hedged back to New Zealand dollars. Due to active management by the underlying fund managers, there will generally be some foreign currency exposure.

### Derivatives

The Underlying Fund may use derivative instruments, including currency hedging instruments.

### Tactical asset allocation and rebalancing

The Underlying Fund does not have a rebalancing policy.

## Schedule 33 – InvestNow Mercer All Country Global Shares Index Fund

### Role in the Scheme

The InvestNow Mercer All Country Global Shares Index Fund is a passively managed, single sector, fund option.

### 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 investment manager

Mercer (N.Z.)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Mercer All Country Global Shares Index Fund	Mercer Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is a passively managed international shares portfolio that is designed to track the return of the MSCI All Country World ex-Tobacco Index.

### Objective

The Underlying Fund aims to provide a return that closely matches the return of the MSCI All Country World ex-Tobacco Index with net dividends reinvested (69% gross hedged to the New Zealand dollar).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents <sup>17</sup>	0%	0%-5%	MSCI All Country World ex-Tobacco Index with net dividends reinvested (69% gross hedged to the New Zealand dollar)
International equities via a range of funds	100%	95%-100%	

### Currency hedging

The Underlying Fund targets a position of being 69% gross hedged to the New Zealand dollar. The hedges are based on the currency components of the underlying index. Currency hedges are normally rebalanced monthly, but may be adjusted intra-month for significant cash flows.

### Derivatives

The Underlying Fund is also permitted to hold derivatives related to each asset class so long as the total market exposure of each asset class (i.e. the physical plus the underlying derivative exposure) remains within the permitted asset allocation ranges above.

<sup>17</sup> The range of funds into which the Underlying Fund invests may also hold cash and cash equivalents for liquidity purposes. The benchmark asset allocation and ranges for cash and cash equivalents in the range of funds has not been included in this table.

### **Tactical asset allocation and rebalancing**

The allocations of the Underlying Fund are maintained by daily monitoring of the cash balance to ensure that the cash balance is close to the target allocation. Rebalancing will occur when required by the buying or selling of assets to bring the allocations closer to the target allocations.

## Schedule 34 – InvestNow Te Ahumairangi Global Equity Fund

### Role in the Scheme

The InvestNow Te Ahumairangi Global Equity Fund is an actively managed, single sector, fund option.

### 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 investment manager

Te Ahumairangi Investment Management (Te Ahumairangi)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Te Ahumairangi Global Equity Fund	Te Ahumairangi Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund invests in global securities across various listed equity markets.

### Objective

The Underlying Fund's primary objective is to outperform its benchmark index (50:50 combination of the MSCI World Index, and the MSCI Minimum Volatility Index optimised for NZ dollar based investors).

Over the long-term (7+ years) the Underlying Fund also aims to deliver pre-tax post-fee returns of over 6.5% per annum and to produce better returns than the broader global equity universe (as proxied by the MSCI World index), while at the same time achieving a significantly lower level of risk (which can be measured in terms of lower return volatility, and smaller drawdowns than the MSCI World Index).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	2%	0%-20%	50:50 combination of the MSCI World Index, and the MSCI Minimum Volatility Index optimised for NZ dollar based investors. (For calculation purposes, these weights are rebalanced to 50:50 at the end of each month).
International fixed interest	0%	0%-5%	
International equities	98%	75%-100%	

### Currency hedging

The default position of the Underlying Fund is to accept the unhedged currency exposure associated with the securities that it invests in. However, the Underlying Fund will sometimes use foreign exchange forwards (and allocation of any cash balances) to tilt the Underlying Fund's exposure to a different mix of currencies than arises directly from the underlying investments, if the underlying investment manager judges that this different mix of currency exposures is likely to result in a better balance of risk and return.

### **Derivatives**

The Underlying Fund may use derivative instruments, including currency hedging instruments. And may take short positions in futures contracts linked to an equity index, provided that this does not reduce the Underlying Fund's net effective exposure to any national equity market to below zero.

### **Tactical asset allocation and rebalancing**

The Underlying Fund does not have a formal rebalancing policy, but the Underlying Fund will rebalance between different securities, sectors, countries, and asset classes based on the underlying investment manager's judgement of what is likely to achieve the best balance of risk and return.



