
Foundation Series Funds

Statement of Investment Policy and Objectives

Effective Date 21 February 2025

Issued by FundRock NZ Limited

A. Description of the Managed Investment Scheme

The Foundation Series Funds ('Scheme') is a managed investment scheme. The Scheme offers the Foundation Series Diversified Funds ('Diversified Funds'), consisting of the Foundation Series Balanced Fund, Foundation Series Growth Fund and Foundation Series High Growth Fund; and the Foundation Series Core Equity Funds ('Core Equity Funds'), consisting of the Foundation Series US 500 Fund, Foundation Series Total World Fund, Foundation Series Hedged US 500 Fund, Foundation Series Hedged Total World Fund, Foundation Series US Dividend Equity Fund and Foundation Series Global ESG Fund. All funds provide investors with broad exposure to a range of assets and are collectively referred to as the 'Funds'.

The Foundation Series Diversified Funds provide investors with access to low-cost portfolios diversified across asset classes (e.g. cash, bonds and equities) in both New Zealand and internationally.

The Foundation Series Core Equity Funds provide investors with access to low-cost portfolios that hold US and international shares through exchange-traded funds ('ETFs').

The Funds are managed with the objective of performing broadly in line with each Fund's benchmark.

B. Roles and Responsibilities

FundRock NZ Limited ('FundRock', 'we', 'us', 'our') is the licensed manager ('Manager') of the Scheme. The Manager's key roles and responsibilities are:

- preparation of disclosure material;
- promotion and distribution of the Funds;
- establishing, reviewing and maintaining this Statement of Investment Policy and Objectives ('SIPO');
- the ongoing management and oversight of the Funds. This includes appointing, managing and monitoring specialist providers for administration and investment management; and
- monitoring investment performance and outcomes.

FundRock has appointed InvestNow Saving and Investment Service Limited ('InvestNow') as the investment manager for the Funds and they are responsible for making decisions about what the Funds invest in. The Funds are invested in accordance with this SIPO. The Funds may invest in passively and actively managed underlying funds (including ETFs) selected by InvestNow.

InvestNow also participates in reviewing this SIPO.

Key administration functions for the Scheme, being registry, fund accounting, and unit pricing, are currently performed by Adminis NZ Limited.

Public Trust is the Scheme's Supervisor. The Supervisor is responsible for supervision of the Manager and the Scheme, including:

- acting on behalf of Fund investors in relation to the Manager and any contravention of the Manager's issuer obligations;
- supervising the performance by the Manager of its functions and the financial position of the Manager and the Scheme; and
- holding the Scheme property or ensuring that the assets are held in accordance with applicable legislative requirements. Adminis NZ Limited has been appointed by the Supervisor as Custodian for the Funds.

C. Investment Philosophy

InvestNow's investment philosophy is based on the following beliefs:

- both active and passive investment strategies can play valuable roles within portfolio construction;
- strategic asset allocation is an important component in determining long-term investment returns and the trade-off between risk and return;
- diversification across a range of geographic regions, asset classes and securities is an important risk mitigation factor;
- regular rebalancing is beneficial to ensure appropriate risk tolerances are maintained so long as this is undertaken in a cost effective way;
- fees reduce returns to investors and are an important consideration;
- taxation can also be a drag on returns and structuring of investment matters; and
- responsible investment approaches can add value for end-investors.

The Funds have been structured to incorporate these investment beliefs.

Within the Diversified Funds, the Foundation Series Balanced Fund and Foundation Series Growth Fund invests in the same range of underlying funds, while the Foundation Series High Growth Fund invests into a different set of underlying funds that incorporate responsible investment or Environment, Social and Governance ('ESG') considerations within their underlying investment strategies. Within the Core Equity Funds, each of the funds invests into underlying ETFs, including some that also incorporate responsible investment or ESG considerations.

For the Diversified Funds, in order to achieve the desired risk/return trade-off for each of the funds, the relative weightings of each asset class is adjusted.

For example, the Foundation Series Balanced Fund, which targets moderate returns and risk will hold a higher proportion of lower risk assets such as cash and fixed interest than the Foundation Series Growth Fund. Conversely, the Foundation Series Growth Fund, which targets higher returns and risk will hold a lower proportion of lower risk assets and a higher proportion of higher risk assets such as shares than the Foundation Series Balanced Fund. While for the Foundation Series High Growth Fund, which targets even higher returns and risk will hold a predominantly higher risk assets such as shares, with only a very minor allocation to lower risk assets such as cash.

For the Core Equity Funds, the funds target higher returns and to achieve this objective, aim to be fully invested in higher risk assets (shares via ETFs).

D. Responsible Investment

The approach to responsible investment within the Foundation Series Funds is for designated funds within the Scheme ('Designated Funds') to express certain ESG considerations via the underlying funds that they invest into.

The Designated Funds currently consist of:

- Foundation Series High Growth Fund; and
- Foundation Series Global ESG Fund.

Company Exclusions

The Designated Funds each invest into underlying funds that seek to exclude companies that are involved in specific business practices based on certain business involvement criteria.

