

# STATEMENT OF INVESTMENT POLICY AND OBJECTIVES (SIPO)

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SuperLife Invest

23 November 2017



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## 1. Description of the Scheme

SuperLife Invest (**Scheme**) is a managed investment scheme managed by Smartshares Limited (**Smartshares**).

Smartshares is a wholly-owned subsidiary of NZX Limited.

The Scheme is an investment vehicle that places emphasis on a passive investment approach, flexible investment options and value (low costs).

Smartshares implements some of the Scheme's investment strategies by investing in the Smartshares Exchange Traded Funds, which is a managed investment scheme managed by Smartshares. Information about the Smartshares Exchange Traded Funds is available on the offer register and the scheme register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

All funds in the Scheme have assets (the investments of the fund) and liabilities (the fees, taxes and other costs payable by the fund). All current funds are non-segregated. That means all liabilities incurred in respect of a fund will be met in the first instance from the assets of that fund. In the unlikely event that the investments in a fund are not sufficient to meet its liabilities, the investments in another fund may be used to meet those liabilities.

The Scheme is a Portfolio Investment Entity (PIE).

## 2. Investment philosophy

The Scheme's philosophy, which underpins how we implement the investment strategy for each investment option, is:

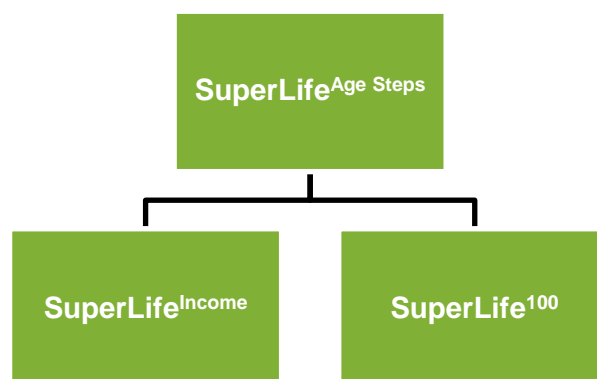
- **Passive:** We believe that a passive approach to investing will deliver better long-term results. Passive investing means we will either invest in a fund designed to track an index or in a number of assets for the long term. We do not think that constantly changing our investments (that is, trading regularly and seeking short-term gains), consistently adds value to investors.
- **Cost effective:** We make decisions based on what is practical, sensible and for the long term. All decisions must be cost effective – the return to you is improved by the careful management of costs.
- **Diversification:** We believe that better and more consistent outcomes result from diversification. Diversification is about investing in a number of investments and reducing your risk by doing so.
- **Simple:** We aim to keep things simple.



### 3. Investment options

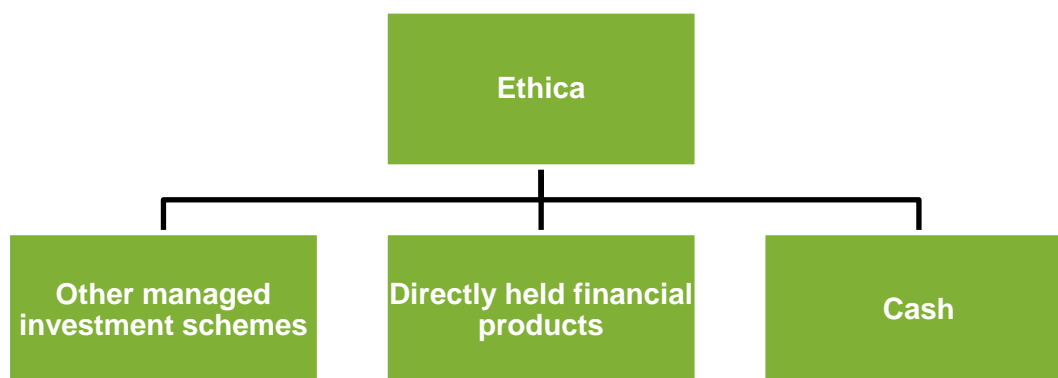
#### **SuperLife<sup>Age Steps</sup>**

SuperLife<sup>Age Steps</sup> is an investment option where the mix of income and growth assets is automatically set based on the investor's age. SuperLife<sup>Age Steps</sup> invests in the SuperLife<sup>100</sup> and SuperLife<sup>Income</sup> managed funds.



#### **Ethica**

Ethica is a socially responsible 'balanced' fund which excludes assets that do not meet the fund's defined ethical investment standards. Ethica invests in managed investment schemes managed by third parties and directly held financial products (such as shares).



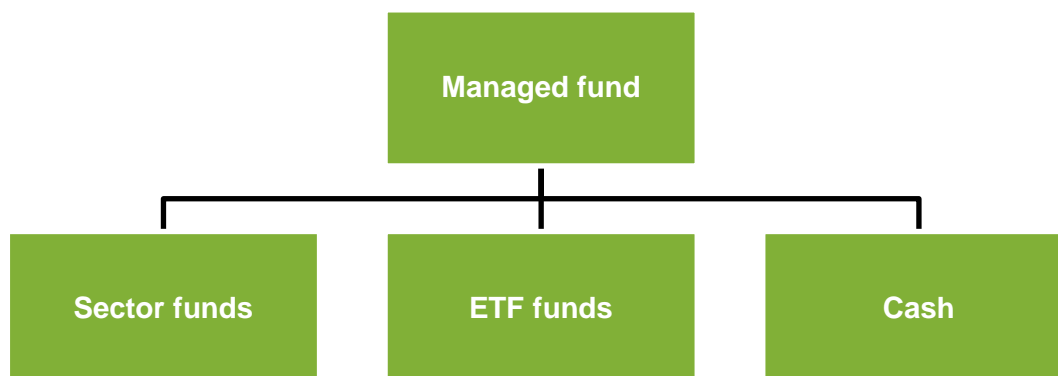


## Managed funds

The managed funds are a range of funds where the investor decides their risk profile, and Smartshares provides a fund to match. It is the investor's responsibility to change managed fund if their risk profile changes.