## Schedule 35 – InvestNow Antipodes Global Fund – Long

### Role in the Scheme

The InvestNow Antipodes Global Fund – Long is an actively managed, single sector, fund option.

### 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 investment manager

Antipodes Partners (Antipodes)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Antipodes Global Fund – Long (PIE)	Antipodes Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund provides exposure to a diversified portfolio of international shares which is actively managed. The Fund invests via the Antipodes Global Fund – Long (PIE) which invests in the Antipodes Global Fund - Long - UCITS (Underlying Fund) and cash or cash equivalent securities. The Underlying Fund's investment exposure is predominantly to a broad range of international shares listed on stock exchanges in developed and emerging markets.

### Objective

The Underlying Fund aims to achieve absolute returns in excess of the MSCI All Country World Net Index in NZ dollars over the investment cycle (typically 3-5 years).

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	0%	-5%-5%	MSCI All Country World Net Index in NZ dollars
International equities	100%	95%-105%	

### Currency hedging

The Underlying Fund is normally not hedged to the New Zealand dollar.

### Derivatives

The Underlying Fund may use derivative instruments including exchange traded derivatives for risk management purposes and to achieve equity exposure.

### Tactical asset allocation and rebalancing

The Underlying Fund does not have a rebalancing policy.

## Schedule 36 – InvestNow Foundation Series US 500 Fund

### Role in the Scheme

The InvestNow Foundation Series US 500 Fund is a passively managed, single sector, fund option.

### 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 investment manager

InvestNow Saving and Investment Service (InvestNow)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Foundation Series US 500 Fund	Foundation Series Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund aims for high long-run returns by investing in an underlying Exchange-Traded Fund (ETF) that invests in shares of the largest companies listed on exchanges in the United States.

### Objective

The Underlying Fund is managed with the objective of performing broadly in line with the return of its investment benchmark before fees and tax over the long-term. The investment benchmark is the Morningstar US Target Market Exposure TR (NZD) Index.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	0%	-10%-10%	Morningstar US Target Market Exposure TR (NZD) Index
International equities	100%	90%-110%	

### Currency management

The Underlying Fund targets being unhedged to New Zealand dollars for international equities.

### Tactical asset allocation and rebalancing

The Underlying Fund does not have a rebalancing policy.

## Schedule 37 – InvestNow Foundation Series Total World Fund

### Role in the Scheme

The InvestNow Foundation Series Total World Fund is a passively managed, single sector, fund option.

### 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 investment manager

InvestNow Saving and Investment Service (InvestNow)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Foundation Series Total World Fund	Foundation Series Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund aims for high long-run returns by investing in an underlying ETF that invests in shares of large, mid-sized and small companies listed on international stock markets.

### Objective

The Underlying Fund is managed with the objective of performing broadly in line with the return of its investment benchmark before fees and tax over the long-term. The investment benchmark is the Morningstar Global All Cap Target Market Exposure NR (NZD) Index.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	0%	-10%-10%	Morningstar Global All Cap Target Market Exposure NR (NZD) Index
International equities	100%	90%-110%	

### Currency management

The Underlying Fund targets being unhedged to New Zealand dollars for international equities.

### Tactical asset allocation and rebalancing

The Underlying Fund does not have a rebalancing policy.

## Schedule 38 – InvestNow Generate Focused Growth Fund

### Role in the Scheme

The InvestNow Generate Focused Growth Fund is an actively managed, growth, diversified fund option.

### 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 investment manager

Generate Investment Management (**Generate**)

### Selected fund and scheme

As at the date of the SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Generate Focused Growth Managed Fund	Generate Unit Trust

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund aims to provide a higher growth investment return over the long term through investment in nearly all growth assets.

### Investment objective

The objective of the Underlying Fund is to provide a higher growth investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	5%	0%-35%	S&P/NZX Call Rate Deposit Index
Fixed interest <sup>18</sup>	0%	0%-20%	80% S&P/NZX Investment Grade Corporate Bond Index 20% S&P/ASX Corporate Bond Index 0+ NZD Hedged Index
Property and infrastructure	15%	0%-35%	60% S&P/NZX 50 Index Gross 40% S&P/NZX Real Estate Index
Australasian equities	15%	0%-35%	S&P/NZX 50 Index Gross
International equities	65%	45%-85%	50% MSCI World ex Australia Net Total Return 100% hedged to NZD 50% MSCI World ex Australia Net Total Return in NZD

<sup>18</sup> Fixed interest includes New Zealand and international fixed interest.

