



# WESTPAC KIWISAVER SCHEME

Statement of Investment Policy and Objectives.

25 September 2024.



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## Background

This Statement of Investment Policy and Objectives (**SIPO**) sets out the investment governance and investment management framework, philosophy, strategies and objectives of the Westpac KiwiSaver Scheme.

Throughout the SIPO, we use "BTNZ", "we", "our" or "us" to refer to the Manager, BT Funds Management (NZ) Limited. Words defined in the Product Disclosure Statement (**PDS**) have the same meaning when used in this SIPO.

We may change the SIPO after giving The New Zealand Guardian Trust Company Limited (**the Supervisor**) prior notice in accordance with the trust deed for the Westpac KiwiSaver Scheme (**Trust Deed**) and the Financial Markets Conduct Act 2013 (**FMCA**). Any material changes to the SIPO will be described in the next annual report for the Westpac KiwiSaver Scheme.

The most current version of this SIPO is available on both the scheme register and the offer register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz) (**Disclose**).

## 1. Description

The Westpac KiwiSaver Scheme is a managed investment scheme for the purposes of the FMCA.

The Westpac KiwiSaver Scheme has eight investment funds (each a **Fund** and together **the Funds**):

- High Growth Fund
- Growth Fund
- Balanced Fund
- Default Balanced Fund
- Moderate Fund
- Conservative Fund
- Defensive Conservative Fund
- Cash Fund

BTNZ is the Manager of the Westpac KiwiSaver Scheme and a licensed manager of registered schemes under the FMCA. Our contact details are available on Disclose.

We are responsible for the overall investment management of the Funds including implementation of the investment strategies. Each Fund has a specific investment strategy and objective and offers a different mix of investments.

## 2. Investment Philosophy

### *Investment management style and strategy*

Our investment philosophy is based on the broad principles of diversification, active management and sustainable investment, backed by a research driven approach focused on identifying and managing risk and sourcing value added opportunities.

We believe markets are somewhat inefficient and portfolios can be positioned in such a manner as to take advantage of opportunities that occur. Reflecting this, our philosophy is to mainly apply actively managed investment approaches, using a range of different investment styles including systematic investing<sup>1</sup>. However, we also blend these approaches with index tracking investment strategies to help keep your fees low.

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<sup>1</sup> Systematic investing is a form of active management which involves using data-driven and rules-based approaches to portfolio construction

We also believe in a multi-manager approach as a means of generating more consistent performance. In implementing that approach, we access a range of specialist underlying investment managers, both locally and globally (for information on their selection see section 7).

### *Investment management structure and governance*

Investment management activities for the Westpac KiwiSaver Scheme are managed by BTNZ Investment Solutions (**Investment Solutions**). The responsibilities of Investment Solutions include asset allocation (benchmark and dynamic), underlying investment manager selection, portfolio management and implementation.

Underlying investment managers are used to manage the day-to-day investment selection decisions. These underlying investment managers may be us or third parties selected by us. Further information can be found on page 10.

The underlying investment managers for each asset class can be found on our website at [westpac.co.nz/KiwiSaver-underlying-investment-managers](https://westpac.co.nz/KiwiSaver-underlying-investment-managers) and on the offer register on Disclose.

The BTNZ Investment Committee (**BTIC**) oversees the investment management activities for the Westpac KiwiSaver Scheme and is responsible for reviewing investment performance, outcomes and processes. The BTIC meets quarterly or more frequently as required.

## 3. Investment Objectives

The Westpac KiwiSaver Scheme provides a range of Funds to help members to meet their investment objectives in a way that is consistent with their risk profile.

The current investment objective for each Fund is set out below.

### *High Growth Fund*

This Fund aims to provide the highest long-term returns of any of the Funds. It invests solely in growth assets. Volatility is expected to be the highest of the Funds.

### *Growth Fund*

This Fund aims to provide higher returns over the long term than the Balanced Fund. It invests primarily in growth assets but also has an allocation to income assets. Volatility is expected to be higher than the Balanced Fund but lower than the High Growth Fund.

### *Balanced Fund*

This Fund aims to provide medium returns over the medium to long term. It has a higher target allocation to growth assets than to income assets. Volatility is expected to be higher than the Default Balanced Fund but lower than the Growth Fund.