The managed funds have different proportions of income assets (cash and cash equivalents, New Zealand fixed interest and Australasian fixed interest) and growth assets (Australasian equities, international equities and listed property).

The managed funds invest in the sector and ETF funds.

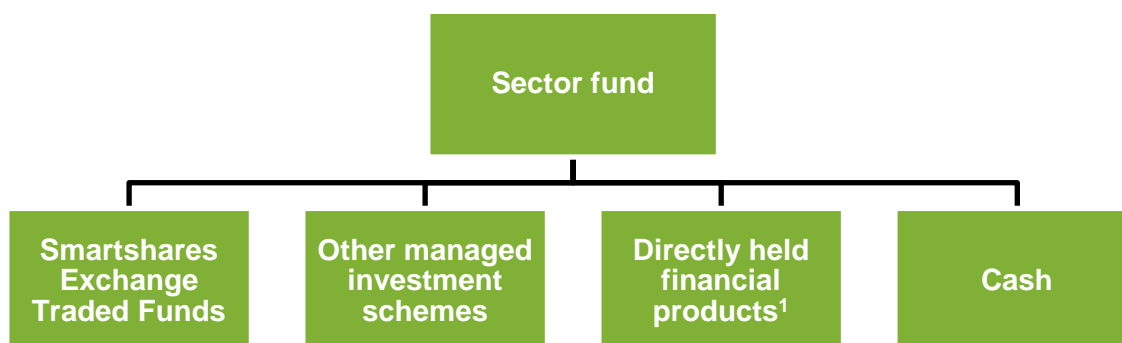


## Sector and ETF funds

The sector and ETF Funds are a range of funds that an investor can use to set their own investment strategy across the main investment asset classes of cash, fixed interest, shares and property.

Each of the sector funds invests almost entirely in one asset class. The sector funds invest in the Smartshares Exchange Traded Funds, managed investment schemes managed by third parties or directly held financial products<sup>1</sup> (such as shares).

### Sector funds



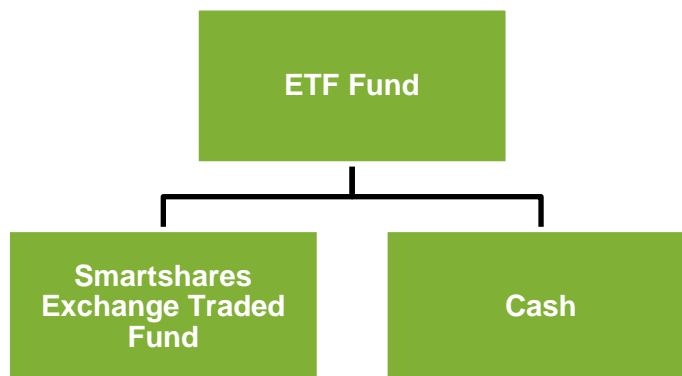
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<sup>1</sup> The NZ Share Fund and Australian Shares Fund may invest in directly held financial products. The other sector funds do not.



## ETF Funds

Each of the ETF Funds invests almost entirely in the equivalent Smartshares Exchange Traded Fund. For example, the NZ Dividend ETF Fund invests in the Smartshares Exchange Traded Funds' NZ Dividend Fund.



## 4. Investment objective

The objective of the Scheme is to offer access to a wide range of investment options.

The investment objectives and strategies for each fund available in this Scheme are set out in schedules 1 to 40 of this SIPO, together with the market indices used to measure the performance of the assets that each fund invests in.

## 5. Investment policies

### Rebalancing

Rebalancing involves periodically buying and selling assets so that a fund's actual asset allocation is consistent with its target asset allocation.

Generally, a fund's actual asset allocation is rebalanced towards the target asset allocation through the allocation of cash flow. That is, investor contributions and investment income are invested in the asset classes that are under the target asset allocation, and investor withdrawals are funded from, where necessary, the sale of assets in the asset classes that exceed the target asset allocation.

Where:

- the actual asset allocation differs from the target asset allocation by 4% or more; or
- the actual asset allocation differs from the target asset allocation by 2% or more for a six-month period,

a fund will rebalance by selling assets in the asset classes that exceed the target asset allocation, and by investing in the asset classes that are under the target asset allocation. The fund will do this over a six-month period.

Smartshares may choose not to rebalance a fund, provided the actual asset allocation is within the asset allocation ranges.





The sector and ETF Funds do not undertake rebalancing, because each of these funds invests almost entirely in one asset class.

## **Hedging**

Hedging involves removing some or all of the foreign currency risk implicit in owning international assets. This limits the impact of foreign exchange rate movements on investment performance.

Where a fund has foreign currency exposure, Smartshares hedging policy is set out in the individual investment objectives and strategies for the fund. These are set out in schedules 1 to 40 of this SIPO.

## **Derivatives**

Except for currency hedging, Smartshares does not use derivatives. However, a fund may invest in managed investment schemes that do.

## **Financial product lending**

The Scheme does not undertake financial product lending, other than making units held in the Smartshares Exchange Traded Funds available for lending to provide liquidity. The managed investment schemes that the Scheme invests in, including the Smartshares Exchange Traded Funds, may undertake financial product lending.

