

Statement of Investment Policy and Objectives

mysuper Superannuation Scheme

This document replaces the Statement of Investment Policy and Objectives dated 6 June 2024



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01 Description of the scheme

mysuper Superannuation Scheme (**scheme**) is a registered employer-related workplace saving scheme.

Investment Funds

The scheme offers four investment funds (each a **fund** and together the **funds**), comprising three multi-asset-class funds and a single-asset-class fund.

The multi-asset-class funds are:

- mysuper Conservative Fund
- mysuper Balanced Fund
- mysuper Growth Fund.

The single-asset-class fund is the mysuper Cash Fund.



See **Appendix A** for more information on the asset classes our funds invest in.

easysselect Investment Option

The scheme also offers the easysselect investment option. If you select the easysselect option, your retirement savings are invested in the mysuper Conservative Fund, mysuper Balanced Fund or the mysuper Growth Fund based on your age as described in the Product Disclosure Statement (**PDS**).

The mysuper Cash Fund is not used as part of the easysselect investment option.

02 Trustee and manager

Shamrock Superannuation Limited is the trustee and manager of mysuper (**Shamrock, manager, we, us and our**). As the manager, we are responsible for managing the investments of the funds.

03 Investment philosophy

Our investment philosophy is based on seven key beliefs. We believe:

- investment markets are broadly efficient
- the main driver of investment returns and risk is asset allocation, and it is therefore important to limit deviations from the long-term strategy
- it is not possible to consistently add value by making tactical asset allocation decisions
- in some markets, investment managers can achieve above index returns after taking into account the higher fees charged by active managers
- value can be added by efficient implementation, choosing tax-effective funds, and carefully managing costs
- diversification of investment risk is fundamental
- a responsible investment approach, which considers the integration of environmental, social and governance (ESG) factors into investment decision-making, can help to identify opportunities and risks, which may result in better risk adjusted financial outcomes over time.

The investment strategy of **mysuper** has been developed in line with the above beliefs.

04 Investment strategy

Investment strategy

Each fund has a different investment strategy. The investment strategy of a fund is made up of the:

- investment objectives
- target investment mix
- target investment mix ranges (or limits)
- index or composite index that performance is measured against.



See **Appendix B** for more information on the investment strategies of our funds.

Permitted investments

Our funds are permitted to invest in underlying funds, cash and cash equivalents and derivatives.

05 Investment objectives

Each fund has a different investment objective.



See **Appendix B** for more information on the objectives of our funds.

06 Investment policy and processes

The investment policy of **mysuper** is to invest the assets of each fund according to the investment strategy described in the Statement of Investment Policy and Objectives (**SIPO**), while complying with:

- all applicable laws, and
- the requirements of **mysuper**'s governing document..

The processes set out below are followed when managing the assets of each fund.

Investment strategy review

We review the investment strategy for each fund as part of our strategic asset allocation process. This is done at least once every three years to set each fund's target investment mix and ranges.

We forecast how each asset class will perform over the long term, both in isolation and in relation to other asset classes. We then use the forecasts to construct the most effective target investment mix and ranges, with the aim of:

- increasing the probability of achieving the investment objectives
- achieving the highest return over time within acceptable risk levels.

As part of the review, the metrics that may be monitored include:

- the probability of a negative yearly return
- stress testing how each fund would perform in a range of scenarios
- the expected number of years out of 20 in which returns will be negative
- assessment of concentration of risk factors.

For the **mysuper** Cash Fund it is unlikely that the target investment mix and ranges will change.

Underlying funds

The **mysuper** Conservative Fund, **mysuper** Balanced Fund and **mysuper** Growth Fund invest into underlying investment funds. These funds gain exposure to asset classes by investing in underlying funds that each focus on investing in a single-asset-class (i.e. international equities or international fixed interest).

The **mysuper** Cash Fund gains exposure to the cash and cash equivalents asset class by investing into an underlying single-asset-class investment fund.



See **Appendix A** for more information on the nature and type of investments that our underlying funds invest in.

Tactical asset allocation

We have decided not to attempt to add any value by making short to medium term tactical asset allocations. Therefore, a rules-based approach to rebalancing the asset allocation has been adopted (see later section).

Cash management

The administration manager maintains a bank account for managing **mysuper**'s short-term cash flow requirements; in particular, the receipt of contributions from members, employers and government and the payment of benefits, expenses and tax.

