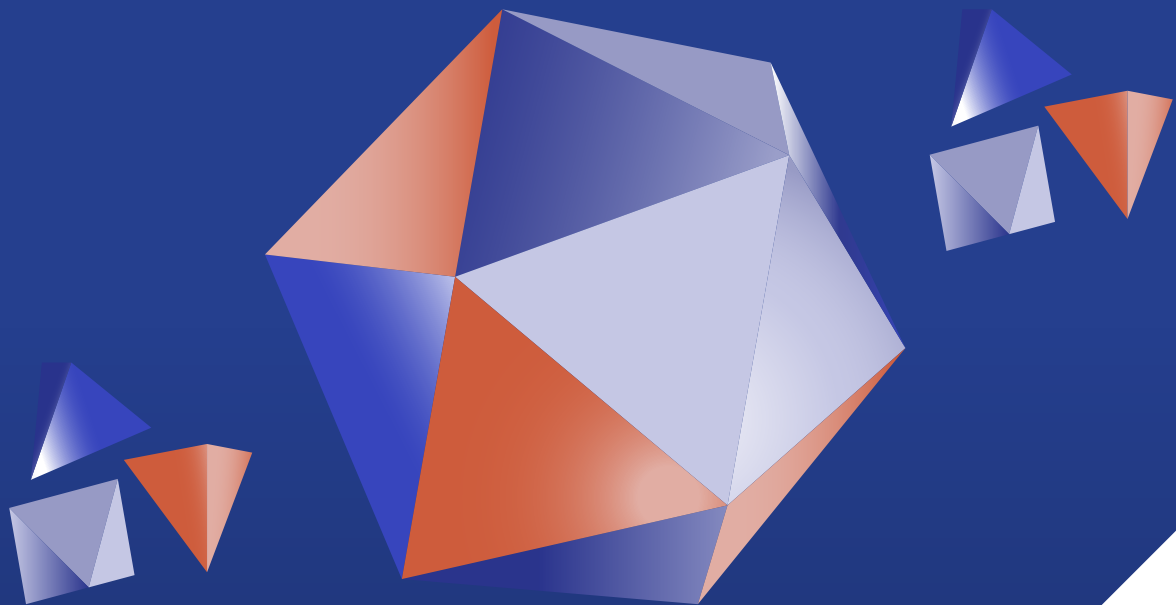


Smart Exchange Traded Funds

# Statement of investment policy and objectives





# Content

1. Description of the Scheme	4
2. Investment philosophy	4
3. Investment objective	4
4. Investment policies	5
5. Investment performance monitoring and reporting	5
6. Investment strategy review	6
7. SIPO review	6
Schedule 1: Smart S&P/NZX 50 ETF	7
Schedule 2: Smart Australian Top 200 ETF	8
Schedule 3: Smart US 500 ETF	9
Schedule 4: Smart US 500 (NZD Hedged) ETF	10
Schedule 5: Smart Total World ETF	11
Schedule 6: Smart Total World (NZD Hedged) ETF	12
Schedule 7: Smart S&P/NZX NZ Government Bond ETF	13
Schedule 8: Smart Global Government Bond ETF	14
Schedule 9: Smart Global Aggregate Bond ETF	15
Schedule 10: Smart NZ Cash ETF	16
Schedule 11: Smart NZ Top 50 ETF	18
Schedule 12: Smart S&P/NZX 20 ETF	19
Schedule 13: Smart NZ Top 10 ETF	20
Schedule 14: Smart NZ Mid Cap ETF	21
Schedule 15: Smart NZ Dividend ETF	22
Schedule 16: Smart Australian Top 20 ETF	23
Schedule 17: Smart Australian Mid Cap ETF	24
Schedule 18: Smart Australian Dividend ETF	25

Schedule 19: Smart Australian Financials ETF	26
Schedule 20: Smart Australian Resources ETF	27
Schedule 21: Smart Australian ESG ETF	28
Schedule 22: Smart NZ Property ETF	29
Schedule 23: Smart Australian Property ETF	30
Schedule 24: Smart NZ Bond ETF	31
Schedule 25: Smart US Large Growth ETF	33
Schedule 26: Smart US Large Value ETF	34
Schedule 27: Smart US Mid Cap ETF	35
Schedule 28: Smart US Small Cap ETF	36
Schedule 29: Smart US ESG ETF	37
Schedule 30: Smart US Technology (NZD Hedged) ETF	38
Schedule 31: Smart Global ESG ETF	39
Schedule 32: Smart Asia Pacific ETF	40
Schedule 33: Smart Japan ESG ETF	41
Schedule 34: Smart Emerging Markets ETF	42
Schedule 35: Smart Emerging Markets ESG ETF	43
Schedule 36: Smart Europe ETF	44
Schedule 37: Smart Europe ESG ETF	45
Schedule 38: Smart Automation and Robotics ETF	46
Schedule 39: Smart Bitcoin ETF	47
Schedule 40: Smart Gold ETF	48
Schedule 41: Smart Global Infrastructure ETF	49
Schedule 42: Smart Healthcare Innovation ETF	50
Schedule 43: Smart Global Property ETF	51
Schedule 44: Smart Global Bond ETF	52



## 1. Description of the Scheme

The Smart Exchange Traded Funds (**Scheme**) is a managed investment scheme managed by Smartshares Limited (**Smart**).

## 2. Investment philosophy

Smart's investment philosophy is based on the following key beliefs:

- Most markets and asset classes are efficient, meaning there is limited opportunity for fund managers to provide above market returns after fees and other expenses.
- Based on academic evidence, asset allocation is the single most important factor in determining long-term investment returns.
- Diversification is the best way to manage the risk that a combination of assets within a portfolio fails to meet its investment objectives.

Smart aims to provide a comprehensive range of funds that can be used by individuals, companies, financial advisers and institutions. Most of these funds are designed to track market indices. These range from traditional market capitalisation weighted indices to customised indices that target or exclude a particular sector, industry or specific securities.

## 3. Investment objective

The Scheme offers access to a range of exchange traded funds (**ETFs**), across the investment asset classes of cash, fixed interest, shares and property. Each of the ETFs is listed on the NZX Main Board.

Each ETF has an investment objective. These are set out in the schedules to this SIPO.

## 4. Investment policies

### Derivatives

A derivative is a financial product with a value that is reliant upon or derived from, an underlying asset or group of assets.

Each ETF has a derivatives policy. These are set out in the schedules to this SIPO.

### 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.

Each ETF that has foreign currency exposure has a hedging policy. These are set out in the schedules to this SIPO.

### Securities lending

Securities lending is typically entered into when a financial institution (**borrower**) does not have sufficient financial products to complete a sale that it has agreed to, and therefore borrows financial products from the ETF to meet its obligations. After completion of the sale, the borrower returns replacement financial products to the ETF, together with an amount equal to any dividends that may have become payable over the loan period and a securities lending fee.

Some of the ETFs undertake securities lending. Each of these ETFs has a securities lending policy. These are set out in the schedules to this SIPO

### Corporate actions

Most Smart ETFs are designed to track market indices and are managed to minimise tracking error. However, Smart may exercise corporate actions (increasing tracking error and exposing the ETFs to more risk that an ETF achieves a return that is lower than the investment objective for the ETF) when doing so is reasonably expected to increase the returns to investors.

Some of the ETFs may exercise corporate actions. Each of these ETFs has a corporate actions policy. These are set out in the schedules to this SIPO.

### Responsible investment

Our Responsible Investment Policy, which sets out our approach to responsible investing, is available at [smartinvest.co.nz/resources/documents](https://smartinvest.co.nz/resources/documents).



## 5. Investment performance monitoring and reporting

The Scheme's investment performance is monitored at the following times:

- every month, Smart prepares investment performance reports and provides them to Smart's Chief Investment Officer;
- every three months, Smart prepares investment performance reports and provides them to Smart's Investment Oversight Committee; and
- every three months, Smart's Investment Oversight Committee reports to Smart's Board. The investment performance reports are also provided to Smart's Board

Investment performance is monitored on a daily basis, and also over one-month, three-month, one-year, three-year and five-year periods.

Absolute performance, performance relative to benchmark indices and performance relative to peer averages is monitored.



## 6. Investment strategy review

Smart's Investment Oversight Committee reviews the Scheme's investment strategy annually, and undertakes 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
- Smart's Board instructs Smart's Investment Oversight Committee to review the Scheme's investment strategy.

Smart's Investment Oversight Committee considers management's recommendations in respect of any proposed changes to the Scheme's investment strategy.

Smart's Investment Oversight Committee reports to Smart's Board as to the outcome of its review, together with any proposed changes to the Scheme's investment strategy.