## **Asset valuation and pricing methodology**

The assets held by each fund are valued on each business day based on their fair value.

Fair value is determined using:

- in the case of financial products that are quoted on a financial product market, the last traded market quotations on the valuation date, where the last traded price falls within the bid-ask spread. Where the last traded price is not within the bid-ask spread, Smartshares determines the point within the bid-ask spread that is the most representative of fair value;
- in the case of managed investment schemes that are not quoted on a financial product market, the redemption value as advised by the scheme's manager; and
- in the case of other assets, valuation techniques, including using recent comparable arm's length market transactions, reference to the current market value of another similar asset, discounted cash flow analysis and valuation models.

Inputs to valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. Judgements include consideration of various factors used in the inputs to the valuation models. Changes in assumptions about these factors could affect the reported fair value of assets.

The price for each fund is calculated on each business day.

When calculating the price, dividends are recorded based on dividend announcements and (where required) adjusted when received. The tax credits associated with dividends are also recorded.

Fund charges and other costs are also accrued.



## Trade execution

Smartshares uses a range of brokers to execute trades. Where Smartshares buys or sells financial products for a fund, Smartshares will select the broker to execute the trade based on what is cost effective for the fund and the broker's expertise.

All transactions must be undertaken at a fair market price. The broker is not allowed to be both the buyer and seller of the financial product, unless this is disclosed in advance.

## Trade allocation

Where Smartshares buys or sells financial products for two or more funds on the same day, Smartshares will allocate trades in the best interests of investors, applying the following principles:

- all proposed trades must be pre-allocated;
- actual allocation must follow the pre-trade allocation;
- in the event that a trade is not fully allocated, actual allocation must be pro-rated based on the pre-trade allocation; and
- no fund will receive preferential allocation treatment over another.

The only exception to the principles set out above is where the size of the order for one of the funds is relatively minor, in which case the order for the fund wanting to buy or sell the minor amount of financial products will be met in preference to the other orders.

## Voting

Where Smartshares makes investment decisions for a fund, Smartshares will generally not vote in respect of the assets held by the fund. However, Smartshares may vote when it considers that not voting will have a material adverse effect on investors (taking into consideration the size of the managed investment scheme's exposure to the issuer and the proportion of the issuer held by managed investment schemes managed by Smartshares).

When Smartshares votes, it will do so in what it considers to be the best interest of investors.

## Conflicts of interest

The NZX Group's directors, senior managers, and employees who have a significant impact on the investment decisions of Smartshares must immediately notify Smartshares of conflicts of interest that could materially influence its investment decisions or the investment decisions of the investment managers it has appointed (or both), together with the nature of the conflict.

The Smartshares Board will consider any conflict and either:

- approve the measures that have been, or will be, taken to manage the conflict of interest; or
- instruct the Head of Compliance to develop alternative measures to manage the conflict of interest.

Smartshares will disclose a conflict of interest, together with the following information, on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose):

- the nature of the conflict of interest;



- the funds that are or may be affected by the conflict of interest;
- the circumstances in which, and how, the conflict of interest would, or could reasonably be expected to, materially influence the investment decisions of Smartshares or the investment manager (or both) in respect of the Scheme; and
- the measures that have been, or will be, taken to manage the conflict of interest.

Where Smartshares is outsourcing investment management to an investment manager, it will assess the investment manager's arrangements to identify and manage conflicts of interest prior to appointing the investment manager and at least annually after that.

## **Related party transactions**

The NZX Group's directors and senior managers must immediately notify Smartshares of related party transactions where a benefit is either given out of Scheme property, or creates an exposure to loss for Scheme property, and is given to, or received by, a related party of the Scheme.

The Smartshares Board will consider any related party transaction and either:

- approve the transaction on the basis that it is on arm's length terms; or
- approve the transaction on the basis that one of the exceptions in the Financial Markets Conduct Act 2013 applies to the transaction; or
- approve the transaction subject to the consent of the supervisor of the Scheme; or
- reject the transaction.

Where the Smartshares Board approves a related party transaction, Smartshares will notify the supervisor of the transaction.

Where Smartshares is outsourcing a function in respect of its managed investment scheme manager operations, it will assess the outsource arrangements to identify any related party transactions prior to appointing the outsource provider and at least annually after that.

## **6. Investment governance and management**

### **Smartshares Board**

The Smartshares Board is responsible for managing and overseeing the business and affairs of Smartshares, including:

- approving the investment strategies and the SIPOs for the managed investment schemes managed by Smartshares;
- monitoring compliance with the SIPOs; and
- considering any limit breaks (a limit break is a material breach of a SIPO) and deciding how to correct the limit break, and how to minimise the risk of a recurrence of that type of limit break or to ensure early notification and correction of that type of limit break.

Smartshares' directors are appointed by NZX.



## **NZX Funds Management Oversight Committee**

The NZX Funds Management Oversight Committee is responsible for overseeing Smartshares' operations, including:

- reviewing the investment strategies and the SIPOs for the managed investment schemes managed by Smartshares;
- monitoring compliance with the SIPOs; and
- considering any breaches of the SIPOs and deciding whether a breach is a limit break.

The members of the NZX Funds Management Oversight Committee are senior managers of Smartshares or NZX, and are appointed by the Smartshares Board.

The NZX Funds Management Oversight Committee reports to the Smartshares Board.

## **Head of Compliance**

The Head of Compliance is responsible for:

- overseeing the compliance of Smartshares' operations; and
- reporting all material issues or failures to comply with compliance obligations to the Smartshares Board.

