Accordia Asset Management Limited

Statement of Investment Policy and Objectives (SIPO)

Date: 4th July 2024

TABLE OF CONTENTS

DESCRIPTION OF THE MANAGED INVESTMENT SCHEME

The Accordia Portfolios (**Scheme**) is registered under the Financial Markets Conduct Act 2013 (FMCA) as a managed investment scheme. Accordia Asset Management Limited (**Manager**) is the manager and issuer of the Scheme.

Public Trust is the Supervisor and Custodian of the Scheme.

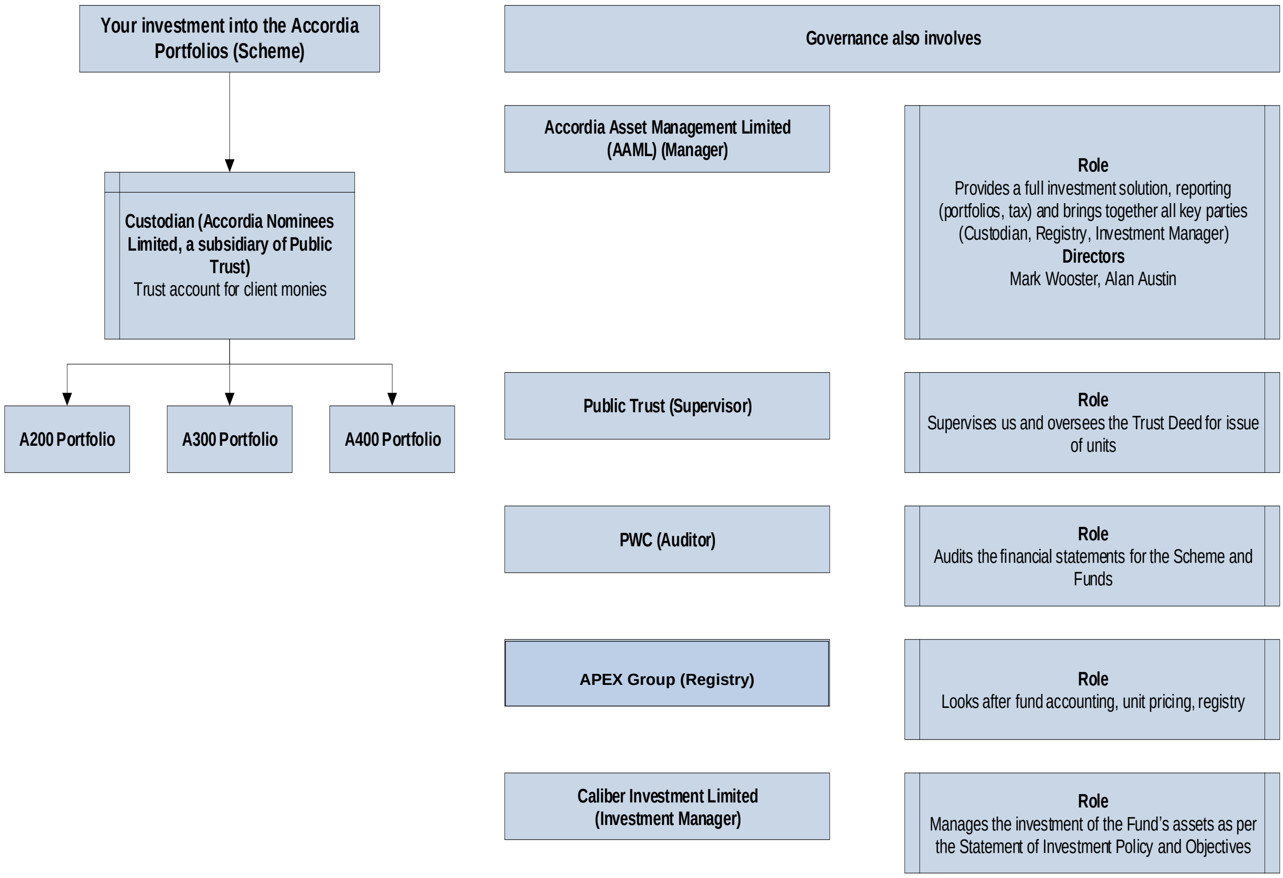
Throughout this document, the Funds offered through the Scheme are referred to as Portfolios as this is a more accurate description of the nature of the investment solution our clients use to achieve their objectives.

The Scheme offers three Portfolios (Funds), A200, A300 and A400 (**Portfolios**). These invest into underlying investment funds (**Underlying Investment Pools**) which can include a mixture of direct investments and one or more managed investment schemes with external fund managers.

Caliber Investment Limited (**Caliber**) is the investment manager (**Investment Manager**) for the Portfolios.

Accordia Asset Management Limited is responsible for setting the investment objectives of the Scheme and each Portfolio, and Caliber is responsible for selecting the underlying investments within each of the Portfolios to meet those objectives.