The methodology applied by the underlying funds for each exclusion is outlined below for each asset class:

Australasian Equities

<i>Business Practice</i>	<i>Business Involvement Criteria</i>
Tobacco	Companies that derive greater than 0% of their revenue from the manufacture of tobacco, nicotine alternatives and tobacco-based products; or derive greater than or equal to 10% of their revenue from the sale of tobacco, nicotine alternatives and tobacco-based products.
Cannabis	Companies that derive greater than 0% of their revenue from the production of recreational cannabis.
Alcohol	Companies that derive greater than 0% of their revenue from the manufacture of alcoholic beverages; or derive greater than or equal to 10% of their revenue from the sale of alcoholic beverages.
Gambling	Companies that derive greater than 0% of their revenue from the provision of gambling services, which is defined as the operation or management of any activity involving the wagering of money on a game or event, such as casinos, racetracks, or other betting/gambling establishments. It also includes, among others, lottery operations, online and mobile gambling; and sporting events that permit wagering.
Adult Entertainment	Companies that derive greater than 0% of their revenue from the production of pornography; or derive greater than or equal to 10% of their revenue from the sale of pornography.
Anti-personnel Landmines	Companies that derive greater than 0% of their revenue from the production of anti-personnel landmines, or that produce equipment enabling the use of anti-personnel landmines.
Chemical and Biological Weapons	Companies that derive greater than 0% of their revenue from the production of chemical or biological weapons or that produce equipment enabling the use of chemical or biological weapons.
Cluster Munitions	Companies that derive greater than 0% of their revenue from the production of cluster munitions, or that produce equipment enabling the use of cluster munitions.
Nuclear Weapons	Companies that derive greater than 0% of their revenue from the production of nuclear weapons, or that produce equipment enabling the use of nuclear weapons.
Military Weapons	Companies that derive greater than 0% of their revenue from the manufacture of military weapons and equipment used for combat purposes. This includes barrel weapons, explosives, missiles, bombs, combat vehicles and associated apparatus and gear.
Civilian Firearms	Companies that derive greater than 0% of their revenue from the production of civilian automatic and semi-automatic firearms, magazines or parts.
Animal Testing	Companies that derive greater than 0% of their revenue from animal testing for non-pharmaceutical purposes, which is defined as the use of live animal testing as part of the development of non-pharmaceutical products.
Animal Welfare	Companies that derive greater than 0% of their revenue from factory farming, which is defined as involvement in intensive agricultural operations with the purpose of producing food, including meat, eggs and dairy
Large Carbon Emitters	Companies that generate total emissions (scope 1, 2 and 3 ¹) exceeding 2.2m tonnes CO ₂ -e per annum. This measure provides comparability between companies involved in different industries that emit in different ways. The threshold captures the largest absolute emitters in the investment scope. Where companies materially reduce their emissions below the level, for two consecutive years

¹ Scope 3 emissions include categories 1-14 depending on each company's defined reporting boundary according to the GHG Protocol. This threshold does not include category 15 (investments) of scope 3 emissions accounting.

	driven by genuine decarbonisation progress ² , they will qualify for inclusion. Conversely, companies that let their emissions rise past the threshold for two consecutive years would subsequently be excluded. This threshold will be adjusted down each year in accordance with a 1.5°C science aligned pathway using a linear absolute contraction method
Human Rights and Child Labour	Companies that are implicated in one of more severe controversy cases that are either ongoing or concluded within the last three years, in relation to any of the following frameworks: <ul style="list-style-type: none"> • UN Global Compact standards • UN Guiding Principles for Business and Human Rights • International Labour Organisation’s standards for human rights and child labour
Poor ESG Conduct	Companies that exhibit poor conduct through a substantial environmental, social, ethical or governance breach where adequate steps are not taken to address the issue, as determined by the judgement of the underlying manager of the Australasian Equities solution. This may be informed by controversy screens and global frameworks such as the UN Global Compact principles and UN Guiding Principles for Business and Human Rights

International Equities

<i>Business Practice</i>	<i>Business Involvement Criteria</i>
Tobacco	Companies that derive greater than 0% of their revenue from the manufacture of tobacco products; or derive greater than or equal to 5% their revenue from supplying tobacco related products/services or the distribution and/or retail sale of tobacco products.
Cannabis	Companies that are classified in the Industry Classification Benchmark ('ICB') Subsector ³ : Cannabis Producers
Alcohol	Companies that derive greater than or equal to 5% of their revenue from the manufacture of alcoholic beverages; or greater than or equal to 10% of their revenue from the distribution and/or retail sale of alcoholic beverages or supply of alcohol-related products/services to alcoholic beverage manufacturers.
Gambling	Companies that derive greater than or equal to 5% of their revenue from the ownership or operation of a gambling establishment; or derive greater than or equal to 10% of their revenue from providing supporting products/services to gambling operations or the manufacture of specialised equipment used exclusively for gambling.
Adult Entertainment	Companies that derive greater than or equal to 5% of their revenue from the production of adult entertainment and/or owning/operating adult entertainment establishments; or derive greater than or equal to 10% of their revenue from distributing adult entertainment materials.
Anti-personnel Landmines	Companies that derive greater than 0% of their revenue from the production of anti-personnel landmines, or that produce specific and critical parts or services for anti-personnel landmines.
Chemical and Biological Weapons	Companies that derive greater than 0% of their revenue from the production of chemical or biological weapons and their components, including all precursors, munitions, devices or equipment specifically designed for, and used directly in connection with, these weapons.

