NZ Funds Managed Superannuation Service

Statement of Investment Policy & Objectives

12 November 2026

NZFunds

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1. Description

The NZ Funds Managed Superannuation Service (Service) is registered as a superannuation scheme under the Financial Markets Conduct Act 2013 (FMC Act).

The Manager of the Service is New Zealand Funds Management Limited (NZ Funds, our, us or we). The supervisor of the Service is The New Zealand Guardian Trust Company Limited (Supervisor).

The Service is a Qualifying Recognised Overseas Pension Scheme (QROPS) which means it can accept money transferred from UK pension schemes or other current or former QROPS.

The Service offers six investment options:

- five actively managed Strategies (Self Select);
    - Income Strategy - British Pounds,
    - Growth Strategy - British Pounds,
    - Income Strategy,
    - Defensive Growth Strategy,
    - Growth Strategy, and
- a life cycle investment option (Life Cycle).

Under Life Cycle, a Member's investment is automatically allocated across the Income Strategy, Defensive Growth Strategy and Growth Strategy each year based on their age (the Income Strategy - British Pounds and Growth Strategy - British Pounds are not part of Life Cycle).

More information on Life Cycle and each Strategy is included in the Service's Product Disclosure Statement (PDS) and the Other Material Information (OMI) document, which are available at *www.nzfunds.co.nz* or the offer register at *disclose-register.companiesoffice.govt.nz*. These documents should be read together with this Statement of Investment Policy & Objectives (SIPO).

2. Investment overview

NZ Funds is a wealth management specialist. We define wealth management as helping New Zealanders achieve their investment goals.

We believe the most reliable way for New Zealanders to do this is through the integration of financial advice and investment management.

Our approach to wealth management aims to provide investors with a financial strategy to achieve their investment goals and access to financial advisers to help them make informed financial decisions. Our goal is to ensure Members own a diversified portfolio of investments with downside mitigation where appropriate.

The Service is designed to provide investors with access to shares, bonds, derivatives, alternative securities and other securities including specialist investment managers.

The Service's Strategies are actively managed. NZ Funds' active investment management approach seeks to maintain a balance between preserving Members' capital and growing their wealth over time in a way that is consistent with each Strategy's objective.

It also seeks to ensure that over the economic cycle, Members are exposed to both active and passively managed investments and are diversified across New Zealand and international investment markets.

Our active investment management approach means that the assets held by the Strategies may be quite different from those held under a passive investment management approach, and the nature and composition of those actively managed assets may change markedly over time.

In certain market environments, a passive approach may generate better investment returns than an active approach, and vice versa. The risk inherent in each style may also differ, depending on the investment techniques used and the stage of the economic cycle.

NZ Funds believes that an active investment management approach enables us to invest across a broader range of assets and investment styles than a passive approach. It also enables us to position the Strategies quite differently to the broader market, both in terms of seeking to capture the upside and in seeking to mitigate risk.

We invest predominantly in instruments with known liquidity, enabling us to increase or reduce position sizes efficiently. We also employ a number of different techniques that seek to limit the extent to which the Strategies may endure losses.

As a consequence of our active investment management approach, the Strategies will regularly exhibit investment performance characteristics that are quite different to the passive market indices that the Strategies are benchmarked against. We expect that those different performance characteristics will be evident during both rising and falling markets.

3. Investment structure

Strategy objectives

The Strategies are designed and managed to seek to meet investor orientated objectives rather than to solely meet or exceed the returns of a single asset class index, such as New Zealand bonds or global shares.

Authorised asset classes

The authorised asset classes for each Strategy are the types of assets that a Strategy is permitted to invest in. The authorised asset classes are those used in the Financial Markets Conduct Regulations 2014 (Regulations), with the exception of 'Alternative Securities' which is included in the 'Other' category for the purposes of the Regulations.

> The purchase of an unauthorised asset class constitutes a SIPO limit break.

Investment guidelines

NZ Funds maintains internal investment guidelines which are used in the oversight of the Strategies. These guidelines are designed to ensure the Strategies invest in accordance with their investment objective and timeframe.

The guidelines set out the ranges within which each Strategy will usually (but not always) invest in each authorised asset class, and also address other investment matters such as the ability of a Strategy to use derivatives to create leverage and the level of liquidity that a Strategy will target.

Where the upper percentage of a guideline range exceeds 100% this indicates that NZ Funds expects to regularly use derivatives to create leverage to increase the exposure to an authorised asset class beyond 100%. Showing a target investment mix of 100% or less for an authorised asset class does not mean derivatives will not be used or 100% will not be exceeded.