The Head of Compliance is a senior manager of NZX and reports to NZX's Chief Executive Officer, the Smartshares Board and the NZX Funds Management Oversight Committee.

## **Supervisor**

The supervisor supervises Smartshares' operations to protect the interests of investors.

The supervisor is independent of Smartshares.

The supervisor is Public Trust.

## **Custodians**

The custodians hold the Scheme's assets on behalf of investors.

The custodians are appointed by the supervisor and are independent of Smartshares.

The custodians are BNP Paribas Fund Services Australasia Pty Ltd and Public Trust (acting through its nominee company, SuperLife Nominees Limited).

## **7. Investment performance monitoring and reporting**

Smartshares monitors the investment performance of each of the funds in the Scheme.

Every month, Smartshares prepares investment performance reports. These are provided to the NZX Funds Management Oversight Committee and the Smartshares Board.

The NZX Funds Management Oversight Committee and the Smartshares Board monitor the investment performance of the Scheme.



## 8. Investment strategy review

The NZX Funds Management Oversight Committee will review the Scheme's investment strategy annually. When undertaking the review, the NZX Funds Management Oversight Committee will consider whether changes to market conditions necessitate changes to either: (1) the nature or types of investments that can be made and any limits on those; and/or (2) any limits on the proportions of each type of asset invested in.

The NZX Funds Management Oversight Committee will undertake an ad hoc review of the Scheme's investment strategy if:

- changes to market conditions necessitate changes to either: (1) the nature or types of investments that can be made and any limits on those; and/or (2) any limits on the proportions of each type of asset invested in; or
- the Smartshares Board instructs the NZX Funds Management Oversight Committee to review the Scheme's investment strategy.

The NZX Funds Management Oversight Committee will report to the Smartshares Board as to the outcome of its review, together with any proposed changes to the Scheme's investment strategy.

The Smartshares Board will consider the NZX Funds Management Oversight Committee's report and may approve the changes to the Scheme's investment strategy.

## 9. SIPO review

The NZX Funds Management Oversight Committee will review this SIPO annually. When undertaking the review, the NZX Funds Management Oversight Committee will consider: (1) whether changes to the law or the Financial Markets Authority's guidance necessitate changes to the Scheme's investment policies and objectives; and (2) whether changes to the Scheme's investment strategy (made as part of an annual review of investment strategy) necessitate changes to this SIPO.

The NZX Funds Management Oversight Committee will undertake an ad hoc review of this SIPO if:

- changes to the law or the Financial Markets Authority's guidance necessitate changes to the Scheme's investment policies and objectives; or
- the Smartshares Board instructs the NZX Funds Management Oversight Committee to review this SIPO; or
- changes to the Scheme's investment strategy (made as part of an ad hoc review of investment strategy) necessitate changes to this SIPO.

The NZX Funds Management Oversight Committee will report to the Smartshares Board as to the outcome of its review, together with any proposed changes to this SIPO.

The Smartshares Board will consider the NZX Funds Management Oversight Committee's report and may approve the changes to this SIPO.



Where the changes to this SIPO materially affect investors, Smartshares will, prior to effecting any such changes, give at least 30 days' written notice to investors and if such notice is required, the change will not be effective until such notice period has expired.



## Schedules

**In the schedules, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments (and managed investment schemes that primarily invest in cash and cash equivalents).**

### Ethica

#### Schedule 1 – Ethica

##### Investment objective

To provide a socially responsible fund that invests 60% in growth assets and 40% in income assets. Excludes assets that do not meet ethical investment standards.

##### Investment strategy

Purpose	Asset class	Target	Range	Market index
Cash flow management	Cash and cash equivalents	2%	0% - 10%	S&P/NZX Bank Bills 90-Day Index
	<b>Total</b>	<b>2%</b>	<b>0% - 10%</b>	
Income	Cash and cash equivalents	3%	0% - 50%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	35%	0% - 55%	S&P/NZX NZ Government Bond Index
	International fixed interest	0%	0% - 55%	Barclays Global Aggregate Index (100% NZD hedged)
	<b>Total</b>	<b>38%</b>	<b>20% - 60%</b>	
Growth	Australasian equities	25%	0% - 50%	50% S&P/NZX 50 Index and 50% S&P/ASX 200 Index (50% NZD hedged)
	International equities	25%	0% - 50%	MSCI World Index (50% NZD hedged)
	Listed property	10%	0% - 30%	S&P/NZX All Real Estate Index



	<b>Total</b>	<b>60%</b>	<b>40% - 80%</b>	
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### Permitted investments

The fund may invest in the following assets:

- financial products listed on the NZX or an international stock exchange (which is a member of the World Federation of Exchanges);
- tradeable debt securities;
- any managed investment scheme; and
- cash and cash equivalents.

The fund may also invest in other assets (which are not set out above) that Smartshares considers appropriately reflect the risk profile of the fund and will contribute to the investment objectives of the fund.

### Investment restrictions

The fund may not invest in investments where (in Smartshares' opinion) the activities of the entities behind the investment:

- have an overall negative impact on social and community outcomes; or
- would be illegal in New Zealand; or
- are inconsistent with the United Nations' policies on health and safety, child rights and human rights; or
- are expected to result in long-term, detrimental change to the environment.

Current investments and sectors that are excluded are those where a material part of their revenue and/or activities are in the areas of gambling, tobacco, alcohol, armaments, pornography and fossil fuel extraction.

### Hedging

The fund's foreign currency exposure may be hedged to the New Zealand dollar, and hedging levels will vary between 0% and 110%.

### Rebalancing

The fund is rebalanced in accordance with Smartshares' rebalancing policy.





