SBS Wealth KiwiSaver Scheme Statement of Investment Policy and Objectives (SIPO)

KiwiSaver
Poua he Oranga

27 November 2025

SBS Wealth Limited ("SBS Wealth") is the issuer of this offer. SBS Wealth is a wholly owned subsidiary of Southland Building Society, operating as "SBS Bank".

Contents

Introduction

This Statement of Investment Policy and Objectives ("**SIPO**") sets out the investment policies and objectives for the SBS Wealth KiwiSaver Scheme (The "**Scheme**") Funds. It takes effect from 27 November 2025 and with effect from that date replaces the previous SIPO for the Scheme dated 28 April 2025.

Description of the Scheme

The Scheme is a registered KiwiSaver scheme under the KiwiSaver Act 2006 and a registered managed investment scheme under the Financial Markets Conduct Act 2013 ("**FMCA**"). SBS Wealth Limited (referred to as ("**SBS Wealth**", "**we**", "**us**") in this SIPO) is the manager ("**Manager**") of the Scheme.

The Scheme is governed by a Trust Deed ("**Trust Deed**") entered into between us and the supervisor of the Scheme, Trustees Executors Limited ("**Supervisor**").

In the event of conflict between the provisions of this SIPO and the Trust Deed, the provisions of the Trust Deed will prevail.

The Scheme has four funds (each a "**Fund**" and together the "**Funds**"):

1. SBS Wealth Focused Growth Fund ("**Focused Growth Fund**");
2. SBS Wealth High Growth Fund ("**High Growth Fund**");
3. SBS Wealth Income Fund ("**Income Fund**"); and
4. SBS Wealth Cash Fund ("**Cash Fund**").

Members can select their exposure to the Funds, (provided that each member's total exposure adds up to 100% and subject to the 25% limit for the Focused Growth Fund). Members can also select the "Lifestages Auto" option, under which their allocation to the Funds is adjusted based on their age, with reallocation to predetermined exposures occurring when members reach certain ages. We will use our rebalancing feature to make an annual adjustment to members' investment allocations (unless we notify members otherwise) to ensure that any movements from members' chosen investment allocations can be rebalanced to the original chosen allocation. Member contributions will be applied to the original allocation chosen. Actual asset allocations will vary over the year due to market movements. We will rebalance back to your selection annually on or about 15 August.

The Scheme is treated as a single fund. This means the assets of the Scheme are available to meet the liabilities of all of the Funds.

The Scheme is a Portfolio Investment Entity ("**PIE**"). The income is taxed at the member's prescribed investor rate ("**PIR**"). We pay tax on a member's behalf to the Inland Revenue Department.

1. Investment Philosophy

As Manager of the Funds, we believe in actively managing investments to take advantage of opportunities in a responsible and environmentally friendly way. We believe taking this approach, we are best positioned to manage investments while keeping risk in check.

The key principles that are embedded in our philosophy are:

- We actively manage to create value for investors over the long-term;
- We invest responsibly;
- We construct portfolios which balance performance and risk to an appropriate level for our clients; and
- We understand the local and global economic themes that are impacting investments.

2. Investment Strategy, Policies and Process

2.1. Investment Strategy

We aim to grow our members' investment sustainably over the long-term. To achieve this, we focus on building risk-efficient funds that are globally diversified, liquid, transparent and cost efficient. Our strategy also considers local and global economic themes, such as climate change and digitalisation, to ensure we are investing for the future rather than for the past.

Each Fund has its own investment strategy and investment objective. These are detailed in the schedules at the back of this SIPO (See Schedule 1: SBS Wealth Focused Growth Fund on page 12, Schedule 2: SBS Wealth High Growth Fund on page 14, Schedule 3: SBS Wealth Income Fund on page 16 and Schedule 4: SBS Wealth Cash Fund on page 19).

2.2. Investment Policies

In managing our investments, we take into account the following policies:

2.2.1. Responsible Investment Policy

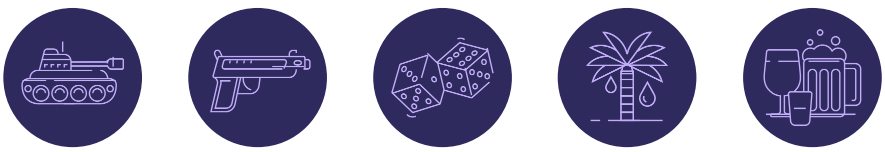
Responsible investment, including environmental, social, and governance considerations, is taken into account in the investment policies and procedures of the scheme as at the date of this Statement of Investment Policy and Objectives. You can obtain an explanation of the extent to which responsible investment is taken into account in our Responsible Investment Brochure at www.sbswealth.co.nz/about/responsible-investing.

Our Responsible Investment approach is guided by our stewardship principles of "driving change over time, not overnight" and "focus on opportunities, not just exclusions." This is reflective of the nature of our investment strategy, which recognises the need for improvement but also the need to "keep the lights on" in the meanwhile.