Book value is used to measure the value of derivatives, except for equity index futures, commodity futures, options, crypto asset futures and certain swaps, where full notional value (face value) of the contract may be used.

NZ Funds' active investment management approach, use of derivatives in the Strategies and market movements may result in the proportion invested in an authorised asset class exceeding the guidelines shown in the table from time to time.

The investment guideline ranges are calculated on an absolute basis. This means that we do not differentiate between long exposures (which profit from a rise in price) and short exposures (which profit from a fall in price).

Exceeding an investment guideline for a Strategy does not amount to a SIPO limit break.

Target investment mix

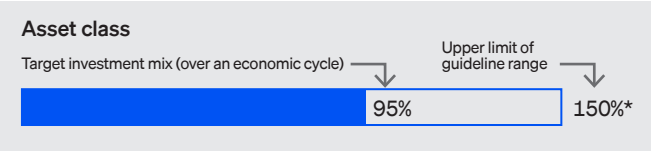
The target investment mix shown for each Strategy (being the dark coloured portion of the band for each asset class) is the expected target asset allocation for each Strategy over the economic cycle and is derived from our internal reference portfolios which are used to benchmark long term investment performance.

The target investment mix of each Strategy is anticipated only and the actual asset allocation is expected to vary over the course of an economic cycle.

Deviating from the target investment mix for a Strategy does not amount to a SIPO limit break.

Investment options

The table on pages 5 and 6 sets out the investment objective and strategy, authorised asset classes, target investment mix, and minimum suggested investment timeframe for each Strategy. The Strategies may invest in authorised asset classes in any proportion. The authorised asset classes and the guideline ranges for each Strategy are also shown in the table.



* Numbers exceeding 100% illustrate use of leverage via derivatives.

Wholesale investment structure

The Strategies currently invest in a series of wholesale trusts managed by NZ Funds which hold investments. The investments may include directly held securities and/or investments in funds managed by NZ Funds or specialist investment managers chosen by NZ Funds.

The wholesale trust investment structure provides operational and administrative efficiencies. This investment structure means that a Strategy's investments will mainly be held at the wholesale trust level, having regard to the Strategy's objective and timeframe.

The Strategies may also invest directly in cash and cash equivalents, shares, bonds, derivatives and other assets.

Strategy	Objective	Strategy summary, guideline range & target investment mix[1]	Minimum suggested timeframe
Income Strategy	To generate income by investing in income assets and other authorised assets with active management.	Anticipated to mainly own and trade New Zealand, Australian and international bonds and other authorised asset classes over the minimum suggested timeframe. Cash and cash equivalents 8% 100% New Zealand fixed interest 45% 100% International fixed interest 47% 100% Alternative securities[2] 0% 50%	2 years+
Defensive Growth Strategy	To mitigate the impact of inflation on your investment over the medium and/or long term with active management.	Anticipated to mainly own and trade New Zealand, Australian and international shares and other authorised asset classes over the minimum suggested timeframe. Cash and cash equivalents 2% 50% New Zealand fixed interest 4% 50% International fixed interest 4% 50% Australasian equities 40% 125% International equities 28% 125% Listed property 22% 125% Alternative Securities[2] 0% 50%	5 years+
Growth Strategy	To grow your investment over the long term by investing in growth assets and other authorised assets with active management.	Anticipated to mainly own and trade New Zealand, Australian and international shares, and other authorised asset classes including commodities with downside mitigation over the minimum suggested timeframe. Cash and cash equivalents 5% 100% New Zealand fixed interest 0% 75% International fixed interest 0% 75% Australasian equities 34% 125% International equities 57% 200% Listed property 4% 50% Commodities 0% 125% Alternative Securities[2] 0% 50%	10 years+

1. Where the upper limit of a band exceeds 100% this indicates that NZ Funds expects to regularly use leverage (via derivatives and/or other instruments). Showing a target investment mix of 100% or less for an authorised asset class does not mean leverage will not be used. Monthly updates of the actual investments held by each Strategy are available on the Performance page of our website at *www.nzfunds.co.nz*. 2. Alternative securities are investments not usually accessed by retail investors, for example hedge funds.

