

Fisher Funds Investment Funds

(previously known as the Kiwi Wealth Managed Funds)

Statement of Investment Policy and Objectives

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1. About the Fisher Funds Investment Funds

The Fisher Funds Investment Funds (**Scheme**) was registered under the Financial Markets Conduct Act 2013 (**FMC Act**) as a managed investment scheme on 10 May 2018.

Fisher Funds Wealth Limited (previously known as Kiwi Wealth Limited) is the manager of the Scheme (**Manager, we, our or us**) and is responsible for offering and issuing interests in the Scheme and for the management of investments and administration of the Scheme. Your money will be pooled with other investors' money and invested in various investments. Fisher Funds Wealth Limited will invest your money and charge you a fee for its services.

Fisher Funds Management Limited (**Investment Manager, or FFML**), a related party of the Manager, provides investment management services to the Funds.

Apex Investment Administration (NZ) Limited provides some of the administration functions including registry services and unit pricing for the Scheme.

Public Trust is the supervisor and custodian of the Scheme (**Supervisor**).

As at the date of this Statement of Investment Policy and Objectives (**SIPO**), each funds' assets are invested in underlying wholesale funds issued by related parties of the Manager. The Investment Manager is also the investment manager of those underlying funds.

This SIPO specifies the policy, objectives, investment philosophy, investment style, guidelines and limits that the Investment Manager and the Manager shall follow in relation to the investment of the assets of each fund of the Scheme.

The governance body responsible for this SIPO is the Investment Policy Committee (**Investment Policy Committee**), which is delegated with this responsibility by the board of directors of the Manager.

This SIPO is at all times subject to the trust deed and establishment deeds under which the funds were established within the Scheme (**Trust Deed**)¹.

The Manager currently offers the following three funds to current investors of the Scheme:

- Conservative Fund
- Balanced Fund
- Growth Fund

(each a **Fund**, and together **Funds**).

The Scheme was closed to new investors on 6 March 2024. The Funds are therefore only available to existing Scheme investors.

The most current version of the SIPO is available on the schemes register entry for the Scheme on the Disclose Register website at www.disclose-register.companiesoffice.govt.nz.

¹ In this document, unless the context requires otherwise, a reference to the 'Trust Deed' includes the Establishment Deeds.

2. Role of the Supervisor

Public Trust is responsible for supervising the performance of the Manager's functions, acting on behalf of investors, and ensuring the Funds' assets are appropriately held. Public Trust as Supervisor holds each Fund's assets on trust for investors. A complete list of the Supervisor's responsibilities is set out in the Trust Deed. A copy of the Trust Deed can be found at fisherfunds.co.nz/investment-funds/.

3. Role of the Investment Policy Committee

The Investment Policy Committee is a committee with delegations from the board of directors of the Manager. Its objective is to provide oversight of the investment process with the aim of maintaining high standards of investment decision making and good outcomes for clients.

The Investment Policy Committee's responsibilities include:

- Receiving and reviewing reports about compliance and risk measures
- Making recommendations on matters affecting investment operations or processes
- Reviewing investment performance and drivers
- Reviewing, approving or confirming decisions to appoint or change external managers
- Setting portfolio objectives and constraints
- Reviewing and approving strategic asset allocation changes
- Approving new SIPOs and changes to SIPOs and considering how SIPOs could be improved
- Recommending or endorsing proposals to develop new products or close existing products.
- Reviewing and monitoring adherence to policies and commitments related to climate change legislation.

Significant issues with the Scheme and each Fund's investments will also be brought to the attention of the Supervisor.

4. Objectives of the Scheme

The Scheme is designed to provide investment options to its investors. The principal objective of the Scheme is to provide investors with access to a range of transparent, liquid and diversified investment options they can use to achieve their investment goals.

5. Investment objectives

The investment objectives specific to each Fund of the Scheme are set out in Appendix 1.

The key investment objective of each Fund is to deliver returns that, over the relevant investment timeframe, exceed that Fund's benchmark with similar levels of risk.

In setting the investment objectives for each Fund, the performance of the Funds will vary, and they may not always meet or exceed their investment objective.

6. Investment philosophy

The Investment Manager is focussed on managing total risk. It defines investment risk as the possibility of a permanent loss of economic capital – the purchasing power of money. It believes that investors experience this risk in two ways: the probability of loss, as well as the variance of returns. It manages both of these risk dimensions by:

- Using a risk-budgeting approach and diversifying across multiple sources of risk and return.
- Managing total fund risk rather than focusing solely on benchmark centric tracking error.
- Favouring liquid and transparent investments so that the underlying sources of risk and return are clear and investments are able to be exited at reasonable prices, in times of stress.