We screen our investable universe for the following types of investments and exclude exposure to them.

Controversial weapons | Nuclear weapons | Production of Tobacco, Tobacco-based Products, and Nicotine Alternatives | Whale meat processing | Recreational cannabis | Adult entertainment

We also minimise investment in companies involved with the following.



Conventional military weapons | Civilian firearms | Gambling & casinos | Palm oil | Alcohol

This list is not exhaustive and may change as societal issues bring into relevance new considerations.

2.2.2. Asset Allocation Policy

The basic principles of asset class investing are based on the foundations provided by Modern Portfolio Theory ("**MPT**"), selecting investments in order to maximise each Fund's overall risk & return. We achieve this by setting a Strategic Asset Allocation ("**SAA**") for the Funds and the Lifestages Auto options.

Actual asset class allocations may frequently differ from the SAA but will remain within the permitted ranges in the investment guidelines. We may at any time rebalance each Fund's holdings closer to the SAA.

Traditionally the asset classes are cash, fixed interest, and equities. This is separated further into New Zealand and International fixed interest, Australasian, and International equities, listed property and other.

Currency hedging is given a separate allocation within the SAA.

We review the Funds'/Lifestages Auto SAA every three years. The review takes into account future long-run asset class returns and peer comparisons.

2.2.3. Hedging Policy

The primary purpose of international investment is diversification of markets rather than diversification of currencies. It is accepted that international market diversification will entail additional risk arising from foreign currency exposure.

The current policy is for international fixed interest exposure to be 100% hedged back to the NZD. This is generally achieved through investing in a NZD hedged underlying fund.

The current policy for international equities (other than Australian equities) is for that asset class to be 50% hedged back to the NZD. This is generally achieved through investing in a combination of NZD hedged and unhedged underlying funds.

All other offshore assets are generally unhedged, although this can change in the future. This includes Australian equities, Emerging Markets equities, listed property and infrastructure assets.

The actual hedging ratio for the Funds can differ from time to time. We may at any time rebalance the Funds' exposure closer to the target.

2.2.4. Rebalancing Policy

The purpose of rebalancing is to ensure the actual mix of assets in the Funds resembles the target investment mix (the SAA). Each asset class of the Funds has a range around the SAA agreed in the guidelines. We can use this range to take tactical positions.

Each Fund's actual asset mix is monitored against its target regularly. Frequent rebalancing incurs excessive transaction costs that we believe outweigh the benefit of rebalancing.

We use Fund cashflows to rebalance the Funds to their target. Where cashflows do not achieve the target, then assets are sold or bought accordingly. This is important as if the actual mix in the Fund does not reflect the target, then the actual investment risk of the Fund could be significantly greater or smaller than the target level of risk.

We rebalance the Lifestages Auto members back to their SAA or to their new age band annually, around the 15th of August.

2.2.5. External Manager Selection Policy

As part of our investment strategy, a key concern is to ensure Funds are adequately diversified. This may include the appointment of external fund managers, with built in risk constraints.

We follow a due diligence process for selecting external managers. This includes external research and onsite visits.

2.2.6. Liquidity Risk Management Policy

Shifting market conditions can cause periods of stress where liquidity dries up and costs to liquidate securities rise. In extreme circumstances, this can lead to extraordinary costs incurred when transacting. We follow a strict Liquidity Risk Management (LRM) Framework, as set out in the Liquidity Risk Management Policy.

Fundamentally, our LRM begins with security selection - we seek to only invest in those securities that are quoted on a recognised exchange (e.g., New York Stock Exchange), and are quoted on a regular basis. Liquidity Management Tools (LMTs) are also embedded within the LRM Framework and LRM Policy, for more information, please refer to the Liquidity Risk Management Policy which can be found on the Disclose Register.

Sufficient liquidity will be held to cover reasonably anticipated redemptions.

If necessary, we have agreed with the Supervisor to borrow up to 5% of the market value of a Fund.

Such borrowing is to be used solely to meet redemption requests and will be for a maximum period of 15 business days and in each instance the Supervisor will be advised of any drawdowns occurring and when the amounts have been repaid. To date the Funds have not borrowed, nor have any intention to.

2.2.7. Valuation

The means by which we price units in these Funds and methods we use can be found in the SBS Wealth Unit Pricing and Valuation Policy. The most current version of this is available on the Disclose Register scheme's register entry at www.disclose-register.companiesoffice.govt.nz.

2.2.8. Derivatives

Derivatives may be used as a risk management tool where underlying investments create an overall portfolio exposure that we determine to be undesirable e.g. to hedge currency risk. It is envisaged that derivatives will not be used in the normal course of business.