Strategy	Objective	Strategy summary, guideline range & target investment mix[1]	Minimum suggested timeframe
Income Strategy – British Pounds	To generate income by investing in income assets and other authorised assets and to provide exposure to the British Pound with active management	Anticipated to mainly own and trade New Zealand, Australian and international bonds and other authorised asset classes over the minimum suggested timeframe. The Strategy is exposed to the British Pound. Cash and cash equivalents 8% 100% New Zealand fixed interest 45% 100% International fixed interest 47% 100% Alternative securities[2] 0% 50%	2 years+
Growth Strategy – British Pounds	To grow your investment over the long term by investing in growth assets and other authorised assets and to provide exposure to the British Pound with active management	Anticipated to mainly own and trade New Zealand, Australian and international shares, and other authorised asset classes including commodities with downside mitigation over the minimum suggested timeframe. The Strategy is exposed to the British Pound. Cash and cash equivalents 5% 100% New Zealand fixed interest 0% 75% International fixed interest 0% 75% Australasian equities 34% 125% International equities 57% 200% Listed property 4% 50% Commodities 0% 125% Alternative Securities[2] 0% 50%	10 years+

4. Investment approach

Active management

NZ Funds takes an active investment management approach to managing each Strategy. Our active investment management approach is designed to enable us to better meet the investor-orientated objectives of each Strategy and to take advantage of investment opportunities as they arise.

NZ Funds' active investment management approach means that we make ongoing investment decisions, search for emerging opportunities, buy or sell securities when we deem appropriate, and use sophisticated investment instruments and techniques (used by other managers who manage money in similar ways to us) in seeking to achieve the investment objective of each Strategy.

As part of our investment approach we use active-quant investment management in managing components of the Defensive Growth Strategy.

Active-quant means we select companies from the sectors that are the focus of the Defensive Growth Strategy and then use a quantitative screen to determine their portfolio weight and liquidity. This approach is active to the extent that the criteria we screen for can be varied over the course of the economic cycle to emphasise different attributes in the Defensive Growth Strategy.

As part of our active-quant approach we regularly review and if necessary rebalance the securities in the Defensive Strategy to their determined portfolio weight. We may also adjust the target investment mix of a Strategy from time to time.

The Strategies may also hold an allocation to a wide range of assets, derivatives and specialist investment managers designed to mitigate the downside and capture the upside.

Dynamic allocations

As part of our active management approach, each Strategy's asset allocation is dynamic (able to change over time) rather than static (a fixed allocation over time).

Each Strategy has a target investment mix which represents the long term target asset allocation for that Strategy. NZ Funds considers variances from the target investment mix should opportunities present to enhance returns or mitigate downside over the short to medium term.

We regularly review the target investment mix for each of the Strategies to ensure that they continue to be consistent with the long term investor-orientated objectives of each Strategy.

NZ Funds' Investment team selects each Strategy's asset allocation at any time based on their investment knowledge and research, and considering each Strategy's investment objective and timeframe.

Cash, securities, currencies, commodities, alternative securities, derivatives and specialist investment managers can be used (where included in the authorised asset classes for a Strategy) to achieve a desired asset allocation.

The way we implement our active management approach may change over time as, for example, the nature of the investment opportunities we see changes. This may result in the Strategies being constructed with different combinations of investments. To allow these changes to occur, each Strategy has a wide mandate.

Active risks

Our active investment management approach and wide mandates mean an investment in the Strategies is subject to different risks (which may be considered higher risks) than a non-active (or passive) management approach. As a result, our active management approach may cause the returns and capital stability of a Strategy to vary significantly from the returns and capital stability of the underlying asset classes used.

1. Where the upper limit of a band exceeds 100% this indicates that NZ Funds expects to regularly use leverage (via derivatives and/or other instruments). Showing a target investment mix of 100% or less for an authorised asset class does not mean leverage will not be used. Monthly updates of the actual investments held by each Strategy are available on the Performance page of our website at *www.nzfunds.co.nz*. 2. Alternative securities are investments not usually accessed by retail investors, for example hedge funds.

Wide mandates

All Strategies have wide investment mandates. This means that while there may be long-term target asset allocations for the Strategies, in managing each Strategy, NZ Funds can take a wide range of actions and is not constrained by a benchmark or target. The actions we may take include (but are not limited to):

- altering the proportion invested in each security or asset class;
- altering the manner in which a Strategy is exposed to each security or asset class;
- investing directly or indirectly;
- using derivatives and leverage;
- using collective investment vehicles;
- using specialist investment managers (including hedge funds);
- using commodities and alternative assets (including digital assets, such as cryptocurrencies);
- taking foreign currency positions;
- applying hedging; or
- taking short positions.

Investment managers

NZ Funds may select specialist investment managers (including hedge funds) where we consider that the manager's investment approach will help meet the objectives of each Strategy. Specialist investment managers can complement our own investment skills and can provide Members with access to diverse investment approaches.