The philosophy of both the Investment Manager and the Manager is that the role of an investment manager is to protect the value of investors' capital and each Fund's purchasing power, then enhance wealth through the active selection of securities, such as shares and fixed interest assets, and asset allocation.

The Investment Manager believes that global capital markets are largely effective in allocating capital and generally ensure a stable relationship between risk and return over time. As a result of this risk/return relationship, a range of systematic long-term returns can be expected in the form of various risk premia. Successful investing therefore includes exposure to these various sources of risk and return over the long term.

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

- Risk premia are time varying, which is evident in predictable changes in: fundamental valuation; value mean reversion; momentum (trends); and clustering of risk.
- Markets can be segmented by various barriers to free capital flow. This creates relative value and security selection opportunities.
- Price discovery for individual securities is somewhat predictable. For example, the micro themes that drive security valuations develop over time, with individual investments showing relative momentum and mean reversion.

Policy and process for selecting and monitoring external investment managers

When selecting external investment managers (including for underlying funds the Funds invests in), the Investment Manager considers diversification, liquidity, cost, potential risk and returns, and tax efficiency.

When investing in managed funds or unit trusts the Investment Manager also considers the credentials and track record of the manager, transparency, and fees. This includes consideration of a range of key factors including the performance track record, management structure, investment process and philosophy, their approach to responsible investment, operations, risk management and compliance, transparency, liquidity and fees.

7. Investment style

The Investment Manager is principally an active investment manager of global and local investments. As an active investment manager, it has the discretion to change the asset allocation (the mix of asset classes between shares, fixed interest, cash and other financial instruments) and to actively choose individual securities and investments, within any applicable limits set out in Appendix 1, as opposed to managing tightly against a predefined asset allocation.

The Investment Manager seeks to create risk efficient funds that utilise a wide practical set of investment activities subject to ethical, liquidity, transparency and cost efficiency tests.

The Investment Manager follows an integrated bottom up (security level) as well as top down (macro) approach with four main areas of emphasis:

- Capturing market returns (risk premia) effectively

- Adding value by active security selection
- Risk management to preserve capital
- Cost efficiency of implementation

Currency management

The Investment Manager looks to hold currency hedges appropriate to the Funds to reduce the impact on returns from variations in the value of the NZ Dollar in accordance with each Fund's hedging policy (see section 16).

8. Security selection

Underlying investments are held across a reasonably large number of assets, securities, sectors, countries and/or industries in order to achieve sufficient diversification. There is also a strong focus on liquidity of the underlying assets so that assets can be sold within a reasonable timeframe without having a material adverse effect on the price of those assets.

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

Underlying security selection may be outsourced to third party investment managers.

9. Asset classes

Each Fund invests, in different proportions, across three asset classes: shares and other growth assets, fixed interest and cash. The asset classes are described in the following table:

Asset class	Assets included in the asset class
Shares and other growth assets	<ul style="list-style-type: none"> • Securities issued or traded globally (listed and unlisted) at time of purchase and derivatives thereof • Forward foreign exchange contracts and currency swaps • Other investments, strategies or derivatives that may fall outside the traditional asset classes of cash, fixed interest, shares and property
Fixed Interest (maturity date of greater than 6 months)	<ul style="list-style-type: none"> • Term deposits • Debt securities • Derivatives thereof denominated in NZD • Derivatives thereof non-NZD denominated • Forward foreign exchange contracts and currency swaps • Outright short positions in debt securities or derivatives thereof, subject to the minimum and maximum asset class weightings set out in Appendix 1 for each Fund
Cash (maturity date of up to 6 months)	<ul style="list-style-type: none"> • Cash • Cash on call • Term deposits • Debt securities • Derivatives thereof denominated in NZD

10. Asset allocation ranges

The minimum and maximum asset class limits the Investment Manager must adhere to when investing the assets of each Fund are set out in Appendix 1 for each Fund.

The asset class limit ranges set out in Appendix 1 for each Fund refer to the exposure to the investment vehicle and/or the underlying assets to which the asset class exposure is obtained.

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

The Investment Manager has a target asset allocation for each Fund. The actual asset allocation can change in response to market conditions. The actual asset allocation can change as part of the Investment Manager's active investment management.

The Manager and Investment Manager may amend the asset class limit ranges for a Fund from time to time (by amending the SIPO with the Supervisor's consent). Any amendments will be implemented, by buying and selling assets for the affected Fund, as soon as reasonably practicable after the adoption of the revised SIPO.

For the purposes of section 167 of the FMCA, no limit break will occur if:

- the actual asset allocation of a Fund was, when the relevant amendment took effect, within the range for that Fund that applied immediately prior to the amendment; and
- the actual asset allocation of a Fund is brought in line with the new asset class limit ranges as soon as reasonably practicable after the amendment takes effect.

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

11. Benchmarks

The benchmarks that apply to each Fund are specified in Appendix 1.