## Managed funds

### Schedule 2 – SuperLife<sup>Income</sup>

#### Investment objective

To invest in a mixture of New Zealand and international fixed interest.

#### Investment strategy

Purpose	Asset class	Target	Range	Market index
Cash flow management	Cash and cash equivalents	0%	0% - 10%	S&P/NZX Bank Bills 90-Day Index
	<b>Total</b>	<b>0%</b>	<b>0% - 10%</b>	
Income	Cash and cash equivalents	0%	0% - 20%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	50%	0% - 70%	S&P/NZX NZ Government Bond Index
	International fixed interest	50%	0% - 70%	Barclays Global Aggregate Index (100% NZD hedged)
	<b>Total</b>	<b>100%</b>	<b>90% - 100%</b>	

#### Permitted investments

The fund may invest in the following assets:

- the sector and ETF funds that primarily invest in income assets; and
- cash and cash equivalents.

#### Hedging

The fund's foreign currency exposure is not hedged, but the fund may invest in other funds which foreign currency exposure is hedged.

#### Rebalancing

The fund is rebalanced in accordance with Smartshares' rebalancing policy.



### Schedule 3 – SuperLife<sup>30</sup>

#### Investment objective

To invest 30% in growth assets and 70% in income assets.

#### Investment strategy

Purpose	Asset class	Target	Range	Market index
Cash flow management	Cash and cash equivalents	2%	0% - 10%	S&P/NZX Bank Bills 90-Day Index
	<b>Total</b>	<b>2%</b>	<b>0% - 10%</b>	
Income	Cash and cash equivalents	3%	0% - 20%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	32.5%	0% - 50%	S&P/NZX NZ Government Bond Index
	International fixed interest	32.5%	0% - 50%	Barclays Global Aggregate Index (100% NZD hedged)
	<b>Total</b>	<b>68%</b>	<b>50% - 90%</b>	
Growth	Australasian equities	11%	0% - 30%	50% S&P/NZX 50 Index and 50% S&P/ASX 200 Index (50% NZD hedged)
	International equities	14%	0% - 35%	MSCI World Index (50% NZD hedged)
	Listed property	5%	0% - 15%	S&P/NZX All Real Estate Index
	<b>Total</b>	<b>30%</b>	<b>10% - 50%</b>	

#### Permitted investments

The fund may invest in the following assets:

- the sector and ETF funds; and
- cash and cash equivalents.



### **Hedging**

The fund's foreign currency exposure is not hedged, but the fund may invest in other funds which foreign currency exposure is hedged.

### **Rebalancing**

The fund is rebalanced in accordance with Smartshares' rebalancing policy.



## Schedule 4 – SuperLife<sup>60</sup>

### Investment objective

To invest 60% in growth assets and 40% in income assets.

### Investment strategy

Purpose	Asset class	Target	Range	Market index
Cash flow management	Cash and cash equivalents	2%	0% - 10%	S&P/NZX Bank Bills 90-Day Index
	<b>Total</b>	<b>2%</b>	<b>0% - 10%</b>	
Income	Cash and cash equivalents	3%	0% - 20%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	15%	0% - 30%	S&P/NZX NZ Government Bond Index
	International fixed interest	20%	0% - 40%	Barclays Global Aggregate Index (100% NZD hedged)
	<b>Total</b>	<b>38%</b>	<b>20% - 60%</b>	
Growth	Australasian equities	20%	0% - 40%	50% S&P/NZX 50 Index and 50% S&P/ASX 200 Index (50% NZD hedged)
	International equities	32.5%	0% - 50%	MSCI World Index (50% NZD hedged)
	Listed property	7.5%	0% - 20%	S&P/NZX All Real Estate Index
	<b>Total</b>	<b>60%</b>	<b>40% - 80%</b>	

### Permitted investments

The fund may invest in the following assets:

- the sector and ETF funds; and
- cash and cash equivalents.



### **Hedging**

The fund's foreign currency exposure is not hedged, but the fund may invest in other funds which foreign currency exposure is hedged.

### **Rebalancing**

The fund is rebalanced in accordance with Smartshares' rebalancing policy.



## Schedule 5 – SuperLife<sup>80</sup>

### Investment objective

To invest 80% in growth assets and 20% in income assets.

### Investment strategy

Purpose	Asset class	Target	Range	Market index
Cash flow management	Cash and cash equivalents	2%	0% - 10%	S&P/NZX Bank Bills 90-Day Index
	<b>Total</b>	<b>2%</b>	<b>0% - 10%</b>	
Income	Cash and cash equivalents	3%	0% - 20%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	5%	0% - 20%	S&P/NZX NZ Government Bond Index
	International fixed interest	10%	0% - 30%	Barclays Global Aggregate Index (100% NZD hedged)
	<b>Total</b>	<b>18%</b>	<b>5% - 40%</b>	
Growth	Australasian equities	24%	0% - 50%	50% S&P/NZX 50 Index and 50% S&P/ASX 200 Index (50% NZD hedged)
	International equities	46%	0% - 60%	MSCI World Index (50% NZD hedged)
	Listed property	10%	0% - 25%	S&P/NZX All Real Estate Index
	<b>Total</b>	<b>80%</b>	<b>60% - 95%</b>	

### Permitted investments

The fund may invest in the following assets:

- the sector and ETF funds; and
- cash and cash equivalents.



### **Hedging**

The fund's foreign currency exposure is not hedged, but the fund may invest in other funds which foreign currency exposure is hedged.

### **Rebalancing**

The fund is rebalanced in accordance with Smartshares' rebalancing policy.