² Excludes extraordinary circumstances such as exogenous shocks (e.g. global pandemic or outlier years of renewable energy availability) or carbon accounting methodology changes.

³ The Industry Classification Benchmark ('ICB') is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the Subsector whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue where available. Further detail and subsector definitions can be found on the ICB webpage: [Industry Classification Benchmark \(ICB\)](#) and in the ICB Ground Rules: [ICB Rules_new.pdf](#)

Cluster Munitions	Companies that derive greater than 0% of their revenue from the production of cluster munitions, or that produce specific and critical parts or services for cluster munitions.
Nuclear Weapons	Companies that derive greater than 0% of their revenue from the production of nuclear weapons or their components. This includes companies that provide delivery systems (e.g. ballistic missile submarines) or critical services (e.g. maintenance or IT) that are directly related to and specifically designed for nuclear weapons.
Military Weapons	Companies that derive greater than 0% of their revenue from the manufacture of military weapons systems and/or integral, tailor-made components for these weapons; or derive greater than or equal to 5% of their revenues from providing tailor-made products and/or services that support military weapons, or non-weapons related tailor-made products and/or services related to the military or defence industry.
Civilian Firearms	Companies that derive greater than 0% of their revenue from the production and selling of assault weapons to civilian customers, small arms (non-assault weapons) to civilian customers, key components of small arms, or involved in the retail and/or distribution of assault weapons or small arms (non-assault weapons).
Nuclear Power	Companies that derive greater than 0% of their revenue from the operation and supply of nuclear power generation, which harnesses the energy present within atomic nuclei or their components; or derive greater than 0% of their revenue from the development, processing, production and distribution of equipment and facilities that are specifically designed for and critical to the generation of nuclear power, which includes: <ul style="list-style-type: none"> • Nuclear power generation; • Nuclear power plant equipment, components, and construction; • Uranium mining; • Uranium processing and enrichment.
Coal, Oil and Gas	Companies that have a greater than 50% ownership in proved or provable reserves in coal, oil or gas; or derive greater than 0% of their revenue from the generation of electricity from thermal coal, oil and/or gas; or derive greater than 10% of their revenues from thermal coal extraction; or are classified in the following Industry Classification Benchmark Subsectors ⁴ : <ul style="list-style-type: none"> • Coal • Oil: Crude Producers; • Oil Refining and Marketing; • Oil Equipment & Services; • Offshore Drilling and Other Services; • Pipelines; • Integrated Oil and Gas; • Gas Distribution.
UN Global Compact	Companies that are assigned non-compliant status, and small-cap sized companies that are assigned watchlist status, in relation to any of the 10 Principles of the UN Global Compact, which relate to controversies in respect of human rights, labour, environment and anti-corruption:
Uyghur Forced Labour Prevention	Companies that are listed on the Uyghur Forced Labour Prevention Act ('UFLPA') Entity List.

⁴ The Industry Classification Benchmark ('ICB') is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the Subsector whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue where available. Further detail and subsector definitions can be found on the ICB webpage: [Industry Classification Benchmark \(ICB\)](#) and in the ICB Ground Rules: [ICB Rules_new.pdf](#)

Diversity	<p>Companies that fail to meet two out of three of the following diversity indicators:</p> <ul style="list-style-type: none"> • Woman/women on the Board; • Diversity policies; • Diversity management systems.
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Limitations on Company Exclusions

As each Designated Fund achieves its investment exposure through underlying funds managed by underlying investment manager(s), any responsible investment strategy within an underlying fund is set by the underlying investment manager.

This means that within a Designated Fund, there is no ability to influence the underlying investment manager’s approach to incorporating responsible investment considerations within the underlying fund.

Within the Scheme, underlying funds are typically selected at the asset class level. This means that a Designated Fund may be exposed to multiple underlying funds which each have differing responsible investment approaches.

Where there are commonalities between the responsible investment strategies that are applied by all the underlying funds, this could result in exclusions that apply at the entire Designated Fund-level. The common exclusions that apply at the Designated Fund-level have been summarised in the ‘Company Exclusions’ section above.

Further responsible investment considerations (such as additional screens or more stringent business involvement criteria) may also apply at the asset class level via an underlying fund. Refer to the responsible investment approach of the underlying fund for further details on any additional responsible investment considerations that may apply.

The list of underlying funds that a Designated Fund invests into can be obtained by contacting the Manager. Full portfolio holdings are also updated on six-monthly basis for all Funds within the Scheme and can be accessed at disclose-register.companiesoffice.govt.nz.

Limitations on ESG Data and Third-Party Providers

The application of responsible investment considerations within the underlying funds can also be constrained by the limitations of ESG data and the use of third-party providers. This reflects the fact that underlying investment managers can be reliant on third-party providers to supply key ESG data and inputs, such as ESG research providers or ESG index providers, in order to implement their responsible investment approach.