For the purposes of our quarterly Fund Updates, benchmark (or market index) returns are calculated gross of fees and tax as per the Financial Markets Conduct Regulations 2014.

12. Authorised investments

The authorised investments for each Fund are set out in Appendix 1 of this SIPO. The authorised investments can be altered by way of amendment to this SIPO, and subject to agreement from the Supervisor.

The Funds may also invest in other investments that are not explicitly stated in this SIPO, that the Investment Manager considers fall within the parameters of authorised investments and that appropriately reflect the risk profile of the relevant Fund and will contribute to the performance objectives of that Fund.

13. Related party transactions

Transactions with related parties which confer related party benefits are only permissible as per the Financial Markets Conduct Act 2013 or with Supervisor consent. Transactions with related parties which confer no benefit are always permitted.

Refer to the offers register entry for the Scheme on the Disclose Register website at www.disclose-register.companiesoffice.govt.nz for a copy of Other Material Information Document which includes information on conflicts of interest.

14. Derivatives

Forward foreign exchange contracts entered into for the sole purpose of achieving the target NZ dollar exposure are the only permitted derivatives for the Funds. The underlying funds into which the Funds invest may use the derivatives referenced in the Asset Classes in Section 9. 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 this SIPO.

Neither the Manager nor the Investment Manager will enter into derivatives in relation to a Fund that gives rise to liabilities beyond the value of the assets of that Fund.

15. Asset valuations and pricing

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

Securities are valued in accordance with the Trust Deed, and the Unit Pricing and Valuation Policy that can be found on the Scheme's offer register entry: www.disclose-register.companiesoffice.govt.nz

16. Foreign currency hedging policy

The Investment Manager may actively manage currency risk. The NZ Dollar target for each asset class is in the table below. The Investment Manager may vary from the target level.

NZ Dollar exposure by asset class

Asset Class	Indicative Range %	Target %
Fixed Interest	90-110	100
Shares and other growth assets	0-110	50

Separate to the NZ Dollar exposure, the Investment Manager may also actively manage and vary exposure between foreign currency pairs.

17. Borrowing policy

Neither the Manager nor the Investment Manager intends to borrow unless for settlement purposes. However, the Manager may arrange for moneys to be borrowed by directing the Supervisor to do so for settlement purposes or any reason the Manager deems necessary or desirable. The borrowing of principal is limited to 25% of the relevant Fund's value unless otherwise agreed to in writing with the Supervisor.

18. Investment guidelines

Investment concentration

The Manager and the Investment Manager will take reasonable care to ensure that underlying investments of the Scheme (the underlying wholesale funds) provide appropriate levels of diversification (which includes the number of securities held, across industries, issuer exposures, credit ratings) that would be expected of a prudent Investment Manager when managing portfolios.

Liquidity

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

19. Asset class rebalancing policy

The weightings to each asset class will be reviewed, at least monthly, and the Funds rebalanced if appropriate. The Manager will have regard to transaction costs when considering whether a rebalancing is appropriate.

Investors can find each Fund's actual asset allocations at the end of each quarter in the fund updates that are available at fisherfunds.co.nz/investment-funds/.

20. Responsible investment policy

The Investment Manager maintains a responsible investment policy with some exclusions and giving consideration to environmental, social and governance issues.

Further information can be found in the responsible investment policy, available on our website at the following address: fisherfunds.co.nz/responsible-investing.

21. Taxation

Each Fund is a Portfolio Investment Entity (PIE). The Funds pay tax calculated at the rate of the investor's elected Prescribed Investor Rate (PIR). Details of the way the Funds calculate tax can be found in the Scheme's Trust Deed and offer documents.

22. Investment performance monitoring and reporting

Investment performance for the Funds is monitored monthly by the IMT and reviewed by the Investment Policy Committee when it meets. The Investment Policy Committee is responsible setting portfolio objectives and constraints. In monitoring investment performance, the Investment Policy Committee considers an attribution analysis and other performance reports provided to it.

Performance of the Funds is monitored over various periods, including monthly, quarterly, year-to-date and on a rolling 12 month basis (gross of tax). Performance is measured on an absolute return basis as well as relative to the Fund benchmark indices.

23. SIPO Compliance and Review

Investment Compliance monitors whether the Funds are in compliance with the guidelines and investment objectives stated in this SIPO, daily. Reports are produced monthly, and Investment Compliance is a standing agenda item for Investment Policy Committee meetings. Monthly and quarterly compliance reports for the Scheme are reviewed by relevant business teams and submitted to the Supervisor quarterly. Compliance with the benchmark asset allocations and prudential limits imposed by this SIPO is taken into consideration before trades are executed and monitored post-trade. The pre-trade compliance consists of using models that show the resulting asset allocation of the Fund assuming the planned trade is executed. Portfolio Managers fully understand the prudential limits of the portfolios and take this into account when determining appropriate trades. Each day monitoring is undertaken to ensure the investments of the Fund remain within the limits of the SIPO.