The appointment of specialist investment managers is subject to due diligence and an approval process. Specialist investment managers are subject to monitoring and review which may include consideration of their performance, portfolio composition, and statistical measures of effectiveness.

The specialist investment managers may change over time as part of our active investment management approach. Please contact us for details of the managers we currently work with.

Derivative use

NZ Funds can use derivatives in managing the Strategies to seek to both increase returns (by taking active positions) and reduce risk (by taking hedge positions).

One way in which we use derivatives is to create leverage. This is where the investment in a derivative can produce the same gain or loss as a much larger investment in the underlying asset itself. The use of leverage may increase the chance of loss.

The use of leverage is managed through NZ Funds' active management approach and through the processes and policies surrounding our investment guidelines.

The investment guidelines include estimates of the leverage that may be created by the use of derivatives in each authorised asset class.

Derivatives and leverage are used in seeking to achieve each Strategy's investment objective.

Foreign currency

Where a Strategy holds assets denominated in a foreign currency, we have the choice of whether to hedge back to the New Zealand dollar or retain a foreign currency exposure.

The Income Strategy - British Pounds and the Growth Strategy - British Pounds are designed to maintain an exposure to British Pounds.

Irrespective of whether a Strategy holds investments in that currency, a Strategy can also take active foreign currency positions by investing in non-New Zealand dollar cash or foreign currency derivatives. The foreign currency exposure for each Strategy is set out in its Quarterly Fund Update.

Counterparties and third-parties

Over the last 30 years, NZ Funds has built collaborative working relationships with a wide range of individuals and organisations with strong local and international investment management expertise.

From time to time, NZ Funds' investment process uses third-parties for a range of roles including but not limited to: investment management, financial modelling and research, trading securities (including futures), custody and prime broker services, market making, distribution, audit and governance. These third parties are part of our investment process.

Securities lending

Securities lending involves a transfer of securities (bonds or shares) to a third party (the borrower), who then provides the lender with collateral in the form of shares, bonds or cash. The borrower pays the lender a fee for the loan and is contractually obliged to return the securities on demand, or at the end of the agreed loan period (which is typically a daily renewable agreement).

The lender retains all rights of the security, including the investment performance of the securities. The borrower must pass to the lender any dividends or interest payments that are accrued. In lending agreements, collateral is a borrower's pledge of specific property to a lender, to secure repayment of a loan. Risk is managed by an approved lending agent.

The Strategies may lend up to 100% of their net asset value and up to 100% of the total value of any authorised assets held.

5. Investment process

Collaborative process

NZ Funds takes a collaborative approach to investment management and believes investment performance is a collectively achieved outcome. Each Strategy is assigned one or more portfolio managers who are responsible for overseeing the daily management of the Strategy.

Investment decisions, with some exceptions, are primarily made through a series of internal investment meetings attended mainly by members of NZ Funds' Investment and Compliance teams. These meetings enable portfolio managers and investment analysts to present investment research and thinking in a way that encourages wide participation in, and peer review of, investment decisions.

Not all investment decisions follow the same investment process. For example, trading derivatives may require investment individuals to react quickly and autonomously. NZ Funds has a process to monitor and record such decisions when they occur.

Tools & techniques

In managing the Strategies, NZ Funds uses a wide range of investment tools and techniques including economic and financial modelling, quantitative screens and technical indicators. In using these tools and techniques, we may consider, amongst other factors, investment themes, valuation metrics, mean reversion and/or momentum.

In seeking to mitigate the downside or capture the upside, we may invest with specialist investment managers, some of which have the potential to profit from asset price declines, such as trend following managers, managers who take short positions in shares, and derivative and option specialists.

NZ Funds may also actively reduce a Strategy's exposure to an asset class, or hedge a Strategy's exposure by investing in one or more additional asset classes with the potential to offset the returns of the Strategy's initial assets (a technique called macro hedging).

> While a number of these tools and techniques are designed to mitigate the downside, these downside-orientated managers, tools and techniques may not be successful in mitigating the downside and may instead add to a Strategy's losses.

NZ Funds may also use the same tools and techniques to seek to enhance the returns of a Strategy and, in doing so, the Strategy may be leveraged.

As part of our active management approach, asset classes, securities and specialist investment managers are selected based on our analysis of those assets which will, in our opinion, in combination with the Strategy's other investments, help achieve the Strategy's objective.