Smart's Board considers Smart's Investment Oversight Committee's report and may approve any changes to the Scheme's investment strategy.

## 7. SIPO review

Smart's Investment Oversight Committee reviews this SIPO annually, and undertakes an ad hoc review of this SIPO if:

- changes to the law or the Financial Markets Authority's guidance necessitate changes to this SIPO;
- Smart's Board instructs Smart's Investment 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.

Smart's Investment Oversight Committee considers management's recommendations in respect of any proposed changes to this SIPO.

Smart's Investment Oversight Committee reports to Smart's Board as to the outcome of its review, together with any proposed changes to this SIPO.

Smart's Board considers Smart's Investment Oversight Committee's report and may approve any changes to this SIPO.

Changes to the SIPO can only be made following consultation with the supervisor.



# Core Series

## Schedule 1: Smart S&P/NZX 50 ETF

The Smart S&P/NZX 50 ETF is listed on the NZX Main Board with the code NZG.

### Investment objective

The Smart S&P/NZX 50 ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/NZX 50 Gross with Imputation Index.

### Investment strategy

#### Target asset allocation

The Smart S&P/NZX 50 ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart S&P/NZX 50 ETF may invest in the following assets:

- financial products listed on the NZX Main Board that are included (or are reasonably expected to be included) in the S&P/NZX 50 Gross with Imputation Index; and
- cash and cash equivalents.

The S&P/NZX 50 Gross with Imputation Index is made up of 50 of the largest financial products listed on the NZX Main Board.

Further information about the S&P/NZX Gross with Imputation 50 Index is available at [spindices.com/indices/equity/sp-nzx-50-index](https://spindices.com/indices/equity/sp-nzx-50-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart S&P/NZX 50 ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart S&P/NZX 50 ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart S&P/NZX 50 ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart S&P/NZX 50 ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart S&P/NZX 50 ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 2: Smart Australian Top 200 ETF

The Smart Australian Top 200 ETF is listed on the NZX Main Board with the code AUS.

### Investment objective

The Smart Australian Top 200 ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/ASX 200 Total Return Index.

### Investment strategy

#### Target asset allocation

The Smart Australian Top 200 ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart Australian Top 200 ETF may invest in the following assets:

- financial products listed on the ASX that are included (or are reasonably expected to be included) in the S&P/ASX 200 Total Return Index;
- iShares Core S&P/ASX 200 ETF; and
- cash and cash equivalents.

The iShares Core S&P/ASX 200 ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the S&P/ASX 200 Total Return Index.

The S&P/ASX 200 Total Return Index is made up of 200

of the largest financial products listed on the ASX.

Further information about the S&P/ASX 200 Total Return Index is available at [spindices.com/indices/equity/sp-asx-200](https://spindices.com/indices/equity/sp-asx-200).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Australian Top 200 ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Australian Top 200 ETF's foreign currency exposure is not hedged.

#### Securities lending

The Smart Australian Top 200 ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart Australian Top 200 ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Australian Top 200 ETF may exercise corporate actions to participate in offers of securities to existing shareholders



## Schedule 3: Smart US 500 ETF

The Smart US 500 ETF is listed on the NZX Main Board with the code USF.

### Investment objective

The Smart US 500 ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P 500 Index.

### Investment strategy

#### Target asset allocation

The Smart US 500 ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart US 500 ETF may invest in the following assets:

- listed financial products that are included (or are reasonably expected to be included) in the S&P 500 Index;
- any fund in the Smart Exchange Traded Funds or other managed investment scheme managed by Smart;
- any fund managed by a third party; and
- cash and cash equivalents.

The S&P 500 Index is made up of 500 of the largest listed financial products in the United States.

Further information about the S&P 500 Index is available at [spindices.com/indices/equity/sp-500](https://spindices.com/indices/equity/sp-500).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart US 500 ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart US 500 ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart US 500 ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart US 500 ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 4: Smart US 500 (NZD Hedged) ETF

The Smart US 500 (NZD Hedged) ETF is listed on the NZX Main Board with the code USH.

### Investment objective

The Smart US 500 (NZD Hedged) ETF’s investment objective is to track the return (before tax, fees and other expenses) of the S&P 500 Dynamic Hedged NZD Index.

### Investment strategy

#### Target asset allocation

The Smart US 500 (NZD Hedged) ETF’s target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart US 500 (NZD Hedged) ETF may invest in the following assets:

- listed financial products that are included (or are reasonably expected to be included) in the S&P 500 Dynamic Hedged NZD Index;
- any fund in the Smart Exchange Traded Funds or other managed investment scheme managed by Smart;
- any fund managed by a third party; and
- cash and cash equivalents.

The S&P 500 Dynamic Hedged NZD Index is made up of 500 of the largest listed financial products in the United States.

Further information about the S&P 500 Dynamic Hedged NZD Index is available at [spindices.com/indices/equity/sp-500](https://spindices.com/indices/equity/sp-500).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart US 500 (NZD Hedged) ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart US 500 (NZD Hedged) ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart US 500 (NZD Hedged) ETF’s foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% of the ETF’s foreign currency exposure (although the actual hedging level may differ from this because of cash flow and market movements).

#### Securities lending

The Smart US 500 (NZD Hedged) ETF may lend up to 50% of the ETF’s net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart US 500 (NZD Hedged) ETF may borrow up to 10% of the ETF’s net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, securities settlement or pay expenses).

#### Corporate actions

The Smart US 500 (NZD Hedged) ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 5: Smart Total World ETF

The Smart Total World ETF is listed on the NZX Main Board with the code TWF.

### Investment objective

The Smart Total World ETF's investment objective is to track the return (before tax, fees and other expenses) of the FTSE Global All Cap Index.

### Investment strategy

#### Target asset allocation

The Smart Total World ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Total World ETF may invest in the following assets:

- the Vanguard Total World Stock ETF; and
- cash and cash equivalents.

The Vanguard Total World Stock ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the FTSE Global All Cap Index.

The FTSE Global All Cap Index is made up of financial products of large, mid and small cap companies located around the world.

Further information about the FTSE Global All Cap Index is available at [lseg.com/en/ftse-russell](https://www.lseg.com/en/ftse-russell).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Total World ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Total World ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Total World ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Total World ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 6: Smart Total World (NZD Hedged) ETF

The Smart Total World (NZD Hedged) ETF is listed on the NZX Main Board with the code TWH.

### Investment objective

The Smart Total World (NZD Hedged) ETF's investment objective is to track the return (before tax, fees and other expenses) of the FTSE Global All Cap Index (100% NZD Hedged).

### Investment strategy

#### Target asset allocation

The Smart Total World (NZD Hedged) ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Total World (NZD Hedged) ETF may invest in the following assets:

- the Vanguard Total World Stock ETF; and
- cash and cash equivalents.

The Vanguard Total World Stock ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the FTSE Global All Cap Index (100% NZD Hedged).

The FTSE Global All Cap Index (100% NZD Hedged) is made up of financial products of large, mid and small cap companies located around the world.

Further information about the FTSE Global All Cap Index (100% NZD Hedged) is available at [lseg.com/en/ftse-russell](https://www.iseq.com/en/ftse-russell).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Total World (NZD Hedged) ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Total World (NZD Hedged) ETF's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ from this because of cash flow and market movements).

#### Investment restrictions

The Smart Total World (NZD Hedged) ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 7: Smart S&P/NZX NZ Government Bond ETF

The Smart S&P/NZX NZ Government Bond ETF is listed on the NZX Main Board with the code NGB.

### Investment objective

The Smart S&P/NZX NZ Government Bond ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/NZX NZ Government Bond Total Return Index.

### Investment strategy

#### Target asset allocation

The Smart S&P/NZX NZ Government Bond ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
New Zealand fixed interest	100%	90% - 100%

#### Permitted investments

The Smart S&P/NZX NZ Government Bond ETF may invest in the following assets:

- debt securities issued or guaranteed by the New Zealand Government that are included (or are reasonably expected to be included) in the S&P/NZX NZ Government Bond Total Return Index; and
- cash and cash equivalents.

The S&P/NZX NZ Government Bond Total Return Index is made up of sovereign bonds issued by the New Zealand government.

Further information about the S&P/NZX NZ Government Bond Total Return Index is available at [spindices.com/indices/fixed-income/sp-nzx-nz-government-bond-index](https://spindices.com/indices/fixed-income/sp-nzx-nz-government-bond-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart S&P/NZX NZ Government Bond ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart S&P/NZX NZ Government Bond ETF may not use derivatives to lever the ETF.

#### Investment restrictions

The Smart S&P/NZX NZ Government Bond ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).