This SIPO is reviewed at least annually by the Manager and any changes are reviewed and approved by the Investment Policy Committee. The SIPO may only be amended or replaced with the Supervisor's consent. Material changes will be notified to affected investors prior to taking effect.

Ad hoc reviews may occur where there is a change to any of the Funds including (but not limited to), the nature or type of investments, benchmark or asset ranges, or a change to any of the investment policies of the Funds.

Appendix 1 – Funds

Conservative Fund

This type of Fund is generally more suitable for investors with a short investment timeframe (one to five years) or those who are risk averse and who can tolerate the occasional decline in the value of their investment.

Investment Objective	To exceed over the relevant timeframe the returns you would receive from investing 85% of your funds in New Zealand fixed interest and cash assets and 15% in global shares, through active asset allocation and active selection of shares, fixed interest and cash assets – to exceed a “conservative” benchmark.
Benchmark	<p>42.5% New Zealand Fixed Interest: Bloomberg NZ Bond Composite 0+ Yr Index or equivalent index</p> <p>42.5% International Fixed Interest: Bloomberg Global Aggregate Total Return NZD Hedged Index or equivalent index</p> <p>7.5% International Shares: S&P Global LargeMidCap Hedged to NZD Index or equivalent index</p> <p>7.5% S&P Global LargeMidCap Unhedged Index or equivalent index</p>
Authorised investments (subject to the applicable asset class descriptions in section 9 and investment concentration guidelines in section 18)	<p>The Fund will invest in the asset classes listed in the table below directly or through investing in underlying funds to provide exposure to the asset classes listed (including by using derivatives).</p> <p>Cash may be held for transactional purposes.</p>

Conservative Fund asset class allocation ranges

Asset class	Lower limit	Upper limit
Cash	80%*	100%
Fixed Interest		100%
Shares and other growth assets	0%	20%

*This is the combined lower limit for both Cash and Fixed Interest assets.

Balanced Fund

This type of Fund is generally more suitable for investors with a medium investment timeframe (five to ten years) or those who have a moderate appetite for risk and tolerance for declines in the value of their investment.

Investment Objective	To exceed over the relevant timeframe the returns you would receive from investing 45% of your funds in New Zealand fixed interest and cash assets and 55% in global shares through active asset allocation and active selection of shares, fixed interest and cash assets – to exceed a “balanced” benchmark.
Benchmark	<p>22.5% New Zealand Fixed Interest: Bloomberg NZ Bond Composite 0+ Yr Index or equivalent index</p> <p>22.5% International Fixed Interest: Bloomberg Global Aggregate Total Return NZD Hedged Index or equivalent index</p> <p>27.5% International Shares: S&P Global LargeMidCap Hedged to NZD Index or equivalent index</p> <p>27.5% S&P Global LargeMidCap Unhedged Index or equivalent index</p>
Authorised investments (subject to the applicable asset class descriptions in section 9 and investment concentration guidelines in section 18)	<p>The Fund will invest in the asset classes listed in the table below directly or through investing in underlying funds to provide exposure to the asset classes listed (including by using derivatives).</p> <p>Cash may be held for transactional purposes.</p>

Balanced Fund asset class allocation ranges

Asset class	Lower limit	Upper limit
Cash	30%*	100%
Fixed Interest		100%
Shares and other growth assets	0%	70%

* This is the combined lower limit for both Cash and Fixed Interest assets.

Growth Fund

This type of Fund is generally more suitable for investors with a longer investment timeframe (more than ten years) and who have a greater tolerance for declines in the value of their investment.

Investment Objective	To exceed over the relevant timeframe the returns you would receive from investing 85% of your funds in global shares and 15% of your funds in New Zealand fixed interest and cash assets through active asset allocation and active selection of shares, fixed interest and cash assets – to exceed a “growth” benchmark.
Benchmark	7.5% New Zealand Fixed Interest: Bloomberg NZ Bond Composite 0+ Yr Index or equivalent index 7.5% International Fixed Interest: Bloomberg Global Aggregate Total Return NZD Hedged Index or equivalent index 42.5% International Shares: S&P Global LargeMidCap Hedged to NZD Index or equivalent index 42.5% S&P Global LargeMidCap Unhedged Index or equivalent index
Authorised investments (subject to the applicable asset class descriptions in section 9 and investment concentration guidelines in section 18)	The Fund will invest in the asset classes listed in the table below directly or through investing in underlying funds to provide exposure to the asset classes listed (including by using derivatives). Cash may be held for transactional purposes.

Growth Fund asset class allocation ranges

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