## **Currency management**

The underlying investment manager of the underlying fund actively manages currency exposures by deciding whether or not to fully or partially offset the impact of currency movements via entering into foreign exchange transactions. Derivative contracts – predominantly foreign exchange forwards – are used for foreign exchange risk management. The main philosophy of foreign exchange policy is to smooth the impact of currency movements. As such the long-term foreign exchange hedging target for equities is 50%, while the long-term foreign exchange hedging target for fixed income is 100%.

Where the underlying investment manager of the underlying fund believes a relevant currency is over or undervalued it can alter the relevant foreign exchange hedging ratio by up to +/- 15% either side of the long-term foreign exchange hedging target at the time the trade is executed. In order for the underlying investment manager of the underlying fund to modify a foreign exchange hedging ratio by more than +/- 15% either side of the long term foreign exchange hedging target, approval from the underlying investment manager's Investment Committee must be obtained. Should market movements or the buying or selling of shares take a foreign currency hedging ratio outside of the +/- 15% band or outside of the underlying investment manager's Investment Committee approval, this is not considered a breach of the policy, and the underlying manager will move the hedge back within the +/- band as soon as it is practical to do so.

## **Derivatives policy**

The Underlying Fund is permitted to use derivatives for currency management purposes. In addition, subject to acquiring approval from the underlying investment manager of the underlying fund's Investment Committee, interest rate derivatives (predominantly swaps) may be used to hedge interest rate risk, as well as futures and/or options to hedge market risk. Derivatives may not be used where this would result in a conflict with the Underlying Fund's governing documents or SIPO.

## **Tactical asset allocation and rebalancing**

The underlying investment manager of the underlying fund's threshold for rebalancing is generally +/- 1% from the target or any tactical asset allocation. Rebalancing will generally occur each business day except where it is not considered appropriate to rebalance. The underlying investment manager of the underlying fund employs tactical asset allocation with the goal of enhancing investment performance and can alter asset allocation up to a tolerance range of +/- 15% from the long-term target asset allocations. Anything outside these tolerance levels requires approval from the Investment Committee of the underlying investment manager of the underlying fund.

## Schedule 39 – InvestNow Salt Sustainable Growth Fund

### Role in the Scheme

The InvestNow Salt Sustainable Growth Fund is an actively managed, growth, diversified fund option.

### 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 investment manager

Salt Funds Management (Salt)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

Underlying Fund	Underlying Scheme
Salt Sustainable Growth Fund	Salt Investment Funds

### Further information

Further detailed information on the Underlying Fund can be found within the Underlying Fund's SIPO, which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund provides investors with a diversified mix of growth and defensive assets with an aim to provide a positive return on capital on a rolling five-year basis.

### Objective

The Underlying Fund aims to provide a total return (after fees and expenses but before tax) above the Reserve Bank of New Zealand's Consumer Price Index + 5% benchmark on a rolling five-year basis. To achieve this, the Fund targets a diversified mix of growth and defensive assets, with a focus on securities with strong Environmental, Social and Governance credentials.

The Fund also aims to maximise its total return by outperforming, over the long term, the weighted average return of the market indices used to measure performance of the underlying funds/assets in which the Fund invests.

### Benchmark asset allocation and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents <sup>19</sup>	5%	0%-30%	Bloomberg NZ Bond Bank Bill Index
International fixed interest	15%	0%-60%	Bloomberg Barclays Global Aggregate Index 100% NZD hedged
Total Income Assets	20%		
Alternative Assets	0%	0%-15%	Reserve Bank of New Zealand Official Cash Rate +5%

<sup>19</sup> Includes mark to market position on derivatives (if any)

Australasian shares <sup>20</sup>	25%	10%-40%	S&P/NZX50 Gross Index
International shares	35%	20%-50%	MSCI World Index with net dividends reinvested
Global Listed Property	10%	0%-25%	FTSE EPRA/NAREIT Developed Real Estate Index 100% NZD hedged
Global Listed Infrastructure <sup>21</sup>	10%	0%-25%	FTSE Global Core Infrastructure 50/50 Net Tax – hedged in NZD
<b>Total Growth Assets</b>	<b>80%</b>		

### Currency hedging

The Underlying Fund targets a position of fully hedging its exposure to international fixed interest, global listed property and global listed infrastructure assets and being unhedged to international shares, although all exposures may be partially hedged or completely unhedged at Salt's discretion.