Although these third-party providers obtain information and ESG data from sources they consider reliable, none of the third-party providers warrant or guarantee the accuracy, timeliness and/or completeness of the data.

Further, due to the time taken by ESG data providers to capture, analyse, and transmit ESG research data to ESG index providers, and the fact that ESG-screened indices are reconstituted periodically, there may be a delay between financial and other information being publicly released, and the application of this information to a particular ESG-screened index.

Currently, the underlying funds that the Designated Funds invest into are reliant on ESG data supplied by third party providers to implement their responsible investment approach. This means that a Designated Fund may not always strictly follow its responsible investment approach and/or the specific exclusions outlined, due to the limitations that the underlying funds it invests into face in relation to the ESG inputs supplied by third-party providers.

Where these breaches are related to timing issues between the updating of ESG-related data and the associated ESG-screened index, then it is anticipated that this would be resolved at the next index reconstitution, which typically occurs quarterly, if not earlier.

Monitoring

The responsible investment approach of the underlying funds that a Designated Fund invests into are initially assessed by InvestNow during the selection process. InvestNow then monitors these underlying funds on a monthly basis for any changes to and/or reported breach of their responsible investment approach.

Any changes to and/or reported breach of an underlying fund's responsible investment approach are grounds for an investment review by InvestNow's Investment Committee. This will involve engagement with the underlying investment manager to understand the reason for the changes and/or reported breach.

Following this review and engagement, InvestNow may choose to:

- retain the underlying fund within the Designated Fund and update relevant disclosure material;
- replace the underlying fund within the Designated Fund, with another appropriate underlying fund; or
- remove the underlying fund, and if no appropriate underlying fund can be utilised, wind-up the relevant Designated Fund.

In the unlikely event that a decision is made to wind-up a fund, investors will be notified in accordance with the Foundation Series Funds' Trust Deed provisions.

Voting

As each Designated Fund achieves its investment exposure through underlying funds managed by underlying investment manager(s), this means that InvestNow is not able to exercise any voting rights with regards to the underlying securities which have been invested into.

InvestNow will update any responsible investment policies related to voting if the ability to exercise voting rights on the underlying investments becomes available.

More information on InvestNow's responsible investment approach is available in InvestNow's Responsible Investment Statement, available on disclose-register.companiesoffice.govt.nz.

E. Fund Investment Objectives and Strategies

The investment objectives and strategies for the Funds are:

Foundation Series Balanced Fund

Investment objective

The Fund aims for mid-range long-run returns by investing in a diversified portfolio with a balance of income and growth assets. The Fund is managed with the objective of performing broadly in line with the return of its investment benchmark before fees and tax over the long-term.

Investment benchmark

The weighted average return (before tax, fees and other expenses) of the asset class benchmark indices (as set out in the table below).

Investment Manager

InvestNow is the investment manager for the Fund. InvestNow selects underlying funds and/or appoints investment managers. Related parties of InvestNow may be appointed to manage a portion of the Fund. Details of the Fund's underlying specialist managers and portfolio configuration can be obtained by contacting InvestNow or the Manager.

Authorised investments

The Fund invests in the asset classes in the table below. As at the date of this SIPO, all investments (excluding cash which may also be held directly) are held via underlying funds, although the Fund can invest directly in securities (including derivatives).

Asset Class⁵	Benchmark Asset Allocation %	Range %⁶	Benchmark Index
Cash and cash equivalents	2%	0% - 10%	Bloomberg NZBond Bank Bill Index
New Zealand fixed interest	12%	0% - 20%	Bloomberg NZBond Composite 0+ Yr Index
International fixed interest	26%	10% - 40%	Bloomberg Global Aggregate Index (100% hedged to NZD)
Total income assets	40%		
Australasian equities	20%	10% - 30%	S&P/NZX 50 Index (gross and including imputation credits)
International equities	40%	25% - 55%	MSCI World Net Index (50% hedged to NZD)
Total growth assets	60%		

Rebalancing policy

InvestNow and FundRock monitor the Fund's asset allocations daily, and will use the daily cashflows into and out of the Fund to reweight asset classes as required. If an asset allocation moves outside its range the Fund will be rebalanced.

Tactical asset allocation policy

The Fund does not aim to increase returns by actively over-weighting or under-weighting asset classes.

Currency hedging policy

The Fund targets being:

- 100% hedged to New Zealand dollars for international fixed interest; and
- 50% hedged to New Zealand dollars for international equities.

The allowable range of currency exposure for international equities is +/- 10%.

Other

The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).

⁵ Accrued fund expenses and other fund liabilities are excluded for the ranges in this table. If we invest in a suitable fund to gain exposure to an asset class in this table, we do not look through to the underlying asset class exposure of that fund. The suitable fund is regarded as being 100% invested in the relevant asset class.

⁶ Excludes daily impact of cash flows and borrowing for short-term liquidity purposes.

Foundation Series Growth Fund

Investment objective

The Fund aims for high long-run returns by investing in a diversified portfolio weighted towards growth assets but with some income asset exposure. The Fund is managed with the objective of performing broadly in line with the return of its investment benchmark before fees and tax over the long-term.