Derivatives may not be used to leverage any Fund, or if the effect is to increase the portfolio risk beyond what it would have been had the relevant Fund comprised only directly held securities. That is, there will be no gearing effect and any derivative positions will be backed by physically held positions at the time that the risk on any derivative arrangement commences.

While derivatives may be used at our sole discretion, we will advise the Supervisor of any decision to do so.

2.3. Investment Process

The investment process can be broken down into four main stages.

Stage 1	
Objective, universe & screens	Examine the investment objective and risk profile of the fund/portfolio to work through what the investible universe and what the benchmark split between growth and income assets is.
	Define any exclusionary filters on funds, sectors, and underlying securities based on our Responsible Investment Policy.
Stage 2	
Fundamental Drivers & Portfolio Construction	Determine what asset classes and sub-asset classes to invest into.
	Determine geographic, sector, and currency hedging characteristics.
	Determine factor and style tilts required, e.g. value, short duration.
	Determine desired ESG outcomes.
Stage 3	
Security Selection	Conduct fundamental research utilising historical asset class data, scenario testing between the asset classes, the economic outlook, and industry trends.
	Analyse stocks and funds using fundamentals such as strength of the business, track record, investment process, earnings, valuation, performance, and third-party ratings and recommendations.
	Analyse stocks and funds using Environmental, Social, and Governance measures such as stewardship, current carbon emissions, net-zero aligned carbon reduction targets, fossil fuel involvement, stranded assets, environmental impact, employee welfare, modern slavery, community relations and supply chain.
	Target high-conviction themes with long-term growth opportunities, e.g. disruptive technology, healthcare innovation, and decarbonisation.
	Rank and weight the securities by key fundamentals, including valuations, size, style, ESG characteristics, conviction, fees, and liquidity.
	Blend highly active direct share portfolio with actively managed fund manager(s) to optimise return and mitigate risk.
	Make sure the portfolio is diversified across country, sector, market capitalisation, and style.
	Research presented and debated internally amongst the investment team.
Stage 4	
Portfolio Implementation & Monitoring	Present the portfolio(s) and underlying research to the SBS Wealth Investment Committee for discussion and approval.
	Investment team executes changes and/or any rebalancing through an external broker/platform/fund manager.
	Holdings are then managed and continuously monitored by the investment team.

We reduce stock specific risk by building a highly diversified portfolio, but with conviction in every single security.

We recognise the limitations of market cap-weighted indices, so we take an unconstrained approach which enables us to invest wherever we find the best opportunities, potentially deviating from index weightings. This approach allows us to enhance our exposure to our preferred thematic and factor tilts.

3. Authorised Investments

The universe of authorised investments for the Scheme is set out in the Trust Deed, as amended from time to time. Investments may be made into securities directly or through underlying managed funds.

The investments currently accessed are available in the most current Fund Update on the Disclose Register schemes register entry at www.disclose-register.companiesoffice.govt.nz.

3.1. Managed Funds

Investment in managed funds, such as exchange traded funds, which achieve essentially the same ultimate exposure as would have been achieved by directly held securities, with the relevant benchmark asset allocation and ranges flowed through to any managed fund exposure.

3.2. Cash and Fixed interest

Cash, in the form of Highly Liquid Securities, is generally held in the Funds' bank accounts for cashflow management. Any other cash investments will be made by way of direct or indirect investment in unsecured deposits (including redeemable shares) with SBS Bank, or with other registered banks or financial institutions pending investment into other assets.

The Funds gain their exposure to fixed interest by way of direct or indirect low to medium risk investments consisting of a broad spread of government and non-government securities primarily of investment grade quality. Any unrated securities will comply with our strict risk policy criteria through the underlying manager's internal Credit ratings process.

3.3. Equities

The Funds gain their exposure to equities by way of direct securities or indirect via a managed fund.

3.4 Foreign Exchange and Exchange Contracts

Currency or exchange of any country in the world and any contract for the sale or purchase of any such currency or exchange at any point of time after the date of entering into the contract.

The Funds may hedge out some or all of the foreign currency exposure by directly holding foreign exchange contracts.

4. Authorised Activities

The Funds may undertake the following other activities in carrying out their investment strategy:

4.1. Securities Lending

Securities lending with reputable counterparties.

4.2. New Issues

Underwriting new issues of authorised debt and share issues (as applicable).

4.3. Borrowing

The Scheme is authorised to borrow up to 15% of its Gross Asset Value (as defined in the Trust Deed clause 1.1) to invest in Authorised Investments (as defined in the Trust Deed clause 1.1). Any borrowing must be considered necessary or desirable in the general interests of the members of the Scheme, or for the purposes of conducting the investment, management, or other operation of the Scheme pursuant to the Trust Deed.

Except as contemplated in 2.2.6 above (Liquidity Policy), borrowing will be for exceptional purposes only. We will make written submission to the Supervisor setting out the reasons why the Scheme needs to borrow and a recommendation thereto. Any borrowing will only be effected in accordance with the Trust Deed. Currently there is no intention to borrow.