### *Default Balanced Fund*

This Fund aims to provide moderate to medium returns over the medium to long term. It has equal target allocations to growth assets and income assets. Volatility is expected to be higher than the Moderate Fund but lower than the Balanced Fund.

### *Moderate Fund*

This Fund aims to provide moderate returns over the medium term. It has a higher target allocation to income assets than to growth assets. Volatility is expected to be higher than the Conservative Fund but lower than the Default Balanced Fund.

### *Conservative Fund*

This Fund aims to provide stable returns over the short to medium term. It invests primarily in income assets but also targets a 25% allocation to growth assets. Volatility is expected to be higher than the Defensive Conservative Fund but lower than the Moderate Fund.

### *Defensive Conservative Fund*

This Fund aims to provide stable returns over the short to medium term. It invests primarily in income assets but also targets a 20% allocation to growth assets. Volatility is expected to be higher than the Cash Fund but lower than the Conservative Fund.

### *Cash Fund*

This Fund aims to provide stable returns over the short term. It invests in income assets of a short-term nature such as bank deposits, floating rate notes and money market securities. Volatility is expected to be the lowest of the Funds.

### *Long term performance objectives*

The performance objective of each Fund is to outperform (before fees, expenses and tax) the notional return of its benchmark index over the medium to long term.

## 4. Investment Strategy

### *Benchmark asset allocations and ranges*

The benchmark asset allocation for each Fund is our intended long-term allocation to each asset class in that Fund. This may also be referred to as a target investment mix or target allocation in this document and in any PDS or fund update.

Actual asset allocations will vary from the benchmark asset allocations due to market movements and if we decide to hold more or less than the target allocation to a particular asset class so as to seek to enhance returns or to reduce risk. We describe our dynamic asset allocation policy in section 5.

We may alter the benchmark asset allocations and benchmark asset allocation ranges for the Funds at any time (for more information see section 7).

<b>Fund</b>	<b>Asset Class</b>	<b>Benchmark Asset Allocation</b>	<b>Benchmark Asset Allocation Range</b>
<b>High Growth Fund</b>	Cash and cash equivalents	0%	0-15%
	New Zealand fixed interest	0%	0-10%
	International fixed interest	0%	0-10%
	<b>Total Income</b>	<b>0%</b>	<b>0-15%</b>
	Australasian equities	26%	16-36%
	International equities	68%	53-83%
	Listed property	6%	0-15%
	Commodities	0%	0-10%
	Other <sup>1</sup>	0%	0-10%
	<b>Total Growth</b>	<b>100%</b>	<b>85-100%</b>
<b>Growth Fund</b>	Cash and cash equivalents	2%	0-34%
	New Zealand fixed interest	7%	0-14%
	International fixed interest	11%	1-21%
	<b>Total Income</b>	<b>20%</b>	<b>5-35%</b>
	Australasian equities	22%	12-32%
	International equities	52%	42-62%
	Listed property	6%	0-12%
	Commodities	0%	0-10%
	Other <sup>1</sup>	0%	0-10%
	<b>Total Growth</b>	<b>80%</b>	<b>65-95%</b>