In constructing the Strategies, we may consider different scenarios and may project how investments may react in those scenarios. We may also consider historical volatility and correlations during both normal and stressed investment environments and may periodically revisit the assumptions used as economic and market conditions change.

Responsible investment

NZ Funds has adopted a responsible investment policy. We believe that environmental, social and governance (ESG) factors are material to long-term investment returns and global sustainability. NZ Funds' Investment team considers ESG matters.

NZ Funds has contracted with an independent third party expert to provide ESG research. NZ Funds' Investment team may supplement independent third party ESG research with its own internally generated research.

NZ Funds aims to ensure that the Strategies and wholesale trusts it manages do not own securities issued by a company identified by its ESG research to be involved in excluded activities without approved exemptions. Excluded activities currently include:

- direct involvement in the manufacture or deployment of nuclear weapons;
- direct involvement in the manufacture or deployment of controversial weapons (cluster munitions, anti-personnel mines, chemical weapons, biological weapons);
- materially contravening global norms (human rights abuses, labour rights violations, child labour, slavery, environmental destruction, corruption);
- production of civilian firearms;
- production of tobacco-related products;
- production of pornography;
- engaging in unsustainable palm oil production;
- production of alcohol (10% or more of revenue);
- provision of gambling services (10% or more of revenue);
- engaging in exploration or production of fossil fuels (10% or more of revenue);
- engaging in power generation from fossil fuels (10% or more of revenue);
- engaging in providing services to the fossil fuels industry (50% or more of revenue); or
- engaging in distributing fossil fuels (50% or more of revenue).

These are referred to as exclusions. NZ Funds' Investment team communicates the responsible investment policy to specialist investment managers. Where a specialist investment manager is appointed to manage a discrete mandate (where NZ Funds is the only investor) the investment manager will be instructed to follow NZ Funds' exclusions.

Where a specialist investment manager is appointed to manage a pooled mandate (where NZ Funds is one of many investors), the manager will be requested to consider NZ Funds' exclusions. Members should be aware that NZ Funds cannot obligate the manager of a pooled mandate to follow NZ Funds' exclusions. As part of its due diligence process when appointing a specialist investment manager, NZ Funds will consider the manager's approach to responsible investing.

NZ Funds' responsible investment policy does not apply exclusions to derivatives as we believe they are not tied to any source or method of production, nor in our view do they provide funding to underlying excluded activities. As at 31 October 2026, derivatives made up approximately 26.12% of the total funds managed by NZ Funds.

The responsible investment policy is supported by procedures that monitor direct holdings, including those managed by specialist investment managers appointed to manage discrete mandates. If the procedures identify any holdings that are not in line with the policy, they will be sold unless an exemption is sought and granted.

Exemptions to the responsible investment policy may be granted by the NZ Funds Board. At the date of this SIPO, the NZ Funds Board has granted the following exemption:

- Contact Energy was granted an exemption from exclusion on 14 July 2020. The security would ordinarily be excluded due to power generation from fossil fuels (10% or more of revenue). As at 31 October 2026, Contact Energy makes up approximately 1.01% of the total funds that NZ Funds manages. An exemption was granted because of Contact Energy's commitment and strategy to decarbonise New Zealand's energy sector.

The Investment Guidelines meeting monitors compliance with the responsible investment policy. Any material matters arising from these meetings are raised at the Investment Governance Committee meeting.

6. Investment oversight

Overview

NZ Funds has policies, procedures and controls that cover the investment function. Investment management decisions are subject to transparency through our proprietary investment monitoring system. Regular meetings are held to cover investment research and portfolio management, investment guidelines, SIPO compliance and overall investment governance.

NZ Funds' investment strategy review process begins with the Research & Portfolio meeting which includes oversight of security research and portfolio management. The minutes of these meetings are tabled at the Investment Governance Committee meeting.

The Investment Guidelines meeting monitors compliance with the SIPO and the investment guidelines. Any material matters arising from these meetings are raised at the Investment Governance Committee meeting.

The Investment Governance Committee meets regularly on scheduled dates to review investment matters including SIPO compliance, target asset allocations, investment performance, risk indicators, the investment component of NZ Funds' risk register, investment counterparty risk, liquidity risk, redemption risk, stress testing, and the minutes of internal investment related meetings.

Special investment meetings are also held on an as required basis. The Investment Governance Committee minutes are included as a standing item at the NZ Funds Board meeting.

The NZ Funds Board meets regularly on scheduled dates. Special Board meetings are held on an as required basis.

In addition to the Investment Governance Committee minutes and associated reports, the NZ Funds Board reviews the NZ Funds' risk register overview which summarises the major risks and controls (including those related to investment management). The NZ Funds Board also receives a direct report from the Chief Investment Officer.