4.4. Related Party Transactions

Transactions with related parties of us or the Supervisor are permitted, provided such transactions are permitted under the Trust Deed and the FMCA (where applicable) and the appropriate process under the FMCA has been followed.

SBS Bank is a related party. Currently the Income Fund holds SBS Bank deposits.

5. Monitoring

Fund manager and direct securities performance is monitored daily, in conjunction with daily monitoring of breaches of guidelines, to ensure no fund has breached its own recommended limits.

Performance is monitored daily by the Investment Team, and quarterly (formally) by the SBS Wealth Investment Committee.

These reviews compare the investment performance of the Funds and all the underlying investments against appropriate benchmark indices.

Compliance with authorised investments and guidelines is monitored daily by the Investment Team, and quarterly by SBS Wealth Investment Committee and SBS Wealth Risk & Compliance Committee. Breaches are reported through to Management and the Supervisor.

The Investment Team annually review each Fund, against its peers as determined by the SBS Wealth Investment Committee, with input from the Supervisor where appropriate. Those reviews include a value for money assessment of fees charged to the Funds, having regard to expectations expressed in guidance by the FMA.

6. Review and Update of SIPO

The SIPO will be reviewed and updated from time to time by us and the Supervisor. The most current version of the SIPO is available on the Disclose Register scheme's register entry at www.disclose-register.companiesoffice.govt.nz.

6.1. Review of the SIPO

The SIPO will be reviewed at least annually. That review may not necessarily lead to an update of the SIPO.

An ad hoc review of the overall SIPO and/or underlying fund managers/issuers may be triggered if an investment/ underlying fund, or direct security is flagged for 'enhanced due diligence', and subjected to a higher degree of scrutiny for any one or more of the following reasons:

- A change in the primary underlying manager/issuer/ company management
- A significant change in an underlying manager's, issuer's or company majority owner or ownership structure
- A greater than 25% fall in the fund's assets under management over a rolling one-year period (due to redemptions, not market movements) or total fund assets falling below $25 million at any time
- A change in the fund's investment style, diversification, approach to sustainability and/or risk factor tilting
- An increase in the fund's fees
- The fund or direct security shows persistent underperformance against a relevant benchmark. Persistent underperformance is defined as performance below benchmark on a three-year basis minus fees, and a volatility measure appropriate for each fund/security
- An extraordinary event which we consider has impacted or may interfere with the manager/company/fund's ability to act in the future within the established fund mandate

6.2. Review of the Investment Strategy

We undertake a review of the investment strategy of each fund, the appropriateness of the benchmark asset allocations and ranges, and the performance and risk profiles of the asset class on a regular basis. This is a qualitative review and forms part of the manager review of the managers used in the Scheme.

6.3. Changes to the SIPO

Both we and the Supervisor must agree in writing any changes or replacements to this SIPO. Any changes must be approved by our Board.

For material changes, we must provide 30 days' notice in advance to all existing members of the proposed change. A change will be regarded as 'material' if it would alter the nature of the investment or its risk profile to such an extent that a reasonable existing member would consider whether to continue with the investment. We and the Supervisor will agree whether a change is material. However, the ultimate decision as to whether a change is material rests with the Supervisor.

Each updated or amended SIPO will contain an effective date. Any changes to this SIPO will be lodged with the Registrar of Financial Service Providers in accordance with the Act.

7. Useful Definitions

"**Benchmarks**" means the asset allocations and indices against which we measure the performance of the relevant Fund as outlined within the schedules of the SIPO.

"**Benchmark asset allocation**" means the relevant Fund's long-term average expected weighting for each type of asset (i.e. the proportion of that Fund's assets that we target to have invested in each type of asset). This is also referred to in other documents as its 'target asset allocation' or 'Strategic Asset Allocation' (SAA). We invest within ranges agreed with the Supervisor, and actual exposures will vary over time.

"**Board**" means the SBS Wealth Limited Board of Directors.

"**Carbon Emissions Intensity**" (Tons CO2E/US$m sales) measures a fund's exposure to carbon intensive companies. This figure represents the estimated greenhouse gas emissions per US$1 million in sales across the fund's holdings. This allows for comparisons between funds of different sizes.

"**Cash**", unless otherwise specified, means on-call deposits or other debt obligations of, or guaranteed by a registered bank under the Reserve Bank of New Zealand Act 1989, credit union or building society.

"**Credit ratings**" are ratings of the debtor's ability to pay back the debt by making timely interest payments and of the likelihood of default. An agency may rate the creditworthiness of issuers of debt obligations, the debt instruments, and/or in some cases, the servicers of the underlying debt, but not individual consumers. A poor credit rating indicates a credit rating agency's opinion that the company or government has a high risk of defaulting, based on the agency's analysis of the entity's history and analysis of long-term economic prospects.