<b>Balanced Fund</b>	Cash and cash equivalents	4%	0-39%
	New Zealand fixed interest	14%	4-24%
	International fixed interest	22%	12-32%
	<b>Total Income</b>	<b>40%</b>	<b>25-55%</b>
	Australasian equities	15%	5-25%
	International equities	40%	30-50%
	Listed property	5%	0-10%
	Commodities	0%	0-8%
	Other <sup>1</sup>	0%	0-8%
	<b>Total Growth</b>	<b>60%</b>	<b>45-75%</b>
<b>Default Balanced Fund<sup>2</sup></b>	Cash and cash equivalents	5%	0-30%
	New Zealand fixed interest	17%	7-27%
	International fixed interest	28%	18-38%
	<b>Total Income</b>	<b>50%</b>	<b>37-55%</b>
	Australasian equities	13%	3-23%
	International equities	34%	24-44%
	Listed property	3%	0-7%
	Commodities	0%	0-6%
	Other <sup>1</sup>	0%	0-6%
	<b>Total Growth</b>	<b>50%</b>	<b>45-63%</b>
<b>Moderate Fund</b>	Cash and cash equivalents	8%	0-43%
	New Zealand fixed interest	21%	11-31%
	International fixed interest	31%	21-41%
	<b>Total Income</b>	<b>60%</b>	<b>45-75%</b>
	Australasian equities	11%	1-21%
	International equities	26%	16-36%
	Listed property	3%	0-7%
	Commodities	0%	0-6%
	Other <sup>1</sup>	0%	0-6%
	<b>Total Growth</b>	<b>40%</b>	<b>25-55%</b>
<b>Conservative Fund</b>	Cash and cash equivalents	12%	5-47%
	New Zealand fixed interest	25%	15-35%
	International fixed interest	38%	28-48%
	<b>Total Income</b>	<b>75%</b>	<b>60-90%</b>
	Australasian equities	6%	0-12%
	International equities	16%	8-24%
	Listed property	3%	0-7%
	Commodities	0%	0-4%
	Other <sup>1</sup>	0%	0-4%
	<b>Total Growth</b>	<b>25%</b>	<b>10-40%</b>
<b>Defensive Conservative Fund</b>	Cash and cash equivalents	13%	5-48%
	New Zealand fixed interest	27%	17-37%
	International fixed interest	40%	30-50%
	<b>Total Income</b>	<b>80%</b>	<b>65-95%</b>
	Australasian equities	5%	0-10%
	International equities	13%	5-21%
	Listed property	2%	0-6%
	Commodities	0%	0-4%
	Other <sup>1</sup>	0%	0-4%
	<b>Total Growth</b>	<b>20%</b>	<b>5-35%</b>
<b>Cash Fund</b>	Cash and cash equivalents	100%	100%
	<b>Total Income</b>	<b>100%</b>	<b>100%</b>

1 “Other” assets can include (for example) alternative investments such as hedge funds and absolute return funds. Strategies like gearing and short selling may be used in some alternative investments.

2 This Fund is a default KiwiSaver fund and must maintain an allocation to growth assets of between 45% and 63% (from which we can only depart for limited periods and in limited circumstances, as set out in the Instrument of Appointment governing our appointment as a default KiwiSaver scheme provider).

While derivatives may be used in each asset class, the use of derivatives may be more extensive in the international fixed interest and “other” asset classes.

In determining our benchmark asset allocation for each Fund, we evaluate expected volatility based on a full investment cycle. As the risk indicator utilised in any PDS (or fund update) is calculated based on 5 years of past performance data (**Relevant Period**), which may not be a full investment cycle, in some cases the risk indicator might differ if calculated using a longer timeframe. Where the Relevant Period has had unusually low or high volatility, the risk indicator may provide a less reliable indication of a Fund’s potential future volatility.

### *Benchmark market indices*

Each asset class that the Funds have exposure to has a benchmark market index (or indices), against which BTNZ measures performance. The table below shows the benchmark index (or indices) for each benchmark weighted asset class as at the date of this SIPO.

<b>Asset Class</b>	<b>Benchmark Index</b>
Cash and cash equivalents	Bloomberg NZBond Bank Bill Index
New Zealand fixed interest	Bloomberg NZBond Composite 0+ Yr Index
International fixed interest	Bloomberg Global Aggregate Index (100% hedged to NZD)
Australasian equities	S&P/NZX 50 Gross Index Solactive Australia 200 Index (70% hedged to NZD)
International equities	Solactive GBS Global Markets ex Oceania Large & Mid Cap Index (60% hedged on a before-tax basis to NZD)
Listed property	S&P/NZX All Real Estate (Industry Group) Gross Index FTSE EPRA/NAREIT Developed Index (139% hedged on a before-tax basis to NZD)

BTNZ may change the benchmark indices used, and the indices themselves may change or may be renamed or replaced, from time to time without notice to you.

For further information on any of the indices, please contact us.

### *Benchmark index for each Fund*

The benchmark index for each Fund other than the Cash Fund is a composite index. This is determined by using the benchmark index (or indices) for each asset class and combining them based on each Fund’s target weighting to each asset class for the relevant period.