### Derivatives

The Underlying Fund is permitted to use derivatives. Derivatives may not be used where this would result in a conflict with the Underlying Fund's governing documents or SIPO. The use of derivatives must also be consistent with Salt's derivatives risk policy.

### Tactical asset allocation and rebalancing

The Underlying Fund is actively managed within its benchmark asset allocation ranges.

<sup>20</sup> Australasian Shares are authorised investments falling into the first category listed in the 'Authorised Investments' section above which are listed on the NZX and/or the ASX.

<sup>21</sup> This asset class is described in the Funds' product disclosure statement as 'international equities'.

## Schedule 40 – InvestNow Milford Aggressive Fund

### Role in the Scheme

The InvestNow Milford Aggressive Fund is an actively managed, high growth, diversified fund option.

### 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 investment manager

Milford Asset Management (Milford)

### Selected fund and scheme

As at the date of this SIPO the Fund is invested in:

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 [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The remainder of this schedule summarises the Underlying Fund's SIPO.

### Description

The Underlying Fund is a diversified fund that primarily invests in international equities, with a moderate allocation to Australasian equities.

### Objective

The Underlying Fund's objective is to maximise capital growth after the base fund fee<sup>22</sup>, but before tax, over the minimum recommended investment timeframe.

### Benchmark asset allocation, range and benchmark index

Asset Class	Benchmark asset allocation %	Range %	Benchmark Index
Cash and cash equivalents	5%	-10%-30%	S&P/NZX Call Rate Deposit Total Return Index
Australasian equities	5%	0%-50%	S&P/NZX 50 Gross Index with Imputation Credits
	15%		S&P/ASX 200 Total Return Index (100% NZD-hedged)
	5%		S&P/ASX Small Ordinaries Total Return Index (100% NZD hedged)
International equities	70%	50%-100%	MSCI World Index with net dividends reinvested (65% NZD-hedged)

<sup>22</sup> The base fund fee covers the following costs and charges in respect of the Underlying Fund:

- costs such as investment management, supervisor, custodial, fund accounting, audit and legal costs and is paid monthly. These fees are deducted from, and are reflected in, the Fund unit price; and
- estimated underlying external fund charges, where applicable.



### **Currency hedging**

Milford believes in active currency management to control risk and add value. The Underlying Fund has tactical ranges around a neutral position, within which changes to the hedging position can be made. Milford may take an active currency position around the neutral position to reflect their view on key drivers for the currency.

### **Derivatives**

The Underlying Fund is permitted to use derivatives, with the intention of reducing exposure to market risks or increasing exposure to market positions Milford believes will improve performance.

### **Tactical asset allocation and rebalancing**

Milford makes tactical asset allocation decisions within the asset allocation ranges outlined for the Underlying Fund. These investment decisions are made on an active and continuous basis to improve the risk-adjusted returns of the Underlying Fund.

Milford does not automatically rebalance asset classes to targets. However, they actively review positions in light of asset class targets and targets are periodically reviewed as part of their SIPO review process.

Milford actively monitors the Underlying Fund to ensure that investment authority limits are not breached. In cases where these limits are breached, Milford will take action to rebalance the Underlying Fund's portfolio in line with the authorised asset ranges.

### **Other**

The Underlying Fund has the ability to short sell individual securities. This is limited to 25% of the Underlying Fund's net asset value and is subject to the Underlying Fund's relevant SIPO ranges of limits.

In addition, the Underlying Fund has the ability to borrow cash with a maximum permissible borrowing of the Underlying Fund of 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 and does not include the use of derivatives.

As a result of short selling, borrowing and use of derivatives, the Underlying Fund may have a maximum net long position of 110% and maximum gross exposure of 125%. The net long position reflects total long exposures (positions which benefit from a rise in security value) less total short exposures (positions which benefit from a decline in security value).

The gross exposure reflects gross long positions plus gross short positions. Any maximum gross exposure limit above 125% is in place for hedging flexibility and does not represent the typical gross exposure of the Fund. The notional value of investments used solely for interest rate, duration and currency hedging purposes are not included. These are accounted for based on their market value.