"**Derivatives**" means any financial arrangement traded on a recognised market or market system (and specifically not 'over the counter' securities) whose contribution to portfolio risk, after considering any gearing element within the derivative, is essentially no more than that of the security from which it is derived had that security been held ungeared.

"**Equities**" means shares of companies listed and traded on a recognised stock exchange and any traded derivative of those shares whose contribution to portfolio risk, after considering any gearing element within the derivative, is essentially no more than that of the security from which it is derived had that security been held ungeared.

"**Fixed Interest**", any other form of debt security that pays a specific rate of interest. Usually, the fixed interest rate is for a specific term, and at the end of the term your money is returned to you.

"**Fossil Fuel Involvement**" measures the percentage of the fund's assets that are involved in fossil fuels. Companies with fossil-fuel involvement are defined as those deriving at least 5% of their revenue from the following activities: thermal coal extraction, thermal coal power generation, oil and gas production, and oil and gas power generation.

"**Highly Liquid Securities**" means Cash, NZ Government, or bank securities with less than 3 months to maturity.

"**Laddered Approach**" means that multiple securities are held. The maturity dates of these securities are spread out over a uniform period. Typically, every six months.

"**Large capitalisation equities**" are those equities listed towards the top of a countries stock exchange ranked by full market capitalisation (calculated by multiplying the number of a company's shares outstanding by its stock price per share). Large caps are generally safer investments than their mid and small cap counterparts because the companies are more established, and investors fly to quality and stability during rough markets.

"**Managed funds**" means units in a pooled arrangement or managed fund, which achieve essentially the same ultimate exposure as would have been achieved by directly held securities.

"**Preference shares**" are a type of stock which may have any combination of features not possessed by common stock including properties of both equity and a debt instrument and is generally considered a hybrid instrument. Preference shares are senior (i.e., higher ranking) to common stock, but subordinate to bonds in terms of claim (or rights to their share of the assets of the company) and may have priority over common stock (ordinary shares) in the payment of dividends and upon liquidation. Terms of the preferred stock are described in the articles of association. Like bonds, preferred stocks are rated by the major credit-rating companies. The rating for preference shares is generally lower than for bonds because preferred dividends do not carry the same guarantees as interest payments from bonds and because preferred stockholders' claims are junior to those of all creditors.

"**SBS Bank**" is the trading name for Southland Building Society. SBS Wealth Limited is a wholly owned subsidiary of SBS Bank.

"**SBS Wealth Investment Committee**" is a committee of appointed Directors of SBS Wealth Limited and other appointees responsible for overseeing the investment management performance, risk, and processes.

"**Strategic Asset Allocation (SAA)**" is the desired or preferred target allocation for each asset class chosen by the Manager.

"**Underlying managers**" are the underlying fund managers that we have appointed in respect of the Funds. The underlying managers are named in the most current relevant Fund Update.

Schedule 1: SBS Wealth Focused Growth Fund

Investment Objective

a) Aims to provide members with a higher-risk investment option that achieves capital growth over the long term; and

b) Aims to provide a gross return which exceeds the return of the benchmark on a rolling three-year basis (ie before tax, fees, and other expenses).

Investment Strategy

The Fund will invest in a concentrated selection of international equites and global themes (up to 25 securities), either directly or indirectly via an underlying fund, with a small amount held in cash.

The risk return trade-off for the Fund is that it will invest in growth-producing assets as opposed to assets that are focused on providing income over the long term. As a result, over the long term, the Fund should provide long term capital growth. This growth is likely to fluctuate depending on market conditions, and due to the concentration selection, this fluctuation could be higher than the benchmark fluctuations. We have developed the investment strategy

a) With reference to members who are seeking a fund that aims to maximise the capital growth over the long-term; and

b) With the intention of providing members with a concentrated selection of our best high conviction ideas and stock picks.

The investment strategy considers both financial return and environmental, social and governance good.

Benchmark

The benchmark is a composite of the following asset allocation and indices as at the date of this SIPO:

Asset class	Allocation	Indices
Cash and cash equivalents	2%	NZX NZ 90 Day Bank Bill
International Equities	98%	MSCI World Index in NZD (50% hedged back to NZD)

Eligible Investments

As at the date of this SIPO, the Fund will only invest in the following security types:

a) Deposits, transferable obligations, or other debt obligations of or guaranteed by issuers with a maturity of no more than 365 days at time of purchase. Floating rate notes with a final maturity of more than 365 days are not authorised (irrespective of the frequency of rate setting);

b) Equities issued in any jurisdiction of companies listed and traded on a recognised stock exchange;

c) Exchanged traded funds (ETFs) listed and traded on a recognised stock exchange;

d) Derivative contracts, where the underlying risk relates to the equities referred to in b). Eligible derivative contracts include interest rate futures, options, interest rate swaps, and credit default swaps. Options, swaps, and credit default swaps must be entered with a counterparty with a minimum long-term credit rating of AA-, and a current industry standard (International Swaps and Derivatives Agency) agreement must be in place between the counterparty and us or the underlying manager. The market value of the exposure must be fully covered by cash or backed by liquid physical assets. Derivative are to be measured on a notional face value basis and may not exceed 100% of the net market value of the relevant Fund's investment portfolio. Investment in collateralised debt obligations and collateralised loan obligations are not permitted; and

e) Underlying funds that invest in securities that comply with a) – d) above.