When the bank account reaches a funded level, which is more than sufficient to meet **mysuper**'s short-term cash flow requirements, the excess will be transferred to one or all of the underlying investment managers on the advice of **mysuper**'s investment adviser.

Where the bank account is insufficient to meet **mysuper**'s short-term cash flow requirements, then the shortfall will be met by transfer from the underlying investment managers. The amount to be transferred to or from the underlying investment manager will be determined by the administration manager in consultation with the investment adviser.

Rebalancing and limit break reporting

We recognise that market movements and cash flows can result in the actual asset allocations becoming different from the benchmark asset allocations. Therefore, we have adopted the following process for ensuring that actual asset allocation remains close to the benchmark asset allocations.



See **Appendix B** for more information on benchmark asset allocations, operating ranges and maximum permitted range limits of our funds.

We have set appropriate 'maximum permitted range' limits for exposure to underlying asset classes and monitor them on a monthly basis to ensure that maximum permitted range limits are not breached. The maximum permitted range limits have been designed based on the maximum permitted ranges of the underlying funds, with an appropriate margin.

If at any time, any allocation falls outside of the maximum permitted ranges, we will arrange for a rebalancing to take place so as to restore the allocation to within the maximum permitted ranges within 5 working days.

For the avoidance of doubt, the 'operating ranges' are not limits – they are simply the level of variance from benchmark above which we would normally begin making precautionary adjustments to asset allocations so as to ensure that the asset allocation remain as close to the benchmark asset allocations as possible and to prevent any limit break occurring.

A 'limit break' is a material breach of any limits on either the nature or type of investments that may be made by a fund or the maximum permitted range being the proportion of each type of assets that may be invested in.

In determining whether a breach is material (and therefore a limit break), the following factors will be considered:

- the nature of the breach
- the cause of the breach, including whether or not the breach is the result of the sharp short-term market movements
- the size of the breach.

A breach of a range resulting from market movements, which is corrected within five working days, will not ordinarily be deemed material for limit break reporting purposes.

Proxy voting

We acknowledge the importance of voting, and the role of shareholders in shaping and influencing companies and boards through voting. An investee company board is accountable to shareholders and relevant stakeholders and is responsible for protecting and generating sustainable value over the long term. Voting rights allow for discretion in company governance structures, remuneration, risk governance and sustainability measures.

We cannot vote directly as **mysuper** has beneficial ownership through the underlying investment.

The extent to which the underlying investment managers have voting policies and processes to vote on company resolutions is considered when selecting and reviewing underlying investment fund and their managers' performance.

Active or passive management

We assess the efficacy of active management on an asset class by asset class basis. We employ a passive management approach where we believe that active management isn't justified for an asset class.

Underlying investment manager selection and monitoring

We have a process for selecting our underlying investment managers, who manage the underlying funds that my**super** assets are invested in. We select underlying investment managers that we believe are among the best in their class. We take into account both quantitative and qualitative aspects, and look at a number of factors, including:

- **people** – experienced and stable investment teams
- **company** – stable businesses being well-led by experienced company management
- **investment philosophy and process** – a sensible philosophy that is reflected in a disciplined process
- **performance** – managers that have generated strong performance over a number of market cycles.

Once selected, an underlying investment manager is subject to a rigorous on-going monitoring process. Each underlying investment manager is regularly assessed against the above criteria. We also regularly compare our underlying investment managers against other investment managers of KiwiSaver schemes and other managed investment schemes.

Currency hedging

We use currency hedging to mitigate currency risk. We will carry out currency hedging in line with the hedging style, benchmark and ranges set out in the table below for the applicable asset class.

Asset categories	Benchmark hedging rate	Benchmark range
Cash and cash equivalents	No foreign currency exposure	-
New Zealand fixed interest	No foreign currency exposure	-
International fixed interest	100% hedged to New Zealand dollar	90% to 110%
Australasian equities	100% hedged to New Zealand dollar	0% to 110%
International equities	50% hedged to New Zealand dollar	40% to 60%

Responsible investment

Reflecting our investment beliefs, sector specialist underlying investment fund are preferred.

The extent to which the underlying investment managers integrate ESG factors into their investment processes is considered when selecting and reviewing underlying investment fund and their managers' performance.