## Schedule 8: Smart Global Government Bond ETF

The Smart Global Government Bond ETF is listed on the NZX Main Board with the code GGB.

### Investment objective

The Smart Global Government Bond ETF's investment objective is to provide returns (before tax, fees and other expenses) consistent with the Bloomberg Global Aggregate Treasuries (Scaled) Total Return Index (100% NZD Hedged) (**Index**).

The Smart Global Government Bond ETF's external investment manager is BlackRock Investment Management (Australia) Limited (**BlackRock**).

### Investment strategy

#### Target asset allocation

The Smart Global Government Bond ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International fixed interest	100%	90% - 100%

#### Permitted investments

The Smart Global Government Bond ETF may invest in the following assets:

- debt securities issued or guaranteed by overseas or New Zealand governments that are included (or are reasonably expected to be included within three months) in the Index;
- global government bonds that were included in the Index at the time of investment, but are subsequently removed from the Index due to their time to maturity becoming less than one year;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

If a security has not been included in the Index within three months, or a position ceases to form part of the Index, BlackRock will make all

reasonable efforts for such security to be sold within the following 30 days. However, such security may continue to be held for up to three months if it is in the best interests of investors to delay divestment.

The Index is based on the Bloomberg Global Aggregate Treasuries Total Return Index, with a scaled down exposure to Chinese-denominated securities from approximately 8.5% to 0.5% (this amount may fluctuate due to market movements and aggregate debt issued by the sovereign). The market index is representative of a developed market exposure, with a minimal emerging markets exposure.

Further information is available at [doc.smartinvest.co.nz/misc/Bloomberg-Global-Aggregate-Treasuries-Scaled-Total-Return-Index.pdf](https://www.doc.smartinvest.co.nz/misc/Bloomberg-Global-Aggregate-Treasuries-Scaled-Total-Return-Index.pdf).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Global Government Bond ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Global Government Bond ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Global Government Bond ETF's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ from this because of cash flow and market movements).

#### Investment restrictions

The Smart Global Government Bond ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 9: Smart Global Aggregate Bond ETF

The Smart Global Aggregate Bond ETF is listed on the NZX Main Board with the code AGG.

### Investment objective

The Smart Global Aggregate Bond ETF's investment objective is to track the return (before tax, fees and other expenses) of the Bloomberg Global Aggregate Total Return Index Hedged NZD.

### Investment strategy

#### Target asset allocation

The Smart Global Aggregate Bond ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International fixed interest	100%	90% - 100%

#### Permitted investments

The Smart Global Aggregate Bond ETF may invest in the following assets:

- the iShares Core Global Aggregate Bond UCITS ETF NZD Hedged (Acc); and
- cash and cash equivalents.

The iShares Core Global Aggregate Bond UCITS ETF NZD Hedged (Acc) employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the Bloomberg Global Aggregate Total Return Index Hedged NZD.

The Bloomberg Global Aggregate Total Return Index Hedged NZD is made up of global investment grade bonds.

Further information about the Bloomberg Global Aggregate Total Return Index Hedged NZD is available at [bloomberg.com/professional/product/indices](https://www.bloomberg.com/professional/product/indices).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Global Aggregate Bond ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Global Aggregate Bond ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Global Aggregate Bond ETF invests in the iShares Core Global Aggregate Bond UCITS ETF NZD Hedged (Acc), which hedges foreign currency exposure to the New Zealand dollar.

#### Investment restrictions

The Smart Global Aggregate Bond ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 10: Smart NZ Cash ETF

The Smart NZ Cash ETF is listed on the NZX Main Board with the code NZC.

### Investment objective

The Smart NZ Cash ETF's investment objective is to provide a return (before tax, fees and other expenses) that outperforms the S&P/NZX Bank Bills 90-Day Total Return Index over rolling one-year periods.

The S&P/NZX Bank Bills 90-Day Total Return Index is made up of a portfolio of bank bills with a maturity of 31 days to 90 days.

Further information about the S&P/NZX Bank Bills 90-Day Total Return Index is available at [spindices.com/indices/fixed-income/sp-nzx-bank-bills-90-day-index](https://spindices.com/indices/fixed-income/sp-nzx-bank-bills-90-day-index).

### Investment strategy

#### Asset allocation

The Smart NZ Cash ETF is 100% invested in cash and cash equivalents.

#### Permitted investments

The Smart NZ Cash ETF may invest in the following assets:

- debt securities issued or guaranteed by:
  - the New Zealand Government;
  - any New Zealand registered bank;
  - any New Zealand local authority or the Local Government Funding Authority; and
  - any corporations incorporated, constituted or registered in either New Zealand or overseas that meet the minimum credit rating criteria (including any New Zealand state-owned enterprise);
- debt securities issued or guaranteed by overseas Governments and supranationals; and
- cash and cash equivalents.

The Smart NZ Cash ETF may invest in funds that primarily invest in the assets set out above.

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

The Smart NZ Cash ETF may also invest in other assets (which are not explicitly set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the ETF and will contribute to the performance objectives of the ETF.

#### Derivatives

The Smart NZ Cash ETF may use derivatives (such as futures, forwards, options and swaps). The Smart NZ Cash ETF may not use derivatives to lever the ETF.

#### Investment restrictions

The maximum exposure to any one issuer (with the exception of the New Zealand Government) is 25%.

The minimum issuer long-term credit rating is BBB- issued by Standard & Poor's Financial Services LLC (**Standard & Poor's**) and the minimum issuer short-term credit rating is A-3 issued by Standard & Poor's, or their equivalent issued by Moody's Investor Services (**Moody's**) or Fitch Ratings (**Fitch**).

The minimum over-the-counter derivative counterparty rating is A- issued by Standard & Poor's, or its equivalent issued by Moody's or Fitch.

If an issuer or counterparty has multiple credit ratings, Smart will use the highest credit rating of Standard & Poor's, Moody's or Fitch. If an issuer or counterparty is not rated by any of these rating agencies, Smart will decide a credit rating. If an issuer or counterparty is downgraded below the minimums set out above, Smart will decide the appropriate action.

The Smart NZ Cash ETF's investments are subject to the following sector limits:

Sector	Range
New Zealand Government	0% - 100%
New Zealand banks	0% - 80%
Local Government	0% - 50%
Corporates	0% - 80%
Overseas Governments and supranationals	0% - 20%

The maximum maturity date of each security (other than floating rate notes) is 365 days.

The maximum exposure to floating rate notes is 35% and the maximum maturity date of individual floating rate notes is three years.

Where the Smart NZ Cash ETF invests in a fund, for the purposes of these investment restrictions, Smart will (where information in respect of the fund's underlying investments is available) aggregate the ETF's interests in the fund's underlying investments with the ETF's own investments.

All investments must be New Zealand dollar denominated.

The Smart NZ Cash ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

The Smart NZ Cash ETF may not invest in subordinated debt securities.

# Australasia Series

## Schedule 11: Smart NZ Top 50 ETF

The Smart NZ Top 50 ETF is listed on the NZX Main Board with the code FNZ.

### Investment objective

The Smart NZ Top 50 ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/NZX 50 Portfolio Index.

### Investment strategy

#### Target asset allocation

The Smart NZ Top 50 ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart NZ Top 50 ETF may invest in the following assets:

- financial products listed on the NZX Main Board that are included (or are reasonably expected to be included) in the S&P/NZX 50 Portfolio Index; and
- cash and cash equivalents.

The S&P/NZX 50 Portfolio Index is made up of 50 of the largest financial products listed on the NZX Main Board. The S&P/NZX 50 Portfolio Index is made up of the same financial products as the S&P/NZX 50 Index, but with a 5% cap on the weight of each product.

Further information about the S&P/NZX 50 Portfolio Index is available at [spindices.com/indices/equity/sp-nzx-50-portfolio-index](https://spindices.com/indices/equity/sp-nzx-50-portfolio-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart NZ Top 50 ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart NZ Top 50 ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart NZ Top 50 ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart NZ Top 50 ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart NZ Top 50 ETF may exercise corporate actions to participate in offers of securities to existing shareholders.



## Schedule 12: Smart S&P/NZX 20 ETF

The Smart S&P/NZX 20 ETF is listed on the NZX Main Board with the code NZT.

### Investment objective

The Smart S&P/NZX 20 ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/NZX 20 Gross with Imputation Index.

### Investment strategy

#### Target asset allocation

The Smart S&P/NZX 20 ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart S&P/NZX 20 ETF may invest in the following assets:

- financial products listed on the NZX Main Board that are included (or are reasonably expected to be included) in the S&P/NZX 20 Gross with Imputation Index;
- any other managed investment scheme managed by Smart;
- any fund managed by a third party; and
- cash and cash equivalents.