Monitoring guidelines

Monitoring compliance with the guidelines and guideline ranges is achieved through the use of our investment monitoring system.

This system enables portfolio managers and the NZ Funds Compliance team to view a Strategy's investment holdings relative to the guideline ranges and generates regular reports for each Strategy containing this information.

Any changes to the guideline ranges or the target investment mix for a Strategy must be approved by the Investment Governance Committee and ratified by the NZ Funds Board. Any changes to the SIPO limits must be approved by the NZ Funds Board.

For more information on how we monitor the guideline ranges, see the OMI document on the offer register at *disclose-register.companiesoffice.govt.nz*.

Investment performance

The Investment Governance Committee is responsible for monitoring and reviewing investment performance and reports to the NZ Funds Board. Strategy performance is monitored through our investment monitoring system.

This generates regular attribution reports which include daily, month-to-date and year-to-date performance reports for each Strategy and individual investments held by each Strategy.

Strategy performance is measured on an absolute basis (after fees) and on a relative basis (before fees) against relevant market indices. Investment performance is also considered from a client perspective by taking tax and recommended portfolio allocations into account when assessing performance outcomes.

SIPO limit breaks

The process to be followed in dealing with a SIPO limit break is detailed in the investment guidelines policy. Where a SIPO limit break occurs, it is reported to a review group comprising the Heads of Investments, Investment Compliance, Legal and Funds Management.

The review group is responsible for ensuring that steps are immediately taken to correct the limit break and for internal reporting to the NZ Funds Board, CEO and COO and external reporting to the Supervisor.

7. Investment policies

We have investment policies and procedures to support our investment governance framework. The key policies are summarised below. Each of these policies and any substantive changes to them are approved by the NZ Funds Board. The policies are implemented by the relevant functional team(s) and monitored by the NZ Funds Compliance and Legal teams.

Trade allocation policy

Our trade allocation policy applies to the trading of securities that are directly managed by us. It requires that when allocating trades, no Strategy receives preferential treatment over another by requiring that all trades involving more than one Strategy be allocated on a predetermined basis.

Trade execution policy

Our trade execution policy applies to the trading of securities that are directly managed by us. It requires that all trades are made with approved counterparties.

Investment guidelines policy

Our investment guidelines policy applies to the administration and monitoring of the authorised asset classes set out in this SIPO and the guidelines set out in our investment guidelines.

The policy requires that all Strategies are managed within the limits set out in this SIPO and the investment guidelines, and describes the process for changing these limits and guidelines. It also describes the internal process for dealing with a SIPO limit break or investment guideline being exceeded.

Settlement & cash management policy

Our settlement and cash management policy applies to the settlement of investments and cash management transactions made by us. It requires that all settlement and cash management transactions comply with the Trust Deed and internal investment guidelines, and are authorised by a person with the appropriate level of authority.

Valuation & pricing policy

Our valuation and pricing policy applies to the valuation and pricing of the Strategies and the wholesale trusts that the Strategies invest in. It requires that valuation and pricing is accurate, equitable and complies with the Trust Deed. The policy sets out procedures for the valuation of assets and determination of unit prices.

We have also established procedures for reporting and resolving any pricing errors or non-compliance with pricing methodologies and receives an annual audit as required under the Trust Deed.

Conflicts of interest policy

Our conflicts of interest policy applies to the identification and management of actual or potential conflicts of interest. It requires that all conflicts of interest be reported to NZ Funds' Compliance team and managed in an appropriate manner.

The policy is complemented by our personal holdings policy (which contains restrictions on employees holding or trading in securities) and our related party transactions policy (discussed below).

Responsible investment policy

Our responsible investment policy applies to the selection of securities for the Strategies and requires that the investment research and management process considers ESG matters.

The policy aims to ensure that funds managed by NZ Funds, and discrete mandates managed on our behalf by a specialist investment manager, do not hold securities issued by any companies identified by our ESG research to be in breach of the ESG criteria, unless an exemption is sought and granted.

The policy is also communicated to the specialist investment managers appointed to manage pooled mandates (where we are one of many investors) while acknowledging that we cannot obligate these managers to comply with our policy.

Related party transactions policy

Our related party transactions policy applies to all related party transactions (as defined in the FMC Act). The policy sets out processes for identifying related party transactions and ensures that these transactions are conducted in accordance with the rules on related party transactions that apply to managed investment schemes under the FMC Act.