Benchmark index for “other” asset class for the period 1 April 2016 to 27 September 2021

The benchmark index against which BTNZ measured performance for the “other” asset class until 28 September 2021 (when the Funds’ target allocations to growth assets ceased to include any “other” assets allocation) was the HFRX Global Hedge Fund Index (**peer group index**), 100% hedged on a before-tax basis to NZD. The peer group index was based on the performance of a group of funds administered by Hedge Fund Research, Inc. (**HFR**).

The peer group index was designed to represent the overall composition of the hedge fund universe. It comprised all eligible hedge fund strategies, which were asset weighted based on the distribution of assets in that universe.

The peer group index was considered likely to be useful to members as it provided a collective sector index for the types of investments that the “other” investments comprised.

More information about HFR, and the peer group index, can be found at: [www.hfr.com](http://www.hfr.com).

### *Permitted Investments*

Each Fund in the Westpac KiwiSaver Scheme invests in one or more wholesale funds, which are also managed by us (**Wholesale Funds**).

### **Cash Fund**

The Cash Fund invests 100% in the cash and cash equivalents asset class.

### **Defensive Conservative, Conservative, Moderate, Default Balanced, Balanced, Growth and High Growth Funds**

Each of these Funds invests in a diversified range of investments in New Zealand and overseas which may include cash and cash equivalents, New Zealand and international fixed interest, Australasian and international equities, listed property, commodities and “other” asset classes (directly, or through investments in managed funds).

### **General**

The Funds may also invest in asset types which are not explicitly stated, if those assets fall within the parameters of permitted investments, appropriately reflect risk profiles and are considered likely to contribute to the investment objectives of the Funds.

Further information setting out the permitted investments for each asset class is in the Appendix.

## **5. Investment Management Policies**

This section outlines the key policies that are relevant to achieving the investment objectives of the Westpac KiwiSaver Scheme.

<p><b>Conflicts of Interest policy</b></p>	<p>Westpac New Zealand Limited (<b>Westpac NZ</b>) has a conflicts of interest policy that applies to BTNZ, its directors and staff. The policy covers the systems and processes that BTNZ and Westpac NZ follow to identify, declare, manage and mitigate conflicts. For more information on the Westpac NZ conflicts of interest policy see the ‘Westpac KiwiSaver Scheme - Other Material Information’ (<b>OMI</b>) document on the offer register on Disclose.</p>
<p><b>Currency hedging policy</b></p>	<p><b>Objective of currency hedging</b></p> <p>The objective of currency hedging is to reduce, eliminate or alter the effects of foreign exchange movements on assets not held in New Zealand dollars.</p> <p><b>Currency strategy</b></p> <p>For asset classes with exposure to foreign currencies, the foreign currency exposure is generally partly or fully hedged to the New Zealand dollar, to the extent considered appropriate and reasonably practicable. Due to the tax treatment of currency hedges, the level of hedging for some asset classes is above 100% to achieve the targeted hedging level on a net of tax basis.</p> <p>Hedging approaches for each asset class are listed below:</p> <ul style="list-style-type: none"> <li>• International fixed interest: Exposure to foreign currencies is generally 100% hedged to the New Zealand dollar on a gross of tax basis but may be actively managed.</li> </ul>