For more information about our approach to responsible investment, see the 'Environmental, Social and Governance Guidelines' at mysuper.co.nz/disclose

07 Investment performance

Investment performance for the funds is monitored and reviewed monthly and quarterly. Performance of the funds is monitored over various periods (gross of tax and fees) including but not limited to monthly, three-monthly, one-year, three-year, five-year and ten-years. Performance is measured on an absolute return basis as well as relative to each fund's benchmark indices, performance objective peers, and other like funds.

08 SIPO compliance and review

We monitor the funds each month to ensure compliance with the SIPO.

We review the SIPO annually and on an ad-hoc basis as required. An ad-hoc review may come about as a result of any fundamental changes in the investment environment or any changes to any fund's investment objectives.

We can make changes to the SIPO at any time. Any changes are approved by us in accordance with our policies and procedures.

The most up-to-date version of the SIPO is available on the scheme register which can be found at **disclose-register.companiesoffice.govt.nz** (search for 'mysuper Superannuation Scheme').

Appendix A – Asset classes

The asset classes that our funds and underlying funds invest in are described below:

Asset class	Description
Cash and cash equivalents	Interest-bearing deposits with one or more registered banks (such as term deposits), short-term debt securities (maturity no greater than 365 days), floating rate notes.
Fixed interest assets	Debt securities issued by governments, corporations, local authorities or banks (called issuers). The issuer generally pays a set (or fixed) interest rate for a set period of time. Cash and cash equivalents may also be included in fixed interest assets.
Equities	Investments that give the holder part-ownership of a company, corporation or similar entity, including units, shares, or other equity investments, such as some types of exchange traded futures. These investments are generally listed on a stock exchange. Equities might sometimes be referred to as shares.

The funds and underlying funds may invest in other investments that we consider to be part of the relevant asset class.

Appendix B – Fund objectives and strategy

mysuper Cash Fund

Risk indicator rating (see Product Disclosure Statement for an explanation of the risk indicator)	Establishment date	Description and investment objectives	Performance objectives / expectations	Minimum suggested investment timeframe
<div><div>Potentially ← lower returns</div><div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div><div>← Lowest riskHighest risk →</div></div>	30 September 2016	<p>Description: A fund that primarily invests in cash and short-term bank securities.</p> <p>Investment objectives: To achieve modest, stable returns with a very low level of investment risk – in exchange there will be no significant short-term movements up and down in the value of investments.</p>	To provide a gross return (before tax, fees, and other expenses) above the return of the Bloomberg NZBond Bank Bill Index on a rolling 12-month basis.	1-year

Benchmark Asset Allocation, Range, and Benchmark Index

The assets of the fund will be invested within the investment ranges set out below:

Asset class	Underlying investment manager	Underlying investment fund	Benchmark asset allocation %	Operating range %	Maximum permitted range %	Benchmark index
Cash and cash equivalents	Fisher Funds Management Limited	Fisher Institutional New Zealand Cash Fund	100%	n/a	n/a	Bloomberg NZBond Bank Bill Index
Total income assets			100%	n/a	n/a	

mysuper Conservative Fund

Risk indicator rating (See the Product Disclosure Statement for an explanation of the risk indicator)	Establishment date	Description and investment objectives	Performance objectives / expectations	Minimum suggested investment timeframe
<div><div>Potentially ← lower returns</div><div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div><div>← Lowest riskHighest risk →</div></div>	1 April 2004	<p>Description: A well-diversified portfolio that primarily invests in lower-risk income assets with a conservative allocation to growth assets.</p> <p>Investment objectives: To achieve a low likelihood of negative returns over the short to medium term, whilst providing the opportunity for positive real returns (in excess of inflation) over the medium to long term.</p>	<p>To deliver a real return (after inflation, tax and investment expenses) of at least 1% pa over rolling three year periods.</p> <p>To produce a result in the top half of comparable KiwiSaver funds in the Investment Adviser Investment Survey over rolling three-year periods.</p>	4 years

Benchmark Asset Allocation, Range, and Benchmark Index

The assets of the fund will be invested within the investment ranges set out below:

Asset class	Underlying investment manager	Underlying investment fund	Benchmark asset allocation %	Operating range %	Maximum permitted range %	Benchmark index
Cash and cash equivalent	Fisher Funds Management Limited	Fisher Institutional New Zealand Cash Fund	35%	30% to 40%	25% to 45%	Bloomberg NZBond Bank Bill Index
New Zealand fixed interest	Fisher Funds Management Limited	Fisher Institutional New Zealand Fixed Interest Fund	25%	20% to 30%	15% to 35%	Bloomberg NZBond Composite Bond o+ Yr Index
International fixed interest	Harbour Asset Management Limited	Hunter Global Fixed Interest Fund	20%	15% to 25%	10% to 30%	Bloomberg Global Aggregate Bond Index (100% hedged to New Zealand dollars)
Total income assets			80%	75% to 85%	70% to 90%	
Australasian equities	Salt Funds Management Limited	Salt NZ Dividend Appreciation Fund	5%	0% to 10%	0% to 15%	S&P/NZX 50 Gross Index (including Imputation Credits)
	Milford Funds Limited	Milford Trans-Tasman Equity Fund	5%	0% to 10%	0% to 15%	→ 50% S&P/ASX 200 Total Return Index (100% hedged to the New Zealand dollar); and → 50% S&P/NZX 50 Gross Index (including Imputation Credits)
International equities	Mercer (N.Z.) Limited	Mercer Global Index Shares Fund and Mercer Hedged Global Index Shares Fund	10%	5% to 15%	0% to 20%	→ 50% MSCI World Index (with net dividends reinvested excluding New Zealand, Tobacco, Controversial and Nuclear Weapons companies (in NZD)); and → 50% MSCI World Index (with net dividends reinvested excluding New Zealand, Tobacco, Controversial and Nuclear Weapons companies (fully hedged after tax)
Total growth assets			20%	15% to 25%	10% to 30%	
International equities currency hedging level			50%	45% to 55%	40% to 60%	

easysselect Option

Members who have selected the easys**elect** option will be allocated to the my**super** Conservative Fund if they are aged over 60. More information on the easys**elect** option can be found in the Product Disclosure Statement available at [mysuper.co.nz/disclose](#)

mysuper Balanced Fund¹

Risk indicator rating (See the Product Disclosure Statement for an explanation of the risk indicator)	Establishment date	Brief description and investment objectives	Performance objectives / expectations	Minimum suggested investment timeframe
<div><div>Potentially ← lower returns</div><div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div><div>← Lowest riskHighest risk →</div></div>	27 August 1991	<p>Description: A well-diversified portfolio that has a balance of risk through holding growth assets and an allocation to lower-risk income assets.</p> <p>Investment objectives: To achieve higher positive real returns (in excess of inflation) over the medium to long term, accepting that over the short to medium term, returns could be negative.</p>	<p>To deliver a real return (after inflation, tax and investment expenses) of at least 2% pa over rolling five year periods</p> <p>To produce a result in the top half of comparable KiwiSaver funds in the Investment Adviser Investment Survey over rolling three- year periods.</p>	7 years

Benchmark Asset Allocation, Range, and Benchmark Index

The assets of the fund will be invested within the investment ranges set out below:

Asset class	Underlying investment manager	Underlying investment fund	Benchmark asset allocation %	Operating range %	Maximum permitted range %	Benchmark index
Cash and cash equivalent	Fisher Funds Management Limited	Fisher Institutional New Zealand Cash Fund	5%	0% to 10%	0% to 15%	Bloomberg NZBond Bank Bill Index
New Zealand fixed interest	Fisher Funds Management Limited	Fisher Institutional New Zealand Fixed Interest Fund	13%	8% to 18%	3% to 23%	Bloomberg NZBond Composite Bond 0+ Yr Index
International fixed interest	Harbour Asset Management Limited	Hunter Global Fixed Interest Fund	27%	22% to 32%	17% to 37%	Bloomberg Global Aggregate Bond Index (100% hedged to New Zealand dollars)
Total income assets			45%	40% to 50%	35% to 55%	
Australasian equities	Salt Investment Funds Limited	Salt NZ Dividend Appreciation Fund	7%	2% to 12%	0% to 17%	S&P/NZX 50 Gross Index (including Imputation Credits)
	Milford Funds Limited	Milford Trans-Tasman Equity Fund	7%	2% to 12%	0% to 17%	→ 50% S&P/ASX 200 Total Return Index (100% hedged to the New Zealand dollar); and → 50% S&P/NZX 50 Gross Index (including Imputation Credits)
International equities	Mercer (N.Z.) Limited	Mercer Global Index Shares Fund and Mercer Hedged Global Index Shares Fund	41%	36% to 46%	31% to 51%	→ 50% MSCI World Index (with net dividends reinvested excluding New Zealand, Tobacco, Controversial and Nuclear Weapons companies (in NZD)); and → 50% MSCI World Index (with net dividends reinvested excluding New Zealand ,Tobacco, Controversial and Nuclear Weapons companies (fully hedged after tax)
Total growth assets			55%	50% to 60%	45% to 65%	
International equities currency hedging level			50%	45% to 55%	40% to 60%	