## Schedule 6 – SuperLife<sup>100</sup>

### Investment objective

To invest 100% in growth assets.

### Investment strategy

Purpose	Asset class	Target	Range	Market index
Cash flow management	Cash and cash equivalents	0%	0% - 20%	S&P/NZX Bank Bills 90-Day Index
	<b>Total</b>	<b>0%</b>	<b>0% - 20%</b>	
Growth	Australasian equities	33%	0% - 60%	50% S&P/NZX 50 Index and 50% S&P/ASX 200 Index (50% NZD hedged)
	International equities	55%	0% - 70%	MSCI World Index (50% NZD hedged)
	Listed property	12%	0% - 25%	S&P/NZX All Real Estate Index
	<b>Total</b>	<b>100%</b>	<b>80% - 100%</b>	

### Permitted investments

The fund may invest in the following assets:

- the sector and ETF funds; and
- cash and cash equivalents.

### Hedging

The fund's foreign currency exposure is not hedged, but the fund may invest in other funds which foreign currency exposure is hedged.

### Rebalancing

The fund is rebalanced in accordance with Smartshares' rebalancing policy.





## Sector funds

### Schedule 7 – NZ Cash Fund

#### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on the New Zealand cash market.

#### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	100%	100%	S&P/NZX Bank Bills 90-Day Index
<b>Total</b>	<b>100%</b>	<b>100%</b>	

#### Permitted investments

The fund may invest in the following assets:

- any fund in the Smartshares Exchange Traded Funds that primarily invests in cash and cash equivalents;
- any managed investment scheme that primarily invests in cash and cash equivalents; and
- cash and cash equivalents.



## Schedule 8 – NZ Bonds Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on the New Zealand bond market.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	0%	0% - 20%	S&P/NZX NZ Government Bond Index
New Zealand fixed interest	100%	80% - 100%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- any fund in the Smartshares Exchange Traded Funds that primarily invests in New Zealand fixed interest;
- any managed investment scheme that primarily invests in New Zealand fixed interest; and
- cash and cash equivalents.



## Schedule 9 – Overseas Bonds Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on international bond markets of developed economies.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	0%	0% - 20%	Barclays Global Aggregate Index (100% NZD hedged)
International fixed interest	100%	80% - 100%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- any fund in the Smartshares Exchange Traded Funds that primarily invests in international fixed interest;
- any managed investment scheme that primarily invests in international fixed interest; and
- cash and cash equivalents.

### Hedging

The fund's foreign currency exposure is not hedged, but the fund may invest in other funds which foreign currency exposure is hedged.



## Schedule 10 – Overseas Non-government Bonds Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on international non-government bond markets of developed economies.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	0%	0% - 20%	Barclays Global Aggregate Index (100% NZD hedged)
International fixed interest	100%	80% - 100%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- any fund in the Smartshares Exchange Traded Funds that primarily invests in international fixed interest;
- any managed investment scheme that primarily invests in international fixed interest; and
- cash and cash equivalents.

### Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar, and hedging levels will vary between 90% and 110%.



## Schedule 11 – Property Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on New Zealand and international property markets.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	0%	0% - 20%	S&P/NZX All Real Estate Index
Listed property	100%	80% - 100%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- any fund in the Smartshares Exchange Traded Funds that primarily invests in listed property;
- any managed investment scheme that primarily invests in listed property; and
- cash and cash equivalents.

### Hedging

The fund's foreign currency exposure may be hedged to the New Zealand dollar, and hedging levels will vary between 0% and 110%.



## Schedule 12 – NZ Shares Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on the New Zealand share market.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	0%	0% - 20%	S&P/NZX 50 Index
Australasian equities	100%	80% - 100%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- financial products listed on a Board of the NZX;
- any fund in the Smartshares Exchange Traded Funds that primarily invests in Australasian equities;
- any managed investment scheme that primarily invests in Australasian equities; and
- cash and cash equivalents.

The fund may also invest in other assets (which are not set out above) that Smartshares considers appropriately reflect the risk profile of the fund and will contribute to the investment objectives of the fund.

### Investment restrictions

The fund may not directly invest in ordinary shares issued by NZX Limited. However, the fund may invest in managed investment schemes that invest in ordinary shares issued by NZX Limited.



## Schedule 13 – Australian Shares Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on the Australian share market.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	0%	0% - 20%	S&P/ASX 200 Index (50% NZD hedged)
Australasian equities	100%	80% - 100%	
<b>Total</b>	<b>98%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- financial products listed on the Australian Securities Exchange;
- any fund in the Smartshares Exchange Traded Funds that primarily invests in Australasian equities;
- any managed investment scheme that primarily invests in Australasian equities; and
- cash and cash equivalents.

### Hedging

The fund's foreign currency exposure may be hedged to the New Zealand dollar, and hedging levels will vary between 0% and 110%.



## Schedule 14 – Overseas Shares (Currency Hedged) Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on international share markets of developed economies, excluding the impact of foreign currency movements.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	0%	0% - 20%	MSCI World Index (100% NZD hedged)
International equities	100%	80% - 100%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- any fund in the Smartshares Exchange Traded Funds that primarily invests in international equities;
- any managed investment scheme that primarily invests in international equities; and
- cash and cash equivalents.

### Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar, and hedging levels will vary between 90% and 110%.





## Schedule 15 – Overseas Shares Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on the international share markets of developed economies, including the impact of foreign currency movements.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	0%	0% - 20%	MSCI World Index (NZD)
International equities	100%	80% - 100%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- any fund in the Smartshares Exchange Traded Funds that primarily invests in international equities;
- any managed investment scheme that primarily invests in international equities; and
- cash and cash equivalents.