Where an entity or an issuer is rated, that rating shall be by an internationally recognised credit rating agency such as Standard & Poor's (or other rating agency acceptable to the Supervisor).

The eligible investments may change in the future.

Investment Guidelines

• Liquidity

A minimum of 1% of the Fund's total assets must be held in Highly Liquid Securities. The neutral cash holding for the Fund is 2%. The most cash that the Fund can hold is 10%.

• Concentration

The Fund will only hold around 15-25 securities or themes.

The Fund will consider geographic breakdown and sector breakdown diversity in its construction.

• Ranges

The allowable investment ranges outlined below are not to be exceeded.

Asset class	Strategic asset allocation %	Allowable investment range %
Cash and cash equivalents	2%	1–10%
International Equities	98%	90–99%

The exposure to any single direct equity security is limited to 15%.

• Hedging

Investments in international equities may be hedged back to NZD. The benchmark for hedging of the international equity exposure is 50%, although this can change in the future.

Schedule 2: SBS Wealth High Growth Fund

Investment Objective

a) Aims to provide members with a high-risk investment option that achieves capital growth over the long term;

b) To provide a gross return which exceeds the return of the Benchmark on a rolling three-year basis (i.e. before tax, fees, and other expenses); and

c) To produce a competitive investment return relative to the relevant peer group and the Benchmark that is relevant to each component of its investment portfolio (see Section 5. Monitoring on page 9).

Investment Strategy

The Fund will invest primarily in a broad spread of Australasian and international equities, with a small amount held in cash.

The risk return trade-off for the Fund is that it will invest in growth-producing assets as opposed to assets that are focused on providing income over the long term. As a result, over the long term, the Fund should provide long term capital growth. This growth may fluctuate depending on market conditions, but should be in line with the benchmark fluctuations.

We have developed the investment strategy

a) With reference to members who are seeking a fund that aims to provide members with capital growth over the long-term; and

b) With the intention of providing members with a core holding of Australasian and international equities.

The investment strategy considers both financial return and environmental, social and governance good.

Benchmark

The benchmark is a composite of the following asset allocation and indices as at the date of this SIPO is:

Asset class	Allocation	Indices
Cash and cash equivalents	2%	NZX NZ 90 Day Bank Bill
Australasian Equities	24%	S&P/NZX 50 Gross
International Equities	74%	MSCI World Index in NZD (50% hedged back to the NZD)

Australasian Equities will include NZ Equities and may include Australian Equities. International Equities may include Emerging Markets.

Eligible Investments

As at the date of this SIPO, the Fund (through its underlying managers) will only invest in the following security types:

a) Deposits, transferable obligations, or other debt obligations of or guaranteed by issuers with a maturity of no more than 365 days at time of purchase. Floating rate notes with a final maturity of more than 365 days are not authorised (irrespective of the frequency of rate setting);

b) Equities issued in any jurisdiction of companies listed and traded on a recognised stock exchange;

c) Derivative contracts, where the underlying risk relates to the equities referred to in (b). Eligible derivative contracts include interest rate futures, options, interest rate swaps, and credit default swaps. Options, swaps, and credit default swaps must be entered with a counterparty with a minimum long-term credit rating of AA- and a current industry standard (International Swaps and Derivatives Agency) agreement must be in place between the counterparty and us or the underlying manager. The market value of the exposure must be fully covered by cash or backed by liquid physical assets. Derivatives are to be measured on a notional face value basis and may not exceed 100% of the net market value of the relevant Fund's investment portfolio. Investment in collateralised debt obligations and collateralised loan obligations are not permitted;

d) Exchanged traded funds (ETFs) listed and traded on a recognised stock exchange; and

e) Underlying funds that invest in securities that comply with a) – d) above.

Where an entity or an issuer is rated, that rating shall be by an internationally approved rating agency such as Standard & Poor's (or other rating agency acceptable to the Supervisor).

The eligible investments may change in the future (see Section 3. Authorised Investments on page 8).

Investment Guidelines

• Liquidity

A minimum of 1% of the Fund's total assets must be held in Highly Liquid Securities. The neutral cash holding for the Fund is 2%. The most cash that the Fund can hold is 10%.

• Concentration

The Fund will be broadly diversified across thousands of securities.

The Fund will also consider geographic breakdown and sector breakdown diversity in its construction.