The S&P/NZX 20 Gross with Imputation Index is made up of 20 of the largest financial products listed on the NZX Main Board.

Further information about the S&P/NZX 20 Gross with Imputation Index is available at [spglobal.com/spdji/en/indices/equity/sp-nzx-20-index](https://spglobal.com/spdji/en/indices/equity/sp-nzx-20-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart S&P/NZX 20 ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart S&P/NZX 20 ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart S&P/NZX 20 ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart S&P/NZX 20 ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart S&P/NZX 20 ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 13: Smart NZ Top 10 ETF

The Smart NZ Top 10 ETF is listed on the NZX Main Board with the code TNZ.

### Investment objective

The Smart NZ Top 10 ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/NZX 10 Index.

### Investment strategy

#### Target asset allocation

The Smart NZ Top 10 ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart NZ Top 10 ETF may invest in the following assets:

- financial products listed on the NZX Main Board that are included (or are reasonably expected to be included) in the S&P/NZX 10 Index; and
- cash and cash equivalents.

The S&P/NZX 10 Index is made up of ten of the largest financial products listed on the NZX Main Board, but excludes products issued by non-New Zealand issuers.

Further information about the S&P/NZX 10 Index is available at [spindices.com/indices/equity/sp-nzx-10-index](https://spindices.com/indices/equity/sp-nzx-10-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart NZ Top 10 ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart NZ Top 10 ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart NZ Top 10 ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart NZ Top 10 ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart NZ Top 10 ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 14: Smart NZ Mid Cap ETF

The Smart NZ Mid Cap ETF is listed on the NZX Main Board with the code MDZ.

### Investment objective

The Smart NZ Mid Cap ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/NZX MidCap Index.

### Investment strategy

#### Target asset allocation

The Smart NZ Mid Cap ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart NZ Mid Cap ETF may invest in the following assets:

- financial products listed on the NZX Main Board that are included (or are reasonably expected to be included) in the S&P/NZX MidCap Index; and
- cash and cash equivalents.

The S&P/NZX MidCap Index is made up of financial products listed on the NZX Main Board and included in the S&P/NZX 50 Index, but excludes products included in the S&P/NZX 10 Index and products issued by non-New Zealand issuers.

Further information about the S&P/NZX MidCap Index is available at [spindices.com/indices/equity/sp-nzx-midcap-index](https://spindices.com/indices/equity/sp-nzx-midcap-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart NZ Mid Cap ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart NZ Mid Cap ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart NZ Mid Cap ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart NZ Mid Cap ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart NZ Mid Cap ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 15: Smart NZ Dividend ETF

The Smart NZ Dividend ETF is listed on the NZX Main Board with the code DIV.

### Investment objective

The Smart NZ Dividend ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/NZX 50 High Dividend Index.

### Investment strategy

#### Target asset allocation

The Smart NZ Dividend ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart NZ Dividend ETF may invest in the following assets:

- financial products listed on the NZX Main Board that are included (or are reasonably expected to be included) in the S&P/NZX 50 High Dividend Index; and
- cash and cash equivalents.

The S&P/NZX 50 High Dividend Index is made up of 25 high yielding financial products listed on the NZX Main Board and included in the S&P/NZX 50 Index.

Further information about the S&P/NZX 50 High Dividend Index is available at [spglobal.com/spdji/en/indices/dividends-factors/sp-nzx-50-high-dividend-index](https://spglobal.com/spdji/en/indices/dividends-factors/sp-nzx-50-high-dividend-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart NZ Dividend ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart NZ Dividend ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart NZ Dividend ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart NZ Dividend ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart NZ Dividend ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 16: Smart Australian Top 20 ETF

The Smart Australian Top 20 ETF is listed on the NZX Main Board with the code OZY.

### Investment objective

The Smart Australian Top 20 ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/ASX 20 Index.

### Investment strategy

#### Target asset allocation

The Smart Australian Top 20 ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart Australian Top 20 ETF may invest in the following assets:

- financial products listed on the ASX that are included (or are reasonably expected to be included) in the S&P/ASX 20 Index; and
- cash and cash equivalents.

The S&P/ASX 20 Index is made up of 20 of the largest financial products listed on the ASX.

Further information about the S&P/ASX 20 Index is available at [spindices.com/indices/equity/sp-asx-20](http://spindices.com/indices/equity/sp-asx-20).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Australian Top 20 ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Australian Top 20 ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Australian Top 20 ETF's foreign currency exposure is not hedged.

#### Securities lending

The Smart Australian Top 20 ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart Australian Top 20 ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Australian Top 20 ETF may exercise corporate actions to participate in offers of securities to existing shareholders.



## Schedule 17: Smart Australian Mid Cap ETF

The Smart Australian Mid Cap ETF is listed on the NZX Main Board with the code MZY.

### Investment objective

The Smart Australian Mid Cap ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/ASX MidCap 50 Index.

### Investment strategy

#### Target asset allocation

The Smart Australian Mid Cap ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart Australian Mid Cap ETF may invest in the following assets:

- financial products listed on the ASX that are included (or are reasonably expected to be included) in the S&P/ASX MidCap 50 Index; and
- cash and cash equivalents.

The S&P/ASX MidCap 50 Index is made up of financial products listed on the ASX and included in the S&P/ASX 100 Index, but excludes products included in the S&P/ASX 50 Index.

Further information about the S&P/ASX MidCap 50 Index is available at [spindices.com/indices/equity/sp-asx-midcap-50](https://spindices.com/indices/equity/sp-asx-midcap-50).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Australian Mid Cap ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Australian Mid Cap ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Australian Mid Cap ETF's foreign currency exposure is not hedged.

#### Securities lending

The Smart Australian Mid Cap ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart Australian Mid Cap ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Australian Mid Cap ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 18: Smart Australian Dividend ETF

The Smart Australian Dividend ETF is listed on the NZX Main Board with the code ASD.

### Investment objective

The Smart Australian Dividend ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/ASX Dividend Opportunities Index.

### Investment strategy

#### Target asset allocation

The Smart Australian Dividend ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart Australian Dividend ETF may invest in the following assets:

- financial products listed on the ASX that are included (or are reasonably expected to be included) in the S&P/ASX Dividend Opportunities Index; and
- cash and cash equivalents.

The S&P/ASX Dividend Opportunities Index is made up of 50 high yielding financial products listed on the ASX and included in the S&P/ASX 300 Index.

Further information about the S&P/ASX Dividend Opportunities Index is available at [spglobal.com/spdji/en/indices/dividends-factors/sp-asx-dividend-opportunities-index](https://spglobal.com/spdji/en/indices/dividends-factors/sp-asx-dividend-opportunities-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Australian Dividend ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Australian Dividend ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Australian Dividend ETF's foreign currency exposure is not hedged.

#### Securities lending

The Smart Australian Dividend ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart Australian Dividend ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Australian Dividend ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 19: Smart Australian Financials ETF

The Smart Australian Financials ETF is listed on the NZX Main Board with the code ASF.

### Investment objective

The Smart Australian Financials ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/ASX 200 Financials Ex-A-REIT Index.

### Investment strategy

#### Target asset allocation

The Smart Australian Financials ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart Australian Financials ETF may invest in the following assets:

- financial products listed on the ASX that are included (or are reasonably expected to be included) in the S&P/ASX 200 Financials Ex-A-REIT Index; and
- cash and cash equivalents.

The S&P/ASX 200 Financials Ex-A-REIT Index is a sector sub-index of the S&P/ASX 200 Index and is made up of financial sector financial products, but excludes Australian Real Estate Investments Trusts (A-REITs).

An Australian Real Estate Investments Trust is an entity that owns, and generally operates, income producing real estate.

Further information about the S&P/ASX 200 Financials Ex-A-REIT Index is available at [spglobal.com/spdji/en/indices/equity/sp-asx-200-financials-ex-a-reit](https://spglobal.com/spdji/en/indices/equity/sp-asx-200-financials-ex-a-reit).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Australian Financials ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Australian Financials ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Australian Financials ETF's foreign currency exposure is not hedged.

#### Securities lending

The Smart Australian Financials ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart Australian Financials ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Australian Financials ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 20: Smart Australian Resources ETF

The Smart Australian Resources ETF is listed on the NZX Main Board with the code ASR.

### Investment objective

The Smart Australian Resources ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/ASX 200 Resources Index.

### Investment strategy

#### Target asset allocation

The Smart Australian Resources ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart Australian Resources ETF may invest in the following assets:

- financial products listed on the ASX that are included (or are reasonably expected to be included) in the S&P/ASX 200 Resources Index; and
- cash and cash equivalents.