Investment benchmark

The weighted average return (before tax, fees and other expenses) of the asset class benchmark indices (as set out in the table below).

Investment Manager

InvestNow is the investment manager for the Fund. InvestNow selects underlying funds and/or appoints investment managers. Related parties of InvestNow may be appointed to manage a portion of the Fund. Details of the Fund's underlying specialist managers and portfolio configuration can be obtained by contacting InvestNow or the Manager.

Authorised investments

The Fund invests in the asset classes in the table below. As at the date of this SIPO, all investments (excluding cash which may also be held directly) are held via underlying funds, although the Fund can invest directly in securities (including derivatives).

Asset Class⁷	Benchmark Asset Allocation %	Range %⁸	Benchmark Index
Cash and cash equivalents	2%	0% - 10%	Bloomberg NZBond Bank Bill Index
New Zealand fixed interest	3%	0% - 15%	Bloomberg NZBond Composite 0+ Yr Index
International fixed interest	15%	5% - 25%	Bloomberg Global Aggregate Index (100% hedged to NZD)
Total income assets	20%		
Australasian equities	26%	16% - 36%	S&P/NZX 50 Index (gross and including imputation credits)
International equities	54%	39% - 69%	MSCI World Net Index (50% hedged to NZD)
Total growth assets	80%		

⁷ Accrued fund expenses and other fund liabilities are excluded for the ranges in this table. If we invest in a suitable fund to gain exposure to an asset class in this table, we do not look through to the underlying asset class exposure of that fund. The suitable fund is regarded as being 100% invested in the relevant asset class.

⁸ Excludes daily impact of cash flows and borrowing for short-term liquidity purposes.

Rebalancing policy

InvestNow and FundRock monitor the Fund's asset allocations daily, and will use the daily cashflows into and out of the Fund to reweight asset classes as required. If an asset allocation moves outside its range the Fund will be rebalanced.

Tactical asset allocation policy

The Fund does not aim to increase returns by actively over-weighting or under-weighting asset classes.

Currency hedging policy

The Fund targets being:

- 100% hedged to New Zealand dollars for international fixed interest; and
- 50% hedged to New Zealand dollars for international equities.

The allowable range of currency exposure for international equities is +/- 10%.

Other

The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).

Foundation Series High Growth Fund

Investment objective

The Fund aims for high long-run returns by investing in a diversified portfolio of predominantly growth assets but with a small amount of income asset exposure. The Fund incorporates certain responsible investment considerations and is exposed to investment strategies that seek to exclude companies involved in particular business practices⁹. The Fund is managed with the objective of performing broadly in line with the return of its investment benchmark before fees and tax over the long-term.

Investment benchmark

The weighted average return (before tax, fees and other expenses) of the asset class benchmark indices (as set out in the table below).

Investment Manager

InvestNow is the investment manager for the Fund. InvestNow selects underlying funds and/or appoints investment managers. Related parties of InvestNow may be appointed to manage a portion of the Fund. Details of the Fund's underlying specialist managers and portfolio configuration can be obtained by contacting InvestNow or the Manager.

Authorised investments

The Fund invests in the asset classes in the table below. As at the date of this SIPO, all investments (excluding cash which may also be held directly) are held via underlying funds and underlying ETFs, although the Fund can invest directly in securities (including derivatives).

Asset Class¹⁰	Benchmark Asset Allocation %	Range %¹¹	Benchmark Index
Cash and cash equivalents	2%	0% - 10%	Bloomberg NZBond Bank Bill Index
Total income assets	2%		
Australasian equities	28%	18% - 38%	S&P/NZX 50 Portfolio Index (gross and including imputation credits)
International equities	70%	55% - 85%	33.5% FTSE USA All Cap Choice TR NZD Index 33.5% FTSE USA All Cap Choice TR 100% Hedged to NZD Index 16.5% FTSE Global All Cap ex USA Choice TR NZD Index 16.5% FTSE Global All Cap ex USA Choice TR 100% Hedged to NZD Index
Total growth assets	98%		

⁹ Refer to Section D for more detail about the responsible investment considerations.

¹⁰ Accrued fund expenses and other fund liabilities are excluded for the ranges in this table. If we invest in a suitable fund to gain exposure to an asset class in this table, we do not look through to the underlying asset class exposure of that fund. The suitable fund is regarded as being 100% invested in the relevant asset class.

¹¹ Excludes daily impact of cash flows and borrowing for short-term liquidity purposes.

Rebalancing policy

InvestNow and FundRock monitor the Fund's asset allocations daily, and will use the daily cashflows into and out of the Fund to reweight asset classes as required. If an asset allocation moves outside its range the Fund will be rebalanced.

Tactical asset allocation policy

The Fund does not aim to increase returns by actively over-weighting or under-weighting asset classes.

Currency hedging policy

The Fund targets being:

- 50% hedged to New Zealand dollars for international equities.

The allowable range of currency exposure for international equities is +/- 10%. BNZ is responsible for the execution of the currency hedging policy.

Other

The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).