• Ranges

The benchmark asset allocation ranges outlined below are not to be exceeded.

Asset class	Strategic asset allocation %	Usual range %
Cash and cash equivalents	2%	1–10%
Australasian Equities	24%	10–40%
International Equities	74%	50–90%

The exposure to any single direct equity security is limited to 5%.

• Hedging

a) Investments in Australian equities will generally be unhedged, although this can change in the future; and

b) Investments in international equities may be hedged back to NZD, generally via the underlying fund. The benchmark for hedging of the international equity exposure is 50%, although this can change in the future.

Schedule 3: SBS Wealth Income Fund

Investment Objective

a) Aims to provide members with a low-risk investment option over the medium term;

b) To provide a gross return which exceeds the return of the Benchmark on a rolling three-year basis (i.e. before tax, fees, and other expenses); and

c) To produce a competitive investment return relative to the relevant peer group and the Benchmark that is relevant to each component of its investment portfolio (see Section 5. Monitoring on page 9).

Investment Strategy

The Fund will invest predominantly in income producing assets, the majority of these being cash and fixed interest investments. The Fund may also hold high dividend yielding equities and/or listed property and infrastructure investments.

The key focus in the composition of the Fund is to prioritise current income, in the form of interest or dividend-paying investments and provide this with lower risk.

The risk return trade-off for the Fund is that it will invest in income-producing assets as opposed to assets that are focused on providing capital growth over the long term. As a result, over the long term, the Fund may not provide much in the way of capital growth but should produce stable returns.

We have developed the investment strategy

a) With reference to members who are seeking a fund that aims to provide members with a low- risk investment option that invests predominantly in income producing assets; and

b) With the intention of providing members with a core holding of New Zealand cash and fixed interest, both domestic and international.

The investment strategy considers both financial return and environmental, social and governance good.

Benchmark

The benchmark is a composite of the following asset allocation and indices as at the date of this SIPO is:

Asset class	Allocation	Indices
Cash and cash equivalents	5%	NZX NZ 90 Day Bank Bill
NZ Fixed Interest	35%	Bloomberg NZ Bond Composite 0+ Yr Index
International Fixed Interest	60%	Bloomberg Barclays Global Aggregate Index 100% Hedged NZD

Duration management and tactical positioning will only be used to the extent that it results in that Fund's duration being plus or minus two years either side of the Benchmark index position.

Eligible Investments

As at the date of this SIPO, the Fund (through its underlying managers) will only invest in the following security types:

a) Deposits, transferable obligations, or other debt obligations of or guaranteed by issuers with a maturity of no more than 365 days at time of purchase. Floating rate notes with a final maturity of more than 365 days are not authorised (irrespective of the frequency of rate setting);

b) Fixed or floating rate debt and bond issues denominated in foreign currencies. These issues may include but are not limited to inflation indexed bonds, municipal and government bonds, mortgage related debt and corporate debt, and that are listed, traded, or dealt in on regulated markets in the OECD and which may have fixed or (floating interest rates;

c) Debt securities denominated in New Zealand dollars that have a long-term credit rating of not less than BBB-, or a short-term rating of not less than A3;

d) Preference shares denominated in New Zealand Dollars and issued under New Zealand or Australian legal jurisdiction with a long-term credit rating of not less than BBB-;

e) Securities that qualify as Tier 1 capital for registered banks in New Zealand with a long-term credit rating of not less than BBB-;

f) Unrated securities provided the underlying manager, in their judgement, determines that the issue would have a rating of not less than BBB-, if a rating was sought;

g) Equities issued in any jurisdiction of companies listed and traded on a recognised stock exchange;

h) Any other income strategies approved by the Supervisor and by our Board;

i) Derivative contracts, where the underlying risk relates to New Zealand or foreign currency – denominated interest rates or credit risk, or equities referred to in (g). Eligible derivative contracts include interest rate futures, options, interest rate swaps, and credit default swaps. Options, swaps, and credit default swaps must be entered with a counterparty with a minimum long-term credit rating of AA- and a current industry standard (International Swaps and Derivatives Agency) agreement must be in place between the counterparty and us or the underlying manager. The market value of the exposure must be fully covered by cash or backed by liquid physical assets. Derivatives are to be measured on a notional face value basis and may not exceed 100% of the net market value of the relevant Fund's investment portfolio. Investment in collateralised debt obligations and collateralised loan obligations are not permitted; and

j) Underlying funds that invest in securities that comply with a) – d) above.

Where an entity or an issuer is rated, that rating shall be by an internationally approved rating agency such as Standard & Poor's (or other rating agency acceptable to the Supervisor).

The Fund may have a significant exposure to related party deposits. As at the date of this SIPO, the Fund has 12% exposure to SBS Bank through its investment in unsecured deposits issued by SBS Bank.

The eligible investments may change in the future (see Section 3. Authorised Investments on page 8).