	<ul style="list-style-type: none"> <li>• Australasian equities: Exposure to foreign currencies is generally 70% hedged to the New Zealand dollar on a gross of tax basis, but may be actively managed.</li> <li>• International equities: Exposure to foreign currencies is generally 60% hedged to the New Zealand dollar on a gross of tax basis, but may be actively managed.</li> <li>• Listed property: <ul style="list-style-type: none"> <li>○ Westpac Wholesale International Property Trust: Exposure to foreign currencies is generally 139% hedged to the New Zealand dollar on a gross of tax basis, but may be actively managed.</li> <li>○ Westpac Wholesale Property Trust: Exposure to the Australian dollar is generally 100% hedged to the New Zealand dollar on a gross of tax basis but may be actively managed.</li> </ul> </li> </ul> <p><b>Implementation</b></p> <p>Implementation of currency hedging is undertaken by BTNZ and/or the underlying managers who manage the assets in the Wholesale Funds. Hedging by BTNZ is implemented via forward foreign exchange contracts, options or swaps.</p> <p>Monitoring of foreign currency hedging against targets will generally occur each business day.</p>
<b>Derivatives policy</b>	<p>A derivative is any financial contract whose value depends on (or ‘derives’ from) the value of underlying assets such as equities, fixed interest investments, commodities, currency or cash. Examples of derivatives include swaps, futures contracts, options and forward rate agreements.</p> <p>Derivatives may be used by the Funds as a risk management tool or as an alternative to investing in a physical asset. Derivatives may be held directly or indirectly and can provide an exposure to an underlying asset which is similar to what would be obtained by buying or selling that asset.</p> <p>It is our policy not to invest directly in derivatives to gear the Funds (that is, to obtain greater exposure to markets than the net asset value of a Fund). If for any reason a Fund becomes geared through its direct investments, we will realign the Fund as soon as practicable to remove any gearing.</p>
<b>Dynamic asset allocation policy</b>	<p>Under this policy, we may adjust asset class allocations for a Fund away from benchmark either to pursue dynamic investment opportunities or to seek to protect asset values during volatile financial market periods. These variations are restricted by the benchmark asset allocation ranges for each Fund to ensure that the overall risk/return position is adhered to.</p>
<b>Liquidity management policy</b>	<p>This policy is designed to ensure the effective management of liquidity risk (the risk that investments cannot be sold at the desired time, or accurately valued, due to market conditions) by using a robust framework of procedures and policy measures. It is our priority to ensure that all practicable steps are taken to preserve the liquidity of each Fund.</p> <p>The Funds primarily invest in liquid securities, facilitating daily investments, withdrawals and switches. Nonetheless, market conditions are subject to change, which may render certain assets less liquid. To mitigate this risk, we thoroughly assess each Fund’s underlying liquidity levels on a quarterly basis. We also closely monitor the flow of investments into, and withdrawals and switches from, each Fund as indicators of potential market stress.</p>

	In the event of liquidity stress, and if we deem it to be in the best interests of members, we may employ liquidity management tools (such as establishing buy and sell prices for units in the Funds or suspending withdrawals, transfers or switches) in order to manage liquidity.
<b>Rebalancing policy</b>	<p><b>Process and timing</b></p> <p>Rebalancing is the process followed to ensure the actual asset allocation of each Fund remains in line with the benchmark or any dynamic asset allocation targets.</p> <p>Each Fund's actual asset allocation is monitored against its benchmark asset allocation and any dynamic asset allocation targets, generally each business day.</p> <p><b>What would trigger rebalancing?</b></p> <p>Factors taken into consideration include the size of any deviations, volatility across financial markets (including currency markets), the timing and size of expected cash flows into or out of a Fund and other factors such as changes in benchmark asset allocations. Rebalancing tolerance thresholds are applied and those thresholds may vary depending on the asset class and the factors above.</p>
<b>Risk management policy</b>	All investments have investment risk, which is the risk of negative or lower than expected returns on your investment. Investment Solutions regularly reviews its risk management framework, including portfolio and manager risk. Our investment philosophy is based on appropriate diversification and active management where it is expected that value can be added or where we seek to mitigate investment risk. For more information on the risks relevant to the Funds, see the OMI.
<b>Sustainable investment policy</b>	<p>We aim to invest each fund in line with our Sustainable Investment (SI) Policy, which can be found at <a href="https://westpac.co.nz/sustainableinvestment">westpac.co.nz/sustainableinvestment</a> and on the offer register on Disclose.</p> <p>We are committed to acting on climate change risk and opportunity by aligning our assets under management with a 1.5°C temperature pathway<sup>3</sup> and net zero greenhouse gas emissions by 2050 or sooner. Our approach to SI focuses on four pillars as outlined below:</p> <ol style="list-style-type: none"> <li>1. <b>Exclusions</b> We maintain sustainable investment exclusion criteria to determine the companies, countries and other issuers that we won't invest in. For more information on how we decide what companies and countries to exclude, other exclusions we may apply and how we manage our exclusions, refer to our full SI Policy.</li> <li>2. <b>Environmental, social and governance integration</b> We integrate environmental, social and governance factors into our investment decisions and we expect our underlying investment managers, investing on our behalf, to do the same.</li> <li>3. <b>Stewardship</b> We implement active stewardship through exercising voting rights and engaging with companies and other issuers either directly (through our domestic cash and fixed interest team) or via our underlying investment managers, and by collaborating with the industry.</li> </ol>