Derivatives policy

Our derivatives policy applies to investments in derivatives. It considers derivatives to be part of the asset class of the relevant underlying assets and requires that we consider the complexity, liquidity risks, counterparty risks and price transparency of them as part of the investment decision-making process.

Liquidity policy

Our liquidity policy applies to the selection of securities for the Strategies. It sets out guidelines on holding certain amounts of securities that are, or may be, illiquid in the Strategies.

Market conduct policy

Our market conduct policy applies to the trading of securities directly managed by us and the trading of units or shares in collective investment vehicles, irrespective of whether they are listed or not. It also applies to making or disseminating statements. The policy requires that non-public information known by one of our employees must be notified to the NZ Funds' Compliance and Legal teams who may place a trading halt on a security or Strategy.

8. Market indices

In the Quarterly Fund Updates, we are required to report performance against an appropriate market index or indices.

The relevant market indices for each Strategy are set out in section 10 of this SIPO. In the Quarterly Fund Updates the returns of these indices are reported gross, without the deduction of any fees or tax which would, in normal circumstances, be deducted from investor returns. In addition, NZ Funds takes ESG criteria into account in its investment decisions, whereas these indices do not take these factors into account.

We may change the market indices at any time and without notice to investors, as long as the requirements of the FMC Act are met. For more information on the market indices, see the OMI document on the offer register at *disclose-register.companiesoffice.govt.nz*.

9. SIPO review

The NZ Funds Board is responsible for this SIPO and ensuring that it is followed. This SIPO is reviewed by the NZ Funds Board annually. Ad hoc reviews will occur where there is a material change in the investment policy or objectives of a Strategy, where there is a material change to the PDS, or where considered appropriate by the Investment Governance Committee or the NZ Funds Board.

NZ Funds may make changes to this SIPO at any time after consulting with the Supervisor. A description of any material changes will be included in the Service's annual report. Where required by the Trust Deed or law, Members will receive notice of material changes before they occur.

This SIPO takes effect from 12 November 2026. The current version of this SIPO is available on the scheme register at *disclose-register.companiesoffice.govt.nz*.

10. Indices used

Strategy	Market indices	
Income Strategy	50%	S&P/NZX Investment Grade Corporate Bond Total Return Index
	50%	Bloomberg Global Aggregate Corporate - 1-3 Years Total Return Index Hedged USD
Defensive Growth Strategy	10%	S&P/NZX Bank Bills 90 Day Index Total Return
	15%	S&P/NZX All Utilities Sector Gross
	15%	S&P/NZX All Industrials Sector Gross
	15%	S&P/NZX Real Estate Select Index Gross
	15%	S&P World Utilities Weighted & Screened Index
	15%	STOXX Global Broad Infrastructure Net Return Index USD
	15%	FTSE EPRA NAREIT Developed Index Hedged in NZD Net Total Return
Growth Strategy	70%	MSCI All Countries World Daily TR Net Local Currency
	20%	S&P/NZX 50 Portfolio Index Gross
	10%	S&P/ASX 200 Total Return Index
Income Strategy - British Pounds	50%	S&P/NZX Investment Grade Corporate Bond Total Return Index unhedged in GBP
	50%	Bloomberg Global Aggregate Corporate - 1-3 Years Total Return Index Hedged USD unhedged in GBP
Growth Strategy - British Pounds	70%	MSCI All Countries World Daily TR Net Local Currency unhedged in GBP
	20%	S&P/NZX 50 Portfolio Index Gross unhedged in GBP
	10%	S&P/ASX 200 Total Return Index unhedged in GBP
Life Cycle age 0-54	1.0%	S&P/NZX Bank Bills 90 Day Index Total Return
	2.5%	S&P/NZX Investment Grade Corporate Bond Total Return Index
	2.5%	Bloomberg Global Aggregate Corporate - 1-3 Years Total Return Index Hedged USD
	1.5%	S&P/NZX All Utilities Sector Gross
	1.5%	S&P/NZX All Industrials Sector Gross
	1.5%	S&P/NZX Real Estate Select Index Gross
	1.5%	S&P World Utilities Weighted & Screened Index
	1.5%	STOXX Global Broad Infrastructure Net Return Index USD
	1.5%	FTSE EPRA NAREIT Developed Index Hedged in NZD Net Total Return
	17%	S&P/NZX 50 Portfolio Index Gross
	8.5%	S&P/ASX 200 Total Return Index
	59.5%	MSCI All Countries World Daily TR Net Local Currency
Life Cycle at age 65	3.4%	S&P/NZX Bank Bills 90 Day Index Total Return
	13.5%	S&P/NZX Investment Grade Corporate Bond Total Return Index
	13.5%	Bloomberg Global Aggregate Corporate - 1-3 Years Total Return Index Hedged USD
	5.1%	S&P/NZX All Utilities Sector Gross
	5.1%	S&P/NZX All Industrials Sector Gross
	5.1%	S&P/NZX Real Estate Select Index Gross
	5.1%	S&P World Utilities Weighted & Screened Index
	5.1%	STOXX Global Broad Infrastructure Net Return Index USD
	5.1%	FTSE EPRA NAREIT Developed Index Hedged in NZD Net Total Return
	7.8%	S&P/NZX 50 Portfolio Index Gross
	3.9%	S&P/ASX 200 Total Return Index
	27.3%	MSCI All Countries World Daily TR Net Local Currency
Life Cycle at age 75	3.4%	S&P/NZX Bank Bills 90 Day Index Total Return
	17.5%	S&P/NZX Investment Grade Corporate Bond Total Return Index
	17.5%	Bloomberg Global Aggregate Corporate - 1-3 Years Total Return Index Hedged USD
	5.1%	S&P/NZX All Utilities Sector Gross
	5.1%	S&P/NZX All Industrials Sector Gross
	5.1%	S&P/NZX Real Estate Select Index Gross
	5.1%	S&P World Utilities Weighted & Screened Index
	5.1%	STOXX Global Broad Infrastructure Net Return Index USD
	5.1%	FTSE EPRA NAREIT Developed Index Hedged in NZD Net Total Return
	6.2%	S&P/NZX 50 Portfolio Index Gross
	3.1%	S&P/ASX 200 Total Return Index
	21.7%	MSCI All Countries World Daily TR Net Local Currency