Foundation Series US 500 Fund

Investment objective

The Fund aims for high long-run returns by investing in an ETF that invests in shares of the largest companies listed on stock markets in the United States. The Fund's objective is to perform broadly in line with the return of its investment benchmark before fees and tax over the long-term.

Investment benchmark

The Fund's investment benchmark is the Morningstar US Target Market Exposure TR NZD Index.

Investment Manager

InvestNow is the investment manager for the Fund. InvestNow selects underlying funds and/or appoints investment managers. Related parties of InvestNow may be appointed to manage a portion of the Fund. Details of the Fund's underlying specialist managers and portfolio configuration can be obtained by contacting InvestNow or the Manager.

Authorised investments

The Fund invests in the asset classes in the table below. As at the date of this SIPO, all investments (excluding cash which may also be held directly) are held via underlying ETFs, although the Funds can invest directly in securities (including derivatives).

Asset Class¹²	Benchmark Asset Allocation %	Range %¹³
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

Rebalancing policy

As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy

The Fund does not undertake any currency hedging.

Other

The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).

¹² Accrued fund expenses and other fund liabilities are excluded for the ranges in this table. If we invest in a suitable fund to gain exposure to an asset class in this table, we do not look through to the underlying asset class exposure of that fund. The suitable fund is regarded as being 100% invested in the relevant asset class.

¹³ Excludes daily impact of cash flows and borrowing for short-term liquidity purposes.

Foundation Series Hedged US 500 Fund

Investment objective

The Fund aims for high long-run returns by investing in an ETF that invests in shares of the largest companies listed on stock markets in the United States. The Fund's objective is to perform broadly in line with the return of its investment benchmark before fees and tax over the long-term. The Fund aims to have all foreign currency exposure hedged to the New Zealand dollar.

Investment benchmark

The Fund's investment benchmark is the Morningstar US Target Market Exposure TR Hedged NZD Index.

Investment Manager

InvestNow is the investment manager for the Fund. InvestNow selects underlying funds and/or appoints investment managers. Related parties of InvestNow may be appointed to manage a portion of the Fund. Details of the Fund's underlying specialist managers and portfolio configuration can be obtained by contacting InvestNow or the Manager.

Authorised investments

The Fund invests in the asset classes in the table below. As at the date of this SIPO, all investments (excluding cash which may also be held directly) are held via underlying ETFs, although the Funds can invest directly in securities (including derivatives).

Asset Class¹⁴	Benchmark Asset Allocation %	Range %¹⁵
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

Rebalancing policy

As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy

The Fund targets being 100% hedged to New Zealand dollars for international equities.

The allowable range of currency exposure for international equities is +/- 10%. BNZ have been engaged to implement the currency hedging arrangements for the Fund.

Other

The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).

¹⁴ Accrued fund expenses and other fund liabilities are excluded for the ranges in this table. If we invest in a suitable fund to gain exposure to an asset class in this table, we do not look through to the underlying asset class exposure of that fund. The suitable fund is regarded as being 100% invested in the relevant asset class.

¹⁵ Excludes daily impact of cash flows and borrowing for short-term liquidity purposes.

Foundation Series Total World Fund

Investment objective

The Fund aims for high long-run returns by investing in an ETF that invests in shares of large, mid-sized and small companies listed on international stock markets. The Fund's objective is to perform broadly in line with the return of its investment benchmark before fees and tax over the long-term.

Investment benchmark

The Fund's investment benchmark is the Morningstar Global All Cap Target Market Exposure NR NZD Index.

Investment Manager

InvestNow is the investment manager for the Fund. InvestNow selects underlying funds and/or appoints investment managers. Related parties of InvestNow may be appointed to manage a portion of the Fund. Details of the Fund's underlying specialist managers and portfolio configuration can be obtained by contacting InvestNow or the Manager.

Authorised investments

The Fund invests in the asset classes in the table below. As at the date of this SIPO, all investments (excluding cash which may also be held directly) are held via underlying ETFs, although the Funds can invest directly in securities (including derivatives).

Asset Class ¹⁶	Benchmark Asset Allocation %	Range % ¹⁷
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

Rebalancing policy

As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy

The Fund does not undertake any currency hedging.

Other

The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).

¹⁶ Accrued fund expenses and other fund liabilities are excluded for the ranges in this table. If we invest in a suitable fund to gain exposure to an asset class in this table, we do not look through to the underlying asset class exposure of that fund. The suitable fund is regarded as being 100% invested in the relevant asset class.

¹⁷ Excludes daily impact of cash flows and borrowing for short-term liquidity purposes.

Foundation Series Hedged Total World Fund

Investment objective

The Fund aims for high long-run returns by investing in an ETF that invests in shares of large, mid-sized and small companies listed on international stock markets. The Fund's objective is to perform broadly in line with the return of its investment benchmark before fees and tax over the long-term. The Fund aims to have all foreign currency exposure hedged to the New Zealand dollar.

Investment benchmark

The Fund's investment benchmark is the Morningstar Global All Cap Target Market Exposure NR Hedged NZD Index.