<sup>3</sup> The 1.5°C pathway refers to supporting efforts to limit global warming to 1.5°C above pre-industrial levels

	<p>4. <b>Sustainable themes</b>  We are working towards investing more in companies and other issuers that provide or adopt solutions aligning with our sustainable themes. Climate action is the highest priority and most evolved of those themes, but we are also working to identify further opportunities and grow our investments in contributors to biodiversity and ecosystems, water stewardship and pollution prevention and control.</p>
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*Other relevant policies*

The following policies are also relevant to the management of the Westpac KiwiSaver Scheme:

- a. Trade Allocation and Execution, which can be found in the ‘BTNZ Trade Allocation and Execution Policy’ document on the offer register on Disclose
- b. Proxy Voting, which can be found in the SI Policy document on the offer register on Disclose.

Information on the asset valuation and unit pricing policies for the Westpac KiwiSaver Scheme can be found in the OMI.

## 6. Investment Performance Calculation and Monitoring

Performance for each Fund is generally calculated and reported to key BTNZ investment personnel every business day. Additionally, weekly and monthly performance summary reports are prepared by Investment Solutions and are reviewed internally. Performance is monitored over a range of short- and long-term timeframes.

Investment Solutions measures performance on an absolute basis, as well as relative to each Fund’s benchmark returns. It also monitors performance against other measures of return and risk.

Investment Solutions regularly monitors the performance of the underlying investment managers that manage the assets in the Wholesale Funds.

## 7. Investment Strategy Review

*Benchmark asset allocation review*

The benchmark asset allocations for the Funds are formally reviewed by Investment Solutions and the BTIC at least every two years. Additional reviews may be undertaken by Investment Solutions in response to matters such as material changes in the market (for example interest rate changes or structural changes). The BTNZ board maintains oversight of benchmark asset allocations.

*Manager selection*

The underlying investment managers that manage the assets in the Wholesale Funds are each required to have a well-defined, robust investment philosophy and process. We regularly monitor these managers, reviewing matters such as investment performance, portfolio holdings, alignment with our SI Policy, compliance, changes to key investment personnel and business factors. The underlying investment managers may be changed at any time without notice to members. The utilisation of a multi-manager strategy is intended to deliver more consistent risk adjusted performance to members in the Funds.

Details of the Wholesale Funds we have chosen to invest into, and the underlying investment managers that manage the assets in the Wholesale Funds, can be found in the ‘Other Material Information – Underlying Investment Managers’ document on the offer register on Disclose.

## 8. Compliance with and review of the SIPO

Investment Solutions monitors compliance with the SIPO and the specific asset allocation rules for each Fund every business day.

Investment Solutions and other BTNZ personnel may at any time propose amendments to the SIPO. These proposed amendments are reviewed by relevant stakeholders (including the Supervisor and the BTIC). BTNZ (on the recommendation of the BTIC) may amend the SIPO after giving prior written notice to the Supervisor.

The BTIC will review this SIPO annually (or more frequently if required).

## Appendix: Permitted investments by asset class

### *Cash and cash equivalents*

Securities that are short term or short term in nature and denominated in New Zealand dollars or have had all their cash flows hedged into New Zealand dollars, including, but not limited to:

- a) Securities of or guaranteed by the New Zealand Government, supranational bodies or institutions not incorporated in New Zealand, New Zealand entities or Australian entities;
- b) New Zealand dollar denominated securities and structured products where the underlying securities of the structured product comply with the permitted investments for a cash portfolio;
- c) Asset backed securities (including mortgage backed securities), being securities where the capital value and income stream are backed by a specific pool of underlying assets;
- d) Floating rate notes;
- e) Derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts, as appropriate in the management of a Cash portfolio;
- f) Units and other prescribed interests in unit trusts or other pooled funds that invest predominantly in the investments referred to above; and
- g) Investments not covered by the above and approved by the Supervisor.