The S&P/ASX 200 Resources Index is made up of companies from the S&P/ASX 200 index where the company is classified as belonging to the energy sector or the metals and mining industry.

Further information about the S&P/ASX 200 Resources Index is available at [spindices.com/indices/equity/sp-asx-200-resources](http://spindices.com/indices/equity/sp-asx-200-resources).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Australian Resources ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Australian Resources ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Australian Resources ETF's foreign currency exposure is not hedged.

#### Securities lending

The Smart Australian Resources ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart Australian Resources ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Australian Resources ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 21: Smart Australian ESG ETF

The Smart Australian ESG ETF is listed on the NZX Main Board with the code AUE.

### Investment objective

The Smart Australian ESG ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/ASX 200 Fossil Fuel Screened Total Return Index.

### Investment strategy

#### Target asset allocation

The Smart Australian ESG ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Australasian equities	100%	90% - 100%

#### Permitted investments

The Smart Australian ESG ETF may invest in the following assets:

- financial products listed on the ASX that are included (or are reasonably expected to be included) in the S&P/ASX 200 Fossil Fuel Screened Total Return Index; and
- cash and cash equivalents.

The S&P/ASX 200 Fossil Fuel Screened Total Return Index is made up of Australian companies screened for exposure to Controversial Weapons, Civilian Firearms, Tobacco, Thermal Coal and Oil Sands. In addition to the above, the index excludes companies that fail to comply with the United Nations Global Compact Principles. For more information, please see Smart's Responsible Investment Policy at [smartinvest.co.nz/resources/documents](https://smartinvest.co.nz/resources/documents).

Further information about the S&P/ASX 200 Fossil Fuel Screened Total Return Index is available at [spglobal.com/spdji/en/indices/esg/sp-asx-200-fossil-fuel-screened-index](https://spglobal.com/spdji/en/indices/esg/sp-asx-200-fossil-fuel-screened-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Australian ESG ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Australian ESG ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart Australian ESG ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Hedging

The Smart Australian ESG ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Australian ESG ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Australian ESG ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 22: Smart NZ Property ETF

The Smart NZ Property ETF is listed on the NZX Main Board with the code NPF.

### Investment objective

The Smart NZ Property ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/NZX Real Estate Select Index.

### Investment strategy

#### Target asset allocation

The Smart NZ Property ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Listed property	100%	90% - 100%

#### Permitted investments

The Smart NZ Property ETF may invest in the following assets:

- financial products listed on the NZX Main Board that are included (or are reasonably expected to be included) in the S&P/NZX Real Estate Select Index; and
- cash and cash equivalents.

The S&P/NZX Real Estate Select Index is made up of the largest and most liquid members of the S&P/NZX All Index classified under the GICS Real Estate Industry Group, but excludes products issued by non-New Zealand issuers.

Further information about the S&P/NZX Real Estate Select Index is available at [spindices.com/indices/equity/sp-nzx-real-estate-select](https://spindices.com/indices/equity/sp-nzx-real-estate-select).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart NZ Property ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart NZ Property ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart NZ Property ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart NZ Property ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart NZ Property ETF may exercise corporate actions to participate in offers of securities to existing shareholders.



## Schedule 23: Smart Australian Property ETF

The Smart Australian Property ETF is listed on the NZX Main Board with the code ASP.

### Investment objective

The Smart Australian Property ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P/ASX 200 A-REIT Equal Weight Index.

### Investment strategy

#### Target asset allocation

The Smart Australian Property ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Listed property	100%	90% - 100%

#### Permitted investments

The Smart Australian Property ETF may invest in the following assets:

- financial products listed on the ASX that are included (or are reasonably expected to be included) in the S&P/ASX 200 A-REIT Equal Weight Index; and
- cash and cash equivalents.

The S&P/ASX 200 A-REIT Equal Weight Index is a sector sub-index of the S&P/ASX 200 Index and is made up of Australian Real Estate Investment Trusts (A-REITs).

Further information about the S&P/ASX 200 A-REIT Equal Weight Index is available at [spindices.com/indices/equity/sp-asx-200-a-reit-equal-weight](https://spindices.com/indices/equity/sp-asx-200-a-reit-equal-weight).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Australian Property ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Australian Property ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Australian Property ETF's foreign currency exposure is not hedged.

#### Securities lending

The Smart Australian Property ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart Australian Property ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Australian Property ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 24: Smart NZ Bond ETF

The Smart NZ Bond ETF is listed on the NZX Main Board with the code NZB.

### Investment objective

The Smart NZ Bond ETF's investment objective is to provide a return (before tax, fees and other expenses) that outperforms the S&P/NZX A-Grade Corporate Bond Total Return Index over rolling three-year periods.

The S&P/NZX A-Grade Corporate Bond Total Return Index is made up of non-New Zealand Government bonds with credit ratings of A- or above issued by New Zealand entities (New Zealand dollar denominated).

Further information about the S&P/NZX A-Grade Corporate Bond Total Return Index is available at [spindices.com/indices/fixed-income/sp-nzx-a-grade-corporate-bond-index](https://spindices.com/indices/fixed-income/sp-nzx-a-grade-corporate-bond-index).

### Investment strategy

#### Target asset allocation

The Smart NZ Bond ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 100%
New Zealand fixed interest	100%	0% - 100%

The Smart NZ Bond ETF's actual asset allocation can be anywhere within the asset allocation ranges and Smart is not required to rebalance the ETF so that its actual asset allocation is consistent with its target asset allocation.

#### Permitted investments

The Smart NZ Bond ETF may invest in the following assets:

- debt securities issued or guaranteed by New Zealand or overseas entities (New Zealand dollar denominated); and
- cash and cash equivalents issued or guaranteed by New Zealand or overseas entities (New Zealand dollar denominated).

The Smart NZ Bond ETF may invest in funds that primarily invest in the assets set out above.

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart NZ Bond ETF may use derivatives (such as futures, forwards, options and swaps). The Smart NZ Bond ETF may not use derivatives to lever the ETF.

#### Investment restrictions

The Smart NZ Bond ETF's investments are subject to the following credit rating limits issued by Standard & Poor's, or their equivalent issued by Moody's or Fitch:

Credit rating	Maximum fund exposure	Maximum exposure per issuer
AAA	100%	12.5%
AA- to AA+	100%	10%
A- to A+	80%	7.5%
BBB- to BBB+	60%	5%

Notwithstanding the credit rating limits set out above, the maximum exposure to the New Zealand Government is 100% and the New Zealand Local Government Funding Authority is 50%.

The minimum issuer long-term credit rating is BBB- issued by Standard & Poor's and the minimum issuer short-term credit rating is A-3 issued by Standard & Poor's, or their equivalent issued by Moody's or Fitch.

The minimum over-the-counter derivative counterparty rating is A- issued by Standard & Poor's, or its equivalent issued by Moody's or Fitch.

If an issuer or counterparty has multiple credit ratings, Smart will use the highest credit rating of Standard & Poor's, Moody's or Fitch. If an issuer or counterparty is not rated by any of these rating agencies, Smart will decide a credit rating. If an issuer or counterparty is downgraded below the minimums set out above, Smart will decide the appropriate action.

The Smart NZ Bond ETF's investments are subject to the following sector limits:

Sector	Range
<b>New Zealand Government</b>	0% - 100%
<b>New Zealand banks</b>	0% - 70%
<b>Local Government</b>	0% - 50%
<b>Corporates</b>	0% - 50%
<b>Overseas Governments and supranationals</b>	0% - 30%

The average duration of the portfolio of financial products held by the Smart NZ Bond ETF must be within +/- 1.5 years of the average duration of financial products comprising the S&P/NZX A-Grade Corporate Bond Total Return Index.

Where the Smart NZ Bond ETF invests in a fund, for the purposes of these investment restrictions, Smart will (where information in respect of the fund's underlying investments is available) aggregate the ETF's interests in the fund's underlying investments with the ETF's own investments.

All investments must be New Zealand dollar denominated.

The Smart NZ Bond ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

# Global Series



## Schedule 25: Smart US Large Growth ETF

The Smart US Large Growth ETF is listed on the NZX Main Board with the code USG.

### Investment objective

The Smart US Large Growth ETF's investment objective is to track the return (before tax, fees and other expenses) of the CRSP US Large Cap Growth Index.

### Investment strategy

#### Target asset allocation

The Smart US Large Growth ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart US Large Growth ETF may invest in the following assets:

- the Vanguard Growth ETF; and
- cash and cash equivalents.

The Vanguard Growth ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the CRSP US Large Cap Growth Index.

The CRSP US Large Cap Growth Index is made up of growth financial products of large US companies.