Investment Guidelines

• Duration

The duration of the Fund is to be kept within two years of the duration of the Benchmark. The duration implications of derivative products are to be considered included when calculating the weighted average duration.

• Yield Curve

The underlying managers shall monitor the maturity bucket exposure of the Fund to ensure no excessive yield curve exposures exist. A 'laddered' approach is sought.

• Liquidity

A minimum of 2% of the Fund's total assets must be held in Highly Liquid Securities. The neutral cash holding for the Fund is 15%. The most cash that the Fund can hold is 40%.

• Ranges

The benchmark asset allocation ranges below are not to be exceeded.

Asset class	Strategic asset allocation %	Usual range %
Cash and cash equivalents	5%	1–20%
NZ Fixed Interest	35%	20–50%
International Fixed Interest	60%	30–70%

The exposure to non-investment grade securities is limited to 5%.

The exposure to related party term deposits (SBS Bank) is limited to 20%.

Any unrated security assessments are to be reviewed at least six-monthly.

• Hedging

Investments in International fixed interest will be hedged back to the New Zealand dollar, generally via the underlying fund.

Schedule 4: SBS Wealth Cash Fund

Investment Objective

a) Aims to provide members with a lower risk investment option that preserves capital;

b) To provide a gross return which exceeds the return of the Benchmark on a rolling three-year basis (i.e. before tax, fees, and other expenses); and

c) To produce a competitive investment return relative to the relevant peer group and the Benchmark that is relevant to each component of its investment portfolio (see Section 5. Monitoring on page 9).

Investment Strategy

The Fund will invest (either directly or through its underlying managers), predominantly in high quality, short-term NZ dollar-denominated assets such as cash deposits, money market instruments, and fixed interest with a maturity of up to one year. Any unrated securities will comply with our strict policy criteria through the manager's internal credit ratings process. Any unrated securities will comply with our strict policy criteria through the manager's internal credit ratings process.

The risk return trade-off for the Fund is that it will invest in short-term income-producing assets as opposed to assets that are focused primarily on providing capital growth over the long term. As a result, the Fund aims to provide a more consistent profile of stable returns. This growth could fluctuate depending on market conditions, although aims to be in line with the benchmark fluctuations.

We have developed the investment strategy

a) With reference to members who are seeking a fund that aims to provide them with a broadly diversified portfolio of cash and cash equivalents

The investment strategy considers both financial return and environmental, social and governance good.

Benchmark

The benchmark is a composite of the following asset allocation and indices as at the date of this SIPO is:

Asset class	Allocation	Indices
Cash and cash equivalents	100%	NZX NZ 90 Day Bank Bill

Eligible Investments

As at the date of this SIPO, the Fund (either directly or through its underlying managers) will only invest in the following cash, deposit or other security types denominated in New Zealand Dollars:

a) On-call cash, bank deposits, term deposits, or other debt obligations of or guaranteed by a 'registered bank' under the Banking (Prudential Supervision) Act 1989 with a minimum long-term credit rating of BBB-, or equivalent;

b) Debt securities denominated in New Zealand Dollars that have a long-term credit rating of not less than BBB-, or a short-term (12 months) rating of not less than A3;

c) Securities that qualify as Tier 1 capital for registered banks in New Zealand with a long-term credit rating of not less than BBB-; and

d) Unrated securities provided the underlying manager, in their judgement, determines that the issue would have a long-term rating of not less than BBB-, or a short-term rating of A1 or better, if a rating was sought.

The eligible investments may change in the future (see Section 3. Authorised Investments on page 8).

Investment Guidelines

• Duration

The duration of the Fund is to be kept within three months of the duration of the Benchmark. The duration implications of derivative products are to be considered included when calculating the Fund's weighted average duration.

• Yield Curve

The underlying managers shall monitor the maturity bucket exposure of the Fund to ensure no excessive yield curve exposures exist. A 'laddered' approach is sought.

• Liquidity

A minimum of 30% of the Fund's total assets must be held in Highly Liquid Securities. The neutral holding of overnight cash in the Fund's bank account is 5%. The most cash that the Fund can hold is 100%.

• Credit Exposures

The credit exposures outlined below are not to be exceeded.

Issuer	Max % of Total Fund with Single Issuer	Max % of total Fund with Class of Issue	Credit Rating
NZ Government & NZ Crown entities	100%	100%	
NZ-registered banks	25%	100%	A1+
	15%	100%	A1
Local Authorities (excluding NZ LGFA)	5%	20%	
LGFA	10%	20%	
Commercial paper and registered certificates of deposit issued by NZ taxpooling intermediaries	10%	10%	Maximum maturity 92 days
Callable NZ Registered bank deposits	10%	20%	
NZ Registered bank issued bonds and floating rate notes	20%	20%	
NZ Registered bank term deposits	30%	30%	

sbs WEALTH

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