### Hedging

The fund's foreign currency exposure is not hedged.



## Schedule 16 – Emerging Markets Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on international share markets of emerging economies.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	0%	0% - 20%	MSCI Emerging Markets Index (NZD)
International equities	100%	80% - 100%	
<b>Total</b>	<b>98%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- any fund in the Smartshares Exchange Traded Funds that primarily invests in international equities;
- any managed investment scheme that primarily invests in international equities; and
- cash and cash equivalents.

### Hedging

The fund's foreign currency exposure may be hedged to the New Zealand dollar, and hedging levels will vary between 0% and 110%.



## Schedule 17 – UK Cash Fund

### Investment objective

To provide a return (after tax, fees and other expenses) that reflects the after-tax return on the UK cash market, managed from a UK investor's perspective.

### Investment strategy

Asset class	Target	Range	Market index
Cash and cash equivalents	100%	100%	3-month UK treasury bill rate (NZD)
<b>Total</b>	<b>100%</b>	<b>100%</b>	

### Permitted investments

The fund may invest in the following assets:

- any managed investment scheme that primarily invests in cash and cash equivalents denominated in UK pounds; and
- cash and cash equivalent denominated in UK pounds.

### Hedging

The fund's foreign currency exposure is not hedged.



## ETF funds

### Schedule 18 – NZ Cash ETF Fund

#### Investment objective

To invest in the Smartshares Exchange Traded Funds' NZ Cash Fund.

#### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Smartshares Exchange Traded Funds' NZ Cash Fund and other cash and cash investments	100%	100%	S&P/NZX Bank Bills 90-Day Index
<b>Total</b>		<b>100%</b>	<b>100%</b>	



## Schedule 19 – NZ Bond ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' NZ Bond Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/NZX A-Grade Corporate Bond Index
New Zealand fixed interest	Smartshares Exchange Traded Funds' NZ Bond Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	



## Schedule 20 – Global Bond ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Global Bond Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	Barclays Global Aggregate Index (100% NZD hedged)
International fixed interest <sup>2</sup>	Smartshares Exchange Traded Funds' Global Bond Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged, but the fund invests in the Smartshares Exchange Traded Funds' Global Bond Fund which foreign currency exposure is hedged to the New Zealand dollar, and hedging levels will vary between 95% and 105%.

<sup>2</sup> The Smartshares Exchange Traded Funds' Global Bond Fund may invest in New Zealand fixed interest. This is included in the Global Bond ETF Fund's asset allocation to international fixed interest.



## Schedule 21 – NZ Dividend ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' NZ Dividend Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/NZX 50 High Dividend Index
Australasian equities <sup>3</sup>	Smartshares Exchange Traded Funds' NZ Dividend Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

<sup>3</sup> The Smartshares Exchange Traded Funds' NZ Dividend Fund will invest in listed property trusts included in the S&P/NZX 50 High Dividend Index. This is included in the NZ Dividend ETF Fund's asset allocation to Australasian equities.



## Schedule 22 – NZ Top 50 ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' NZ Top 50 Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/NZX 50 Portfolio Index
Australasian equities <sup>4</sup>	Smartshares Exchange Traded Funds' NZ Top 50 Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

<sup>4</sup> The Smartshares Exchange Traded Funds' NZ Top 50 Fund will invest in listed property trusts included in the S&P/NZX 50 Portfolio Index. This is included in the NZ Top 50 ETF Fund's asset allocation to Australasian equities.





## Schedule 23 – NZ Top 10 ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' NZ Top 10 Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/NZX 10 Index
Australasian equities <sup>5</sup>	Smartshares Exchange Traded Funds' NZ Top 10 Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

<sup>5</sup> The Smartshares Exchange Traded Funds' NZ Top 10 Fund will invest in listed property trusts included in the S&P/NZX 10 Index. This is included in the NZ Top 10 ETF Fund's asset allocation to Australasian equities.



## Schedule 24 – NZ Mid Cap ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' NZ Mid Cap Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/NZX Mid Cap Index
Australasian equities <sup>6</sup>	Smartshares Exchange Traded Funds' NZ Mid Cap Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

<sup>6</sup> The Smartshares Exchange Traded Funds' NZ Mid Cap Fund will invest in listed property trusts included in the S&P/NZX Mid Cap Index. This is included in the NZ Mid Cap ETF Fund's asset allocation to Australasian equities.



## Schedule 25 – NZ Property ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' NZ Property Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/NZX Real Estate Select Index
Listed property	Smartshares Exchange Traded Funds' NZ Property Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	



## Schedule 26 – Australian Top 20 ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Australian Top 20 Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/ASX 20 Index (NZD)
Australasian equities <sup>7</sup>	Smartshares Exchange Traded Funds' Australian Top 20 Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>7</sup> The Smartshares Exchange Traded Funds' Australian Top 20 Fund will invest in listed property trusts included in the S&P/ASX 20 Index. This is included in the NZ Top 20 ETF Fund's asset allocation to Australasian equities.



## Schedule 27 – Australian Dividend ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Australian Dividend Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/ASX Dividend Opportunities Index (NZD)
Australasian equities <sup>8</sup>	Smartshares Exchange Traded Funds' Australian Dividend Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>8</sup> The Smartshares Exchange Traded Funds' Australian Dividend Fund will invest in listed property trusts included in the S&P/ASX Dividend Opportunities Index. This is included in the Australian Dividend ETF Fund's asset allocation to Australasian equities.



## Schedule 28 – Australian Financials ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Australian Financials Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/ASX 200 Financials Ex-A-REIT Index (NZD)
Australasian equities	Smartshares Exchange Traded Funds' Australian Financials Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.