Further information about the CRSP US Large Cap Growth Index is available at [crsp.org/indexes/crsp-us-large-cap-growth-index](https://crsp.org/indexes/crsp-us-large-cap-growth-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart US Large Growth ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart US Large Growth ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart US Large Growth ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart US Large Growth ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 26: Smart US Large Value ETF

The Smart US Large Value ETF is listed on the NZX Main Board with the code USV.

### Investment objective

The Smart US Large Value ETF's investment objective is to track the return (before tax, fees and other expenses) of the CRSP US Large Cap Value Index.

### Investment strategy

#### Target asset allocation

The Smart US Large Value ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart US Large Value ETF may invest in the following assets:

- the Vanguard Value ETF; and
- cash and cash equivalents.

The Vanguard Value ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the CRSP US Large Cap Value Index.

The CRSP US Large Cap Value Index is made up of value financial products of large US companies.

Further information about the CRSP US Large Cap Value Index is available at [crsp.org/indexes/crsp-us-large-cap-value-index](https://www.crsp.org/indexes/crsp-us-large-cap-value-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart US Large Value ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart US Large Value ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart US Large Value ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart US Large Value ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 27: Smart US Mid Cap ETF

The Smart US Mid Cap ETF is listed on the NZX Main Board with the code USM.

### Investment objective

The Smart US Mid Cap ETF's investment objective is to track the return (before tax, fees and other expenses) of the CRSP US Mid Cap Index.

### Investment strategy

#### Target asset allocation

The Smart US Mid Cap ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart US Mid Cap ETF may invest in the following assets:

- the Vanguard Mid Cap ETF; and
- cash and cash equivalents.

The Vanguard Mid Cap ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the CRSP US Mid Cap Index.

The CRSP US Mid Cap Index is made up of midsize US companies.

Further information about the CRSP US Mid Cap Index is available at [crsp.org/indexes/crsp-us-mid-cap-index](https://www.crsp.org/indexes/crsp-us-mid-cap-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart US Mid Cap ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart US Mid Cap ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart US Mid Cap ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart US Mid Cap ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).



## Schedule 28: Smart US Small Cap ETF

The Smart US Small Cap ETF is listed on the NZX Main Board with the code USS.

### Investment objective

The Smart US Small Cap ETF's investment objective is to track the return (before tax, fees and other expenses) of the CRSP US Small Cap Index.

### Investment strategy

#### Target asset allocation

The Smart US Small Cap ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart US Small Cap ETF may invest in the following assets:

- the Vanguard Small Cap ETF; and
- cash and cash equivalents.

The Vanguard Small Cap ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the CRSP US Small Cap Index.

The CRSP US Small Cap Index is made up of small US companies.

Further information about the CRSP US Small Cap Index is available at [crsp.org/indexes/crsp-us-small-cap-index](https://www.crsp.org/indexes/crsp-us-small-cap-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart US Small Cap ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart US Small Cap ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart US Small Cap ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart US Small Cap ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 29: Smart US ESG ETF

The Smart US ESG ETF is listed on the NZX Main Board with the code USA.

### Investment objective

The Smart US ESG ETF's investment objective is to track the return (before tax, fees and other expenses) of the MSCI USA ESG Screened Index.

### Investment strategy

#### Target asset allocation

The Smart US ESG ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart US ESG ETF may invest in the following assets:

- the iShares MSCI USA ESG Screened UCITS ETF USD (Acc); and
- cash and cash equivalents.

The iShares MSCI USA ESG Screened UCITS ETF USD (Acc) employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the MSCI USA ESG Screened Index.

The MSCI USA ESG Screened Index is made up of US companies screened for exposure to Controversial Weapons, Nuclear Weapons, Civilian Firearms, Tobacco, Thermal Coal and Oil Sands. In addition to the above, the index excludes companies that fail to comply with the United Nations Global Compact Principles.

Further information about the MSCI USA ESG Screened Index is available at [msci.com/esg-screened-indexes](https://www.msci.com/esg-screened-indexes).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart US ESG ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart US ESG ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart US ESG ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart US ESG ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 30: Smart US Technology (NZD Hedged) ETF

The Smart US Technology (NZD Hedged) ETF is listed on the NZX Main Board with the code UST.

### Investment objective

The Smart US Technology (NZD Hedged) ETF's investment objective is to track the return (before tax, fees and other expenses) of the S&P 500 Capped 35/20 Information Technology Index (100% NZD Hedged).

### Investment strategy

#### Target asset allocation

The Smart US Technology (NZD Hedged) ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart US Technology (NZD Hedged) ETF may invest in the following assets:

- the iShares S&P 500 Information Technology Sector UCITS ETF;
- financial products that are included (or are reasonably expected to be included) in the S&P 500 Capped 35/20 Information Technology Index;
- any other managed investment scheme managed by Smart;
- any fund managed by a third party; and
- cash and cash equivalents.

The S&P 500 Capped 35/20 Information Technology Index comprises S&P 500 constituents in the information technology sector and uses capping to ensure diversification within the index.

Further information is available at [spglobal.com/spdji/en/indices/equity/sp-500-capped-35-20-information-technology-index](https://spglobal.com/spdji/en/indices/equity/sp-500-capped-35-20-information-technology-index).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart US Technology (NZD Hedged) ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart US Technology (NZD Hedged) ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart US Technology (NZD Hedged) ETF's foreign currency exposure is hedged to the New Zealand Dollar. The target hedging level is 100% (although the actual hedging level may differ from this because of cash flow and market movements).

#### Investment restrictions

The Smart US Technology (NZD Hedged) ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 31: Smart Global ESG ETF

The Smart Global ESG ETF is listed on the NZX Main Board with the code ESG.

### Investment objective

The Smart Global ESG ETF's investment objective is to track the return (before tax, fees and other expenses) of the MSCI World Ex Australia Custom ESG Leaders Net Total Return Index.

### Investment strategy

#### Target asset allocation

The Smart Global ESG ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Global ESG ETF may invest in the following assets:

- financial products that are included (or are reasonably expected to be included) in the MSCI World Ex Australia Custom ESG Leaders Net Total Return Index;
- the iShares Core MSCI World ex Australia ESG Leaders ETF; and
- cash and cash equivalents.

The iShares Core MSCI World ex Australia ESG Leaders ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the MSCI World Ex Australia Custom ESG Leaders Net Total Return Index.

The MSCI World Ex Australia Custom ESG Leaders Net Total Return Index is a capitalisation weighted index that provides exposure to companies with high environmental, social and governance (ESG) performance relative to their sector peers and consists of large and mid cap companies in 22 developed markets countries.

Further information about the MSCI World Ex Australia Custom ESG Leaders Net Total Return Index is available at [msci.com/msci-esg-leaders-indexes](https://www.msci.com/msci-esg-leaders-indexes).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Global ESG ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Global ESG ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart Global ESG ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Hedging

The Smart Global ESG ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Global ESG ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Global ESG ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 32: Smart Asia Pacific ETF

The Smart Asia Pacific ETF is listed on the NZX Main Board with the code APA.

### Investment objective

The Smart Asia Pacific ETF's investment objective is to track the return (before tax, fees and other expenses) of the FTSE Developed Asia Pacific All Cap Index.

### Investment strategy

#### Target asset allocation

The Smart Asia Pacific ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Asia Pacific ETF may invest in the following assets:

- the Vanguard FTSE Pacific ETF; and
- cash and cash equivalents.

The Vanguard FTSE Pacific ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the FTSE Developed Asia Pacific All Cap Index.

The FTSE Developed Asia Pacific All Cap Index is made up of financial products of large, mid and small cap companies located in Japan, Australia, South Korea, Hong Kong, Singapore and New Zealand.

Further information about the FTSE Developed Asia Pacific All Cap Index is available at [lseg.com/en/ftse-russell](https://www.iseq.com/en/ftse-russell).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Asia Pacific ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Asia Pacific ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Asia Pacific ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Asia Pacific ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 33: Smart Japan ESG ETF

The Smart Japan ESG ETF is listed on the NZX Main Board with the code JPN.

### Investment objective

The Smart Japan ESG ETF's investment objective is to track the return (before tax, fees and other expenses) of the MSCI Japan ESG Screened Index.

### Investment strategy

#### Target asset allocation

The Smart Japan ESG ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Japan ESG ETF may invest in the following assets:

- the iShares MSCI Japan ESG Screened UCITS ETF USD (Acc); and
- cash and cash equivalents.

The iShares MSCI Japan ESG Screened UCITS ETF USD (Acc) employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the MSCI Japan ESG Screened Index.