easysselect Option

Members who have selected the easys**elect** option will be allocated to the mys**uper** Balanced Fund if they are aged between 48 to 59. More information on the easys**elect** option can be found in the Product Disclosure Statement available at [mysuper.co.nz/disclose](#)

1. Although the risk indicator calculation methodology produces the same risk rating for both the mys**uper** Balanced and Growth Funds, the volatility of investment returns for the mys**uper** Growth Fund has historically been, and is expected to continue to be, significantly higher than that of the mys**uper** Balanced Fund.

mysuper Growth Fund

Risk indicator rating (See the Product Disclosure Statement for an explanation of the risk indicator)	Establishment date	Brief Description and investment objectives	Performance objectives / expectations	Minimum suggested investment timeframe
<div><div>Potentially ← lower returns</div><div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div><div>← Lowest risk</div><div>Potentially higher returns →</div><div>Highest risk →</div></div>	1 April 2013	<p>Description: A well-diversified portfolio primarily holding growth assets with a low allocation to income assets.</p> <p>Investment objectives: To achieve a high level of real returns (in excess of inflation) over the medium to long term, accepting that returns may be negative and subject to large variations in the short to medium term.</p>	<p>To deliver a real return (after inflation, tax and investment expenses) of at least 3% pa over rolling eight year periods.</p> <p>To produce a result in the top half of comparable KiwiSaver funds in the Investment Adviser Investment Survey over rolling three- year periods.</p>	10 years

Benchmark Asset Allocation, Range, and Benchmark Index

The assets of the fund will be invested within the investment ranges set out below:

Asset class	Underlying investment manager	Underlying investment fund	Benchmark asset allocation %	Operating range %	Maximum permitted range %	Benchmark index
Cash and cash equivalent	Fisher Funds Management Limited	Fisher Institutional New Zealand Cash Fund	5%	0% to 10%	0% to 15%	Bloomberg NZBond Bank Bill Index
New Zealand fixed interest	Fisher Funds Management Limited	Fisher Institutional New Zealand Fixed Interest Fund	5%	0% to 10%	0% to 15%	Bloomberg NZBond Composite Bond o+ Yr Index
International fixed interest	Harbour Asset Management Limited	Hunter Global Fixed Interest Fund	10%	5% to 15%	0% to 20%	Bloomberg Global Aggregate Bond Index (100% hedged to New Zealand dollars)
Total income assets			20%	15% to 25%	10% to 30%	
Australasian equities	Salt Investment Funds Limited	Salt NZ Dividend Appreciation Fund	10%	5% to 15%	0% to 20%	S&P/NZX 50 Gross Index (including Imputation Credits)
	Milford Funds Limited	Milford Trans-Tasman Equity Fund	10%	5% to 15%	0% to 20%	→ 50% S&P/ASX 200 Total Return Index (100% hedged to the New Zealand dollar); and → 50% S&P/NZX 50 Gross Index (including Imputation Credits)
International equities	Mercer (N.Z.) Limited	Mercer Global Index Shares Fund and Mercer Hedged Global Index Shares Fund	60%	55% to 65%	50% to 70%	→ 50% MSCI World Index (with net dividends reinvested excluding New Zealand, Tobacco, Controversial and Nuclear Weapons companies (in NZD)); and → 50% MSCI World Index (with net dividends reinvested excluding New Zealand, Tobacco, Controversial and Nuclear Weapons companies (fully hedged after tax)
Total growth assets			80%	75% to 85%	70% to 90%	
International equities currency hedging level			50%	45% to 55%	40% to 60%	

easysselect Option

Members who have selected the easys**select** option will be allocated to the mys**uper** Growth Fund if they are aged between 0 to 47. More information on the easys**select** option can be found in the Product Disclosure Statement available at mysuper.co.nz/disclose

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