### *New Zealand Fixed Interest*

- a) New Zealand fixed interest securities including deposits, debentures, bonds, notes, promissory notes, bank bills, certificates of deposit, floating rate notes, bills of exchange, redeemable preference shares and other securities whether consisting of a charge over property or not;
- b) Asset backed securities (including mortgage backed securities), being securities where the capital value and income stream are backed by a specific pool of underlying assets;
- c) Cash or cash equivalents at bank;
- d) Derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts, as appropriate in the management of a New Zealand Fixed Interest portfolio;
- e) Units and other prescribed interests in unit trusts or other pooled funds that invest predominantly in New Zealand Fixed Interest; and
- f) Investments not covered by the above and approved by the Supervisor.

### *International Fixed Interest*

- a) International fixed interest securities including, but not limited to, sovereign debt securities, corporate debt securities, asset and mortgage backed securities and agency securities, high yield and emerging market debt securities;
- b) Investments issued by any entity, wherever formed, denominated in any currency, which provide a rate of return (as a dividend, interest, distributions or otherwise) which is fixed or a variable rate of return determined by reference to a fixed or variable interest rate (subject in each case to limitations on the obligation to pay that rate of return under the terms of the investment) until maturity or (in the case of convertible investments) conversion;
- c) Cash or cash equivalents at bank;
- d) Derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts, as appropriate in the management of an International Fixed Interest portfolio;

- e) Units and other prescribed interests in unit trusts or pooled funds that invest predominantly in investments referred to above; and
- f) Investments not covered by the above and approved by the Supervisor.

### *Australasian Equities*

- a) Ordinary equities, preference equities, convertible and converting notes, warrants, options, rights and other securities in corporations which are listed on the New Zealand Exchange (NZX) or on the Australian Securities Exchange (ASX) or which, if not then listed on the NZX or ASX, are (in the reasonable opinion of BTNZ) expected to be listed on the NZX or ASX within one year (or such longer period as BTNZ determines is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- b) Cash or cash equivalents at bank;
- c) Derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts, as appropriate in the management of an Australasian Equities portfolio;
- d) Units and other prescribed interests in unit trusts or other pooled funds that invest predominantly in the investments referred to above, irrespective of whether the trust or fund is listed on the NZX or ASX; and
- e) Investments not covered by the above and approved by the Supervisor.

### *International Equities*

- a) Ordinary equities, preference equities, units in unit trusts, interests in mutual funds, and other securities of an equity nature, whether or not listed on a stock exchange or traded on over-the-counter markets in any country, and rights or securities which are convertible into equities;
- b) Debt securities (including bonds and notes) convertible into or exchangeable for equities;
- c) Derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts as appropriate in the management of an International Equities portfolio;
- d) Cash or cash equivalents at bank;
- e) Units and other prescribed interests in unit trusts or pooled funds that invest predominantly in the investments referred to above; and
- f) Investments not covered by the above and approved by the Supervisor.

### *Listed Property*

- a) Units, ordinary equities, convertible notes, preference equities and other securities in property trusts and property companies whose predominant business is ownership and/or development of property, which are listed on a stock exchange or traded on over-the-counter markets in any country, or are (in the reasonable opinion of BTNZ) expected to be listed on a stock exchange within one year (or such longer period as BTNZ determines is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- b) Cash or cash equivalents at bank;
- c) Derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts, as appropriate in the management of a Listed Property portfolio;

- d) Units and other prescribed interests in unit trusts or other pooled funds that invest predominantly in the investments referred to above; and
- e) Investments not covered by the above and approved by the Supervisor.

### *Commodities*

- (a) Derivatives (either exchange traded or over-the-counter, including but not limited to futures, forward contracts or total return swaps) or exchange-traded products (**ETPs**) that directly track the price of one or more raw materials or primary agricultural products or a specific commodities index;
- (b) Cash or cash equivalents at bank;
- (c) Other derivatives generally (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts, as appropriate in the management of a Commodities portfolio;
- (d) Units and other prescribed interests in unit trusts or pooled funds that invest predominantly in investments referred to above; and
- (e) Investments not covered by the above and approved by the Supervisor.

### *Other*

- a) Alternative investments such as:
  - i. Hedge funds and absolute return funds; and
  - ii. Private securities, which include but are not limited to venture capital;
- b) Cash or cash equivalents at bank;
- c) Derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts, as appropriate in the management of an "Other" assets portfolio;
- d) Units and other prescribed interests in unit trusts or pooled funds that invest predominantly in investments referred to above; and
- e) Investments not covered by the above and approved by the Supervisor