The MSCI Japan ESG Screened Index is made up of Japanese companies screened for exposure to Controversial Weapons, Nuclear Weapons, Civilian Firearms, Tobacco, Thermal Coal and Oil Sands. In addition to the above, the index excludes companies that fail to comply with the United Nations Global Compact Principles.

Further information about the MSCI Japan ESG Screened Index is available at [msci.com/esg-screened-indexes](https://www.msci.com/esg-screened-indexes).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Japan ESG ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Japan ESG ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Japan ESG ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Japan ESG ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).



## Schedule 34: Smart Emerging Markets ETF

The Smart Emerging Markets ETF is listed on the NZX Main Board with the code EMF.

### Investment objective

The Smart Emerging Markets ETF's investment objective is to track the return (before tax, fees and other expenses) of the FTSE Emerging Markets All Cap China A Inclusion Index.

### Investment strategy

#### Target asset allocation

The Smart Emerging Markets ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Emerging Markets ETF may invest in the following assets:

- the Vanguard FTSE Emerging Markets ETF; and
- cash and cash equivalents.

The Vanguard FTSE Emerging Markets ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the FTSE Emerging Markets All Cap China A Inclusion Index.

The FTSE Emerging Markets All Cap China A Inclusion Index is made up of financial products of large, mid and small cap companies located in emerging markets around the world.

Further information about the FTSE Emerging Markets All Cap China A Inclusion Index is available at [lseg.com/en/ftse-russell](https://www.ftse.com/en/ftse-russell).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Emerging Markets ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Emerging Markets ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Emerging Markets ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Emerging Markets ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 35: Smart Emerging Markets ESG ETF

The Smart Emerging Markets ESG ETF is listed on the NZX Main Board with the code EMG.

### Investment objective

The Smart Emerging Markets ESG ETF's investment objective is to track the return (before tax, fees and other expenses) of the MSCI EM IMI ESG Screened Index.

### Investment strategy

#### Target asset allocation

The Smart Emerging Markets ESG ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Emerging Markets ESG ETF may invest in the following assets:

- the iShares MSCI EM IMI ESG Screened UCITS ETF USD (Acc); and
- cash and cash equivalents.

The iShares MSCI EM IMI ESG Screened UCITS ETF USD (Acc) employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the MSCI EM IMI ESG Screened Index.

The MSCI EM IMI ESG Screened Index is made up of emerging markets companies screened for exposure to Controversial Weapons, Nuclear Weapons, Civilian Firearms, Tobacco, Thermal Coal and Oil Sands. In addition to the above, the index excludes companies that fail to comply with the United Nations Global Compact Principles.

Further information about the MSCI EM IMI ESG Screened Index is available at [msci.com/esg-screened-indexes](https://www.msci.com/esg-screened-indexes).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Emerging Markets ESG ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Emerging Markets ESG ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Emerging Markets ESG ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Emerging Markets ESG ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 36: Smart Europe ETF

The Smart Europe ETF is listed on the NZX Main Board with the code EUF.

### Investment objective

The Smart Europe ETF's investment objective is to track the return (before tax, fees and other expenses) of the FTSE Developed Europe All Cap Index.

### Investment strategy

#### Target asset allocation

The Smart Europe ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Europe ETF may invest in the following assets:

- the Vanguard FTSE Europe ETF; and
- cash and cash equivalents.

The Vanguard FTSE Europe ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the FTSE Developed Europe All Cap Index.

The FTSE Developed Europe All Cap Index is made up of financial products of large, mid and small cap companies located in European countries.

Further information about the FTSE Developed Europe All Cap Index is available at [lseg.com/en/ftse-russell](https://www.ftserussell.com/en/ftse-russell).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Europe ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Europe ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Europe ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Europe ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 37: Smart Europe ESG ETF

The Smart Europe ESG ETF is listed on the NZX Main Board with the code EUG.

### Investment objective

The Smart Europe ESG ETF's investment objective is to track the return (before tax, fees and other expenses) of the MSCI Europe ESG Screened Index.

### Investment strategy

#### Target asset allocation

The Smart Europe ESG ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Europe ESG ETF may invest in the following assets:

- the iShares MSCI Europe ESG Screened UCITS ETF EUR (Acc); and
- cash and cash equivalents.

The iShares MSCI Europe ESG Screened UCITS ETF EUR (Acc) employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the MSCI Europe ESG Screened Index.

The MSCI Europe ESG Screened Index is made up of European companies screened for exposure to Controversial Weapons, Nuclear Weapons, Civilian Firearms, Tobacco, Thermal Coal and Oil Sands. In addition to the above, the index excludes companies that fail to comply with the United Nations Global Compact Principles.

Further information about the MSCI Europe ESG Screened Index is available at [msci.com/esg-screened-indexes](https://www.msci.com/esg-screened-indexes).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Europe ESG ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Europe ESG ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Europe ESG ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Europe ESG ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 38: Smart Automation and Robotics ETF

The Smart Automation and Robotics ETF is listed on the NZX Main Board with the code BOT.

### Investment objective

The Smart Automation and Robotics ETF's investment objective is to track the return (before tax, fees and other expenses) of the iSTOXX® FactSet Automation & Robotics Index, in New Zealand dollars.

### Investment strategy

#### Target asset allocation

The Smart Automation and Robotics ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Automation and Robotics ETF may invest in the following assets:

- the iShares Automation and Robotics UCITS ETF USD (Acc); and
- cash and cash equivalents.

The iShares Automation and Robotics UCITS ETF USD (Acc) employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products issued by developed and emerging market companies which are generating significant revenues from specific sectors associated with the development of automatic and robotic technology.

The iSTOXX® FactSet Automation & Robotics Index is made up of stocks from the STOXX Global Total Market index that derive more than 50% of their annual revenue from sectors linked to the automation and robotics business.

Further information about the iSTOXX® FactSet Automation & Robotics Index is available at [qontigo.com/index/ixarobu](http://qontigo.com/index/ixarobu).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Automation and Robotics ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Automation and Robotics ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Automation and Robotics ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Automation and Robotics ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 39: Smart Bitcoin ETF

The Smart Bitcoin ETF listed on the NZX Main Board with the code BTC.

### Investment objective

The Smart Bitcoin ETF's investment objective is to reflect generally the performance of the price of bitcoin.

### Investment strategy

#### Target asset allocation

The Smart Bitcoin ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range	Relevant Index
Cash and cash equivalents	0%	0% - 10%	CME CF Bitcoin Reference Rate – New York Variant (NZD)
Other	100%	90% - 100%	

#### Permitted investments

The Smart Bitcoin ETF may invest in the following assets:

- the iShares Bitcoin Trust ETF;
- any other managed investment scheme managed by Smart;
- any fund managed by a third party; and
- cash and cash equivalents.

The iShares Bitcoin Trust ETF seeks to reflect generally the performance of the price of bitcoin. It offers investors an alternative method of achieving exposure to bitcoin through the securities market.

Further information about the iShares Bitcoin Trust ETF is available at [ishares.com/us/products/333011/ishares-bitcoin-trust](https://www.ishares.com/us/products/333011/ishares-bitcoin-trust).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Bitcoin ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Bitcoin ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Bitcoin ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Bitcoin ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, securities settlement or pay expenses).



## Schedule 40: Smart Gold ETF

The Smart Gold ETF listed on the NZX Main Board with the code GLD.

### Investment objective

The Smart Gold ETF's investment objective is to reflect generally the performance of the price of gold.

### Investment strategy

#### Target asset allocation

The Smart Gold ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range	Relevant Index
Cash and cash equivalents	0%	0% - 10%	LBMA Gold Price PM USD (NZD)
Commodities	100%	90% - 100%	

#### Permitted investments

The Smart Gold ETF may invest in the following assets:

- the iShares Gold Trust;
- any other managed investment scheme managed by Smart;
- any fund managed by a third party; and
- cash and cash equivalents.

The iShares Gold Trust seeks to reflect generally the performance of the price of gold by tracking the LBMA Gold Price. It offers investors an alternative method of achieving exposure to gold through the securities market.

Further information about the iShares Gold Trust is available at [ishares.com/us/products/239561/ishares-gold-trust-fund](https://www.ishares.com/us/products/239561/ishares-gold-trust-fund).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Gold ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Gold ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Gold ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Gold ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, securities settlement or pay expenses).

## Schedule 41: Smart Global Infrastructure ETF

The Smart Global Infrastructure ETF is listed on the NZX Main Board with the code INF.

### Investment objective

The Smart Global Infrastructure ETF's investment objective is to track the return (before tax, fees and other expenses) of the FTSE Developed Core Infrastructure 50/50 Net Tax Index (100% NZD Hedged).