Information about the market indices on the previous page can be found on the webpage listed below:

Bloomberg Global Aggregate Corporate - 1 -3 Years Total Return Index Hedged USD	*https://www.bloomberg.com/quote/I09886US:IND*
Bloomberg Global Aggregate Corporate - 1 -3 Years Total Return Index Hedged USD unhedged in GBP	*https://www.bloomberg.com/quote/I09886GB:IND*
FTSE EPRA NAREIT Developed Index Hedged in NZD Net Total Return	*www.ftserussell.com/products/indices/epra-nareit*
MSCI All Countries World Daily TR Net Local Currency	*www.msci.com/our-solutions/indexes/acwi*
MSCI All Countries World Daily TR Net Local Currency unhedged in GBP	*www.msci.com/our-solutions/indexes/acwi*
STOXX Global Broad Infrastructure Net Return Index USD	*www.stoxx.com/index/stxgbip/*
S&P World Utilities Weighted & Screened Index	*www.spglobal.com/spdji/en/indices/sustainability/sp-world-utilities-weighted-screened-index/#overview*
S&P/ASX 200 Total Return Index	*www.spglobal.com/spdji/en/indices/equity/sp-asx-200/#overview*
S&P/ASX 200 Total Return Index unhedged in GBP	*www.spglobal.com/spdji/en/indices/equity/sp-asx-200/#overview*
S&P/NZX 50 Portfolio Index Gross	*www.spglobal.com/spdji/en/indices/equity/sp-nzx-50-portfolio-index/#overview*
S&P/NZX 50 Portfolio Index Gross unhedged in GBP	*www.spglobal.com/spdji/en/indices/equity/sp-nzx-50-index/#overview*
S&P/NZX All Industrials Sector Gross	*www.spglobal.com/spdji/en/indices/equity/sp-nzx-all-industrials/#overview*
S&P/NZX All Utilities Sector Gross	*www.spglobal.com/spdji/en/indices/equity/sp-nzx-all-utilities/#overview*
S&P/NZX Bank Bills 90 Day Index Total Return	*www.spglobal.com/spdji/en/indices/fixed-income/sp-nzx-bank-bills-90-day-index/#overview*
S&P/NZX Investment Grade Corporate Bond Total Return Index	*www.spglobal.com/spdji/en/indices/fixed-income/sp-nzx-investment-grade-corporate-bond-index/#overview*
S&P/NZX Investment Grade Corporate Bond Total Return Index unhedged in GBP	*www.spglobal.com/spdji/en/indices/fixed-income/sp-nzx-investment-grade-bond-corporate-index/#overview*
S&P/NZX Real Estate Select Index Gross	*www.spglobal.com/spdji/en/indices/equity/sp-nzx-real-estate-select/#overview*

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