The structure of the Accordia Portfolios and participants, are shown in the diagram below:



For a full description of all of the participants in the Scheme, please see the 'Accordia Other Material Information' on the Disclose website https://disclose-register.companiesoffice.govt.nz/

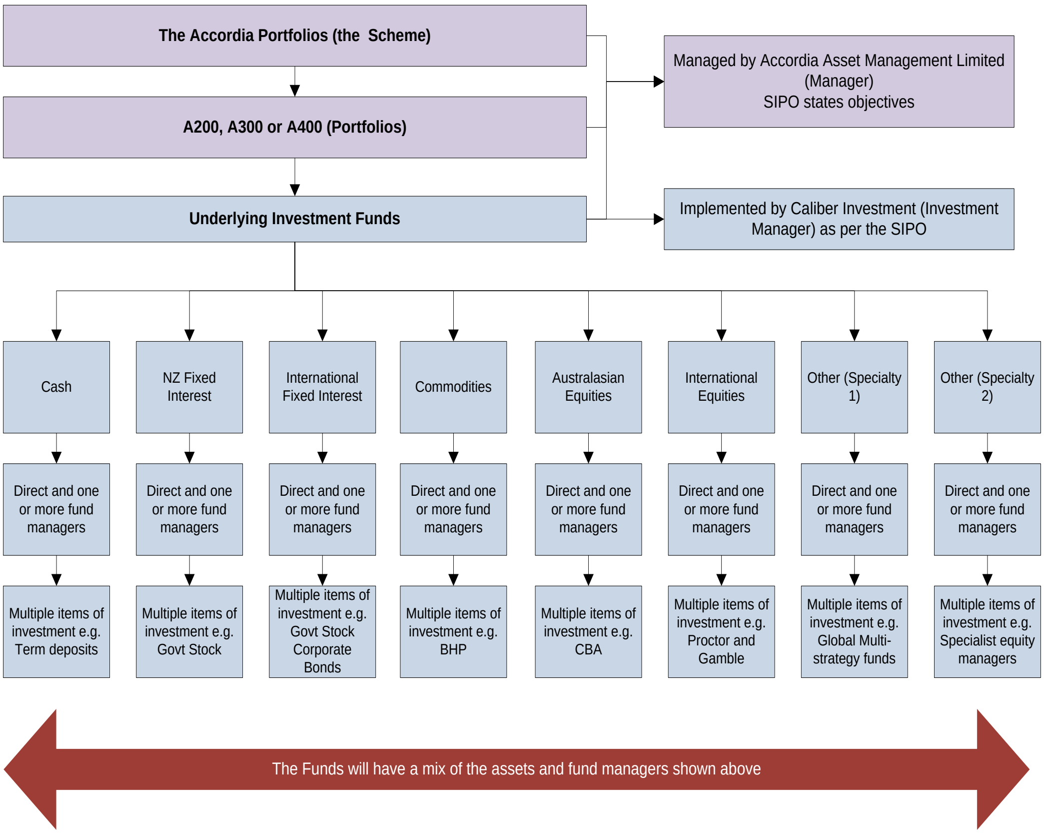
Description of the Portfolios

The Portfolios offered within the Scheme include

- A200 – this Portfolio invests in assets seeking to minimise short term movements up and down in value, preserve purchasing power of capital and provide an expected return higher than bank term deposits.
- A300 – this Portfolio seeks to minimise short-term movements up and down in value and preserve purchasing power of capital while providing a balance between assets with an expected return higher than bank term deposits and assets with growth characteristics.
- A400 – this Portfolio seeks to provide expected returns associated with growth assets, while managing movements up and down in value and preserving the purchasing power of capital. The A400 has marginally higher risk and targeted return compared to the A300.

The time horizon for all of the Portfolios is a minimum of 5 years, however we recommend a 10 year plus time horizon.

The diagram below depicts the types of underlying investments that may be included within each Portfolio (A200, A300 or A400). The proportions of each asset type within each Portfolio are determined by the specific objectives of the Portfolio as stated above.



The assets of each Portfolio are carefully combined to meet client objectives and achieve diversification. The individual components of the Portfolios are selected by the Investment Manager solely on their merit and suitability. Each Portfolio invests in accordance with its investment policy and objectives in a selection of the following Underlying Investment Pools managed by Accordia Asset Management Limited.

- Cash
- NZ Fixed Interest
- International Fixed Interest
- Australasian Equity
- International Equity
- Commodities
- Other (Speciality 1)
- Other (Speciality 2)

‘Other’ includes Underlying Investment Pools called Speciality 1 and Speciality 2. As noted above, these pools each invests directly or indirectly in a range of investments which utilise a different mix of asset classes and strategies. The underlying investments include equities, currencies, metals, energies, agriculture and a range of New Zealand and international fixed interest. The Speciality 1 and Speciality 2 Pools are used to further diversify the Portfolios.

The Portfolio chosen by the investor is dictated by their circumstances and their ability to tolerate volatility risk (movements up and down in value). For example, someone with a higher tolerance to movements up and down in value may choose the A300 or A400 Portfolios and a person with a lower tolerance may choose the A200 Portfolio.

Those who adopt a more aggressive approach are likely to be rewarded over time but along the way, will see larger "ups and downs" in their returns than those whose tolerance or capacity indicates a more conservative approach.

The Portfolios are retail unit trusts offered to the public. They are registered with the IRD as PIE (Portfolio Investment Entities).

PURPOSE AND PHILOSOPHY

The major goal of the investment management process is to design and manage the Portfolios to assist clients in achieving their goals and objectives within a given risk profile. A holistic approach to the process and a continued alignment of solutions to client objectives are the foundation of the Portfolios. The core components of this philosophy are;

- Risk management and clients risk budget
- Liquidity
- Diversification
- Rebalancing

These are explained further below. To achieve this Accordia Asset Management Limited has appointed Caliber Investment Limited, a specialist investment manager, across all of the asset classes.

Managing the Risk Exposure

Successful investing, especially in the case of long term clients, requires a comprehensive, proactive process of managing risk exposures.

Our investment management approach is concerned with identifying and managing risks to achieve returns above the Risk Free Rate (Cash e.g. short dated term deposits).

The Portfolios are managed by carefully allocating only the appropriate proportion of any Portfolio