### Investment strategy

#### Target asset allocation

The Smart Global Infrastructure ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Other	100%	90% - 100%

#### Permitted investments

The Smart Global Infrastructure ETF may invest in the following assets:

- the iShares Core FTSE Global Infrastructure (AUD Hedged) ETF;
- financial products that are included (or are reasonably expected to be included) in the FTSE Developed Core Infrastructure 50/50 Net Tax Index (100% NZD Hedged); and
- cash and cash equivalents.

The iShares Core FTSE Global Infrastructure (AUD Hedged) ETF employs an indexing investment approach and invests in a range of infrastructure securities listed in developed countries. It offers exposure to infrastructure sectors, including transportation, energy and telecommunications.

Further information about the FTSE Developed Core Infrastructure 50/50 Net Tax Index (100% NZD Hedged) is available at [ftserussell.com/products/indices/infra](https://ftserussell.com/products/indices/infra).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Global Infrastructure ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Global Infrastructure ETF may not use derivatives to lever the ETF.

#### Securities lending

The Smart Global Infrastructure ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Hedging

The Smart Global Infrastructure ETF's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ from this because of cash flow and market movements).

#### Investment restrictions

The Smart Global Infrastructure ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Global Infrastructure ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 42: Smart Healthcare Innovation ETF

The Smart Healthcare Innovation ETF is listed on the NZX Main Board with the code LIV.

### Investment objective

The Smart Healthcare Innovation ETF's investment objective is to track the return (before tax, fees and other expenses) of the iSTOXX® FactSet Breakthrough Healthcare Index, in New Zealand dollars.

### Investment strategy

#### Target asset allocation

The Smart Healthcare Innovation ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
International equities	100%	90% - 100%

#### Permitted investments

The Smart Healthcare Innovation ETF may invest in the following assets:

- the iShares Healthcare Innovation UCITS ETF USD (Acc); and
- cash and cash equivalents.

The iShares Healthcare Innovation UCITS ETF USD (Acc) employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products issued by developed and emerging market companies which are generating significant revenues from specific sectors focused on pushing the boundaries in medical treatment and technology.

Further information about the iSTOXX® FactSet Breakthrough Healthcare Index is available at [qontigo.com/index/ixbrhltu](http://qontigo.com/index/ixbrhltu).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Healthcare Innovation ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Healthcare Innovation ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Healthcare Innovation ETF's foreign currency exposure is not hedged.

#### Investment restrictions

The Smart Healthcare Innovation ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

## Schedule 43: Smart Global Property ETF

The Smart Global Property ETF is listed on the NZX Main Board with the code GPR.

### Investment objective

The Smart Global Property ETF's investment objective is to track the return (before tax, fees and other expenses) of the FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged).

### Investment strategy

#### Target asset allocation

The Smart Global Property ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 10%
Listed property	100%	90% - 100%

#### Permitted investments

The Smart Global Property ETF may invest in the following assets:

- the iShares Core FTSE Global Property ex Australia (AUD Hedged) ETF;
- financial products that are included (or are reasonably expected to be included) in the FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged); and
- cash and cash equivalents.

The iShares Core FTSE Global Property ex Australia (AUD Hedged) ETF employs an indexing investment approach and invests all, or substantially all, of its assets in the financial products included in the FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged).

The FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged) is comprised of a range of securities that include real estate investment trusts as well as companies that own real estate assets and derive a significant portion of their revenue from rental income.

Further information about the FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged) is available at [iisg.com/en/ftse-russell](https://www.iisg.com/en/ftse-russell).

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Global Property ETF may use derivatives to gain exposure to assets that are consistent with the permitted investments set out above. The Smart Global Property ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Global Property ETF's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ from this because of cash flow and market movements).

#### Securities lending

The Smart Global Property ETF may lend up to 50% of the ETF's net asset value and up to 50% of the aggregate value of any class of financial product held by the ETF.

#### Investment restrictions

The Smart Global Property ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

#### Corporate actions

The Smart Global Property ETF may exercise corporate actions to participate in offers of securities to existing shareholders.

## Schedule 44: Smart Global Bond ETF

The Smart Global Bond ETF is listed on the NZX Main Board with the code GBF.

### Investment objective

The Smart Global Bond ETF's investment objective is to provide a return (before tax, fees and other expenses) that outperforms the Bloomberg Global Aggregate Total Return Index Hedged NZD by 1% per annum over rolling three-year periods.

The Smart Global Bond ETF's external investment manager is PIMCO Australia Pty Ltd (**PIMCO**).

The Bloomberg Global Aggregate Total Return Index Hedged NZD is made up of global investment grade debt from twenty-four local currency markets and includes treasury, government-related, corporate and securitised fixed-rate bonds from both developed and emerging markets issuers.

Further information about the Bloomberg Global Aggregate Total Return Index Hedged NZD is available at [bloomberg.com/professional/product/indices](https://www.bloomberg.com/professional/product/indices).

### Investment strategy

#### Target asset allocation

The Smart Global Bond ETF's target asset allocation and asset allocation ranges are set out in the following table:

Asset class	Target	Range
Cash and cash equivalents	0%	0% - 100%
International fixed interest	100%	0% - 100%

The Smart Global Bond ETF's actual asset allocation can be anywhere within the asset allocation ranges and Smart is not required to rebalance the ETF so that its actual asset allocation is consistent with its target asset allocation.

#### Permitted investments

The Smart Global Bond ETF may invest in the following assets:

- debt securities issued or guaranteed by overseas or New Zealand entities; and
- cash and cash equivalents issued or guaranteed by overseas or New Zealand entities.

The Smart Global Bond ETF may invest in funds that primarily invest in the assets set out above.

Cash and cash equivalents include cash on hand, deposits held at call with banks or the custodian and other short-term highly liquid investments (and funds that primarily invest in cash and cash equivalents).

#### Derivatives

The Smart Global Bond ETF may use derivatives (such as futures, forwards, options and swaps). The Smart Global Bond ETF may not use derivatives to lever the ETF.

#### Hedging

The Smart Global Bond ETF's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ from this because of cash flow and market movements).

## Investment restrictions

The Smart Global Bond ETF's investments are subject to the following concentration limits:

Investment	Concentration limit
Issue/Issuer <sup>1</sup>	5%
Issuer of asset-backed securities and mortgage-backed securities (excluding agency mortgage)	2%
High yield securities (rated below BBB-)	10%
Emerging market securities (as defined by the World Bank)	15%
Certain private placements	10%
Mortgage derivatives	10%
Structured notes	5%
Preferred securities	5%
Bank loans	10%
Asset-backed securities and mortgage-backed securities (excluding agency mortgage)	15%

<sup>1</sup>Excludes (1) issuers of asset-backed securities and mortgage-backed securities (other than agency mortgage); and (2) sovereign debt of OECD Governments and US agencies (to which no limit applies) and supranational issuers (25% limit applies). Specific mortgage pools and trusts are considered separate issuers, and each tranche within a collateralised mortgage obligation is considered a separate issue.

The average duration of the portfolio of financial products held by the Smart Global Bond ETF must be within +/- 3 years of the average duration of financial products comprising the Bloomberg Global Aggregate Total Return Index Hedged NZD.

The Smart Global Bond ETF's investments are subject to the following credit rating limits issued by Standard & Poor's, or their equivalent issued by Moody's or Fitch:

- the minimum average portfolio quality across all investments is A-;
- for investments in short-term financial products, the minimum issue quality is B-; and
- for investments in short-term commercial paper, the minimum commercial paper quality is A-2 issued by Standard & Poor's or P-2 issued by Moody's.

If an issuer or counterparty has multiple credit ratings, PIMCO will use the highest credit rating of Standard & Poor's, Moody's or Fitch. If an issuer or counterparty is not rated by any of these rating agencies, PIMCO will decide a credit rating. If an issuer or counterparty is downgraded below the minimums set out above, PIMCO will decide the appropriate action.

Where the Smart Global Bond ETF invests in a fund, for the purposes of these investment restrictions, PIMCO will aggregate the ETF's interests in the fund's underlying investments with the ETF's own investments.

The Smart Global Bond ETF may borrow up to 10% of the ETF's net asset value for the purposes of providing short-term liquidity (i.e. to temporarily fund securities settlement or pay expenses).

Investment in financial products issued by entities where any part of their revenue and/or activities involve tobacco and illegal weapons (cluster munitions, anti-personnel mines and nuclear explosive devices) is prohibited.

Investments in financial products issued by entities where a material part of their revenue (greater than 10%) and/or activities involve fossil fuel production is prohibited.

However, the Smart Global Bond ETF may use derivatives (such as credit default swaps) that include exposure to these financial products as part of a basket.