Investment Manager

InvestNow is the investment manager for the Fund. InvestNow selects underlying funds and/or appoints investment managers. Related parties of InvestNow may be appointed to manage a portion of the Fund. Details of the Fund's underlying specialist managers and portfolio configuration can be obtained by contacting InvestNow or the Manager.

Authorised investments

The Fund invests in the asset classes in the table below. As at the date of this SIPO, all investments (excluding cash which may also be held directly) are held via underlying ETFs, although the Funds can invest directly in securities (including derivatives).

Asset Class ¹⁸	Benchmark Asset Allocation %	Range % ¹⁹
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

Rebalancing policy

As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy

The Fund targets being 100% hedged to New Zealand dollars for international equities.

The allowable range of currency exposure for international equities is +/- 10%. BNZ have been engaged to implement the currency hedging arrangements for the Fund.

Other

The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).

¹⁸ Accrued fund expenses and other fund liabilities are excluded for the ranges in this table. If we invest in a suitable fund to gain exposure to an asset class in this table, we do not look through to the underlying asset class exposure of that fund. The suitable fund is regarded as being 100% invested in the relevant asset class.

¹⁹ Excludes daily impact of cash flows and borrowing for short-term liquidity purposes.

Foundation Series US Dividend Equity Fund

Investment objective

The Fund aims for high long-run returns by investing in an ETF that invests in high dividend yielding shares issued by companies in the United States that have a record of consistently paying dividends. The Fund's objective is to perform broadly in line with the return of its investment benchmark before fees and tax over the long-term.

Investment benchmark

The Fund's investment benchmark is the Dow Jones U.S. Dividend 100 Index (NZD) TR.

Investment Manager

InvestNow is the investment manager for the Fund. InvestNow selects underlying funds and/or appoints investment managers. Related parties of InvestNow may be appointed to manage a portion of the Fund. Details of the Fund's underlying specialist managers and portfolio configuration can be obtained by contacting InvestNow or the Manager.

Authorised investments

The Fund invests in the asset classes in the table below. As at the date of this SIPO, all investments (excluding cash which may also be held directly) are held via underlying ETFs, although the Funds can invest directly in securities (including derivatives).

Asset Class ²⁰	Benchmark Asset Allocation %	Range % ²¹
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

Rebalancing policy

As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy

The Fund does not undertake any currency hedging.

Other

The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).

²⁰ Accrued fund expenses and other fund liabilities are excluded for the ranges in this table. If we invest in a suitable fund to gain exposure to an asset class in this table, we do not look through to the underlying asset class exposure of that fund. The suitable fund is regarded as being 100% invested in the relevant asset class.

²¹ Excludes daily impact of cash flows and borrowing for short-term liquidity purposes.

Foundation Series Global ESG Fund

Investment objective

The Fund aims for high long-run returns by investing in ETFs that invests in shares of large, mid-sized and small companies listed on international stock markets. The Fund incorporates certain responsible investment considerations and is exposed to investment strategies that seek to exclude companies involved in particular business practices²². The Fund's objective is to perform broadly in line with the return of its investment benchmark before fees and tax over the long-term.

Investment benchmark

The Fund's investment benchmark is a composite index consisting of 67% FTSE USA All Cap Choice NZD Index and 33% FTSE Global All Cap ex USA Choice NZD Index.

Investment Manager

InvestNow is the investment manager for the Fund. InvestNow selects underlying funds and/or appoints investment managers. Related parties of InvestNow may be appointed to manage a portion of the Fund. Details of the Fund's underlying specialist managers and portfolio configuration can be obtained by contacting InvestNow or the Manager.

Authorised investments

The Fund invests in the asset classes in the table below. As at the date of this SIPO, all investments (excluding cash which may also be held directly) are held via underlying ETFs, although the Funds can invest directly in securities (including derivatives).

Asset Class ²³	Benchmark Asset Allocation %	Range % ²⁴
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

Rebalancing policy

As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy

The Fund does not undertake any currency hedging.

Other

The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).

²² Refer to Section D for more detail about the responsible investment considerations.

²³ Accrued fund expenses and other fund liabilities are excluded for the ranges in this table. If we invest in a suitable fund to gain exposure to an asset class in this table, we do not look through to the underlying asset class exposure of that fund. The suitable fund is regarded as being 100% invested in the relevant asset class.

²⁴ Excludes daily impact of cash flows and borrowing for short-term liquidity purposes.

F. Investment Policies

Taxation

The Funds have elected to be Portfolio Investment Entities ('PIEs') and are therefore taxed under the PIE regime.

The taxation implications of an investment method, such as holding assets directly or investing in a managed investment scheme, are taken into account when determining the most appropriate approach for the Funds. Note that taxation is not the sole consideration when choosing an investment method and other factors taken into account include cost and implementation feasibility.

Liquidity

The liquidity risk of the Funds is assessed with reference to liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for the Funds. The Funds invest predominantly in liquid securities so have daily applications and redemptions. Market conditions can, however, change resulting in some assets becoming difficult to sell.