## Schedule 29 – Australian Property ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Australian Property Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/ASX 200 A-REIT Equal Weight Index (NZD)
Listed property	Smartshares Exchange Traded Funds' Australian Property Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.



## Schedule 30 – Australian Resources ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Australian Resources Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/ASX 200 Resources Index (NZD)
Australasian equities	Smartshares Exchange Traded Funds' Australian Resources Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.





## Schedule 31 – Australian Mid Cap ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Australian Mid Cap Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P/ASX Mid Cap 50 Index (NZD)
Australasian equities <sup>9</sup>	Smartshares Exchange Traded Funds' Australian Mid Cap Fund	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>9</sup> The Smartshares Exchange Traded Funds' Australian Mid Cap Fund will invest in listed property trusts included in the S&P/ASX Mid Cap 50 Index. This is included in the Australian Mid Cap ETF Fund's asset allocation to Australasian equities.



## Schedule 32 – Total World ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Total World Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	FTSE Global All Cap Index (NZD)
International equities <sup>10</sup>	Smartshares Exchange Traded Funds' Total World Fund (which invests in the Vanguard Total World Stock ETF)	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>10</sup> The Vanguard Total World Stock ETF will invest in Australasian equities and listed property trusts included in the FTSE Global All Cap Index. This is included in the Total World ETF Fund's asset allocation to international equities.



## Schedule 33 – US 500 ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' US 500 Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	S&P 500 Index (NZD)
International equities <sup>11</sup>	Smartshares Exchange Traded Funds' US 500 Fund (which invests in the Vanguard S&P 500 ETF)	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>11</sup> The Vanguard S&P 500 ETF will invest in listed property trusts included in the S&P 500 Index. This is included in the US 500 ETF Fund's asset allocation to international equities.



## Schedule 34 – Europe ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Europe Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	FTSE Developed Europe All Cap Index (NZD)
International equities <sup>12</sup>	Smartshares Exchange Traded Funds' Europe Fund (which invests in the Vanguard FTSE Europe ETF)	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>12</sup> The Vanguard FTSE Europe ETF will invest in listed property trusts included in the FTSE Developed Europe All Cap Index. This is included in the Europe ETF Fund's asset allocation to international equities.



## Schedule 35 – Asia Pacific ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Asia Pacific Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	FTSE Developed Asia Pacific All Cap Index (NZD)
International equities <sup>13</sup>	Smartshares Exchange Traded Funds' Asia Pacific Fund (which invests in the Vanguard FTSE Pacific ETF)	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>13</sup> The Vanguard FTSE Pacific ETF will invest in Australasian equities and listed property trusts included in the FTSE Developed Asia Pacific All Cap Index. This is included in the Asia Pacific ETF Fund's asset allocation to international equities.



## Schedule 36 – US Large Growth ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' US Large Growth Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	CRSP US Large Cap Growth Index (NZD)
International equities <sup>14</sup>	Smartshares Exchange Traded Funds' US Large Growth Fund (which invests in the Vanguard Growth ETF)	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>14</sup> The Vanguard Growth ETF will invest in listed property trusts included in the CRSP US Large Cap Growth Index. This is included in the US Large Growth ETF Fund's asset allocation to international equities.



## Schedule 37 – US Large Value ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' US Large Value Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	CRSP US Large Cap Value Index (NZD)
International equities <sup>15</sup>	Smartshares Exchange Traded Funds' US Large Value Fund (which invests in the Vanguard Value ETF)	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>15</sup> The Vanguard Value ETF will invest in listed property trusts included in the CRSP US Large Cap Value Index. This is included in the US Large Value ETF Fund's asset allocation to international equities.



## Schedule 38 – US Mid Cap ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' US Mid Cap Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	CRSP US Mid Cap Index (NZD)
International equities <sup>16</sup>	Smartshares Exchange Traded Funds' US Mid Cap Fund (which invests in the Vanguard Mid Cap ETF)	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>16</sup> The Vanguard Mid Cap ETF will invest in listed property trusts included in the CRSP US Mid Cap Index. This is included in the US Mid Cap ETF Fund's asset allocation to international equities.





## Schedule 39 – US Small Cap ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' US Small Cap Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	CRSP US Small Cap Index (NZD)
International equities <sup>17</sup>	Smartshares Exchange Traded Funds' US Small Cap Fund (which invests in the Vanguard Small Cap ETF)	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>17</sup> The Vanguard Small Cap ETF will invest in listed property trusts included in the CRSP US Small Cap Index. This is included in the US Small Cap ETF Fund's asset allocation to international equities.



## Schedule 40 – Emerging Markets ETF Fund

### Investment objective

To invest in the Smartshares Exchange Traded Funds' Emerging Markets Fund.

### Investment strategy and permitted investments

Asset class	Permitted investments	Target	Range	Market index
Cash and cash equivalents	Cash and cash equivalents	0%	0% - 10%	FTSE Emerging Markets All Cap China A Inclusion Index (NZD)
International equities <sup>18</sup>	Smartshares Exchange Traded Funds' Emerging Markets Fund (which invests in the Vanguard FTSE Emerging Markets ETF)	100%	90% - 100%	
<b>Total</b>		<b>100%</b>	<b>100%</b>	

### Hedging

The fund's foreign currency exposure is not hedged.

<sup>18</sup> The Vanguard FTSE Emerging Markets ETF will invest in listed property trusts included in the FTSE Emerging Markets All Cap China A Inclusion Index. This is included in the Emerging Markets ETF Fund's asset allocation to international equities.