Liquidity risk is managed through a variety of measures, including:

- monitoring daily cash flows;
- allowing up to 10% of the aggregate value of a Fund's investments to be borrowed to provide short-term liquidity;
- limiting investment in any underlying ETFs to only those that have reasonable liquidity and that can be transacted on a daily basis; and
- undertaking due diligence on underlying investment managers to ensure that they have adequate and effective liquidity risk management practices appropriately implemented, monitored and reviewed for the underlying funds that we invest in.

If the Funds were to experience liquidity problems, the Manager may elect to utilise the liquidity management tools it has at its disposal, including deferring or suspending redemptions for a period of time.

Further details on our liquidity management tools and the potential impacts of using those tools can be found in the Other Material Information ('OMI') document for the Scheme.

Related-party transactions

Related-party transactions, other than the types permitted under the Financial Markets Conduct Act 2013 ('FMCA') are prohibited.

The Funds may enter into transactions with related parties if permitted under section 174 of the FMCA or consented by the Supervisor under section 173(2)(a). Examples of such transactions include:

- The Funds invests in other managed investment schemes. If these schemes are managed by related parties (for example where the Funds invests in an underlying fund that FundRock is also the manager of), and investment is permitted under section 174 of the FMCA, they are permitted investments of the Funds.
- Parties related to the Funds, may, from time to time, invest in the Funds.

The Manager will report all transactions by related parties to its Supervisor in accordance with section 173(2) of the FMCA.

Responsible Investment Statement

The Investment Manager's Responsible Investment Statement, which describes InvestNow's approach to responsible investment can be found at disclose-register.companiesoffice.govt.nz.

Trade allocations and transactions

If the Funds invest directly in securities, the investment manager must have best execution, brokerage and soft dollar policies governing their investment management activity on behalf of the Funds.

Other relevant policies

Summaries of the key relevant policies are set out below.

Pricing and Asset Valuation Policy

The purpose of this policy is to set out how FundRock manages its unit pricing and asset valuation obligations, and the way in which FundRock exercises its discretions authorised by the Trust Deed and the establishment documentation for the Funds.

This policy also links to FundRock's outsourcing policy reflecting that we outsource functions including registry, fund administration and unit pricing to third parties. In particular, the policy governs how FundRock selects, monitors and undertakes ongoing due diligence on third party providers.

Within the bounds of what is reasonable and practical, our goals are to:

- have unit prices that reflect fair, realisable value of underlying assets and liabilities;
- ensure equitable treatment of investors entering, exiting or remaining in a Fund;
- have a consistent and objective process for determining unit prices; and
- comply with our governing documents, offer documents and applicable laws.

Conflicts of Interest and Related Party Transactions Policy

FundRock's Conflicts of Interest and Related Party Transactions Policies sets out the principles and procedures relating to the management of conflicts of interest within FundRock. The policy applies to all of FundRock's directors, relevant officers, senior management and employees. The policy provides guidance on:

- what is meant by a conflict of interest;
- what constitutes a related party transaction; and
- how these are managed.

FundRock investment management policy

The Manager's policies and procedures in relation to appointing and monitoring investment managers. In particular, the policy covers:

- investment management governance;
- investment manager selection and appointment; and
- investment manager monitoring and compliance.

G. Investment Performance Monitoring

FundRock, with the advice of InvestNow, monitors investment performance of the Funds on a monthly basis. Performance is measured and assessed on the following basis for 1, 3 and 5 year periods:

- gross return;
- net of charges and gross of tax;
- net returns (after fees and before tax);
- benchmark index return;
- performance relative to benchmark;
- annualised standard deviation of net return;
- annualised standard deviation of benchmark index return; and
- annualised tracking error.

FundRock reports performance to the Supervisor and also to the FundRock board.

The FundRock board has responsibility for oversight of investment manager performance. The FundRock board aims to meet at least quarterly.

H. Investment Strategy Review

The FundRock Board has responsibility for oversight of the Investment Manager's performance and aims to meet at least quarterly. FundRock does not intend to amend the Funds' investment strategies (including the Funds' benchmark asset allocations or ranges), although amendments may be made following recommendations by InvestNow.

I. SIPO Monitoring and Review

The FundRock board is responsible for governance oversight of the SIPO.

The Manager's compliance processes include periodic policy reviews. SIPOs are reviewed annually by FundRock management with the outcomes of the review reported to the FundRock board. In addition, FundRock management may initiate an ad hoc review, with examples of events that could lead to this being:

- the investment manager recommending changes to the SIPO;
- a change in roles and responsibilities; or
- a permanent change in risk and return characteristics of the relevant market.

SIPO reviews take into account the views of FundRock and the Fund's investment manager and if required the views of external experts.

The Manager can make changes to the SIPO in accordance with the Trust Deed and the FMC Act. Before making changes to the SIPO, the Manager will consider if the changes are in the best interests of investors and consult with the Supervisor. Any changes to the SIPO require FundRock board approval. The Manager will give notice to investors before implementing any material SIPO changes.

The Manager is responsible for monitoring adherence to the SIPO and reporting any breaches to the FundRock board and the Supervisor.

This SIPO was approved by the FundRock board on 21 February 2025 and takes effect on 21 February 2025.

The current version of this SIPO is available on the schemes register at www.companiesoffice.govt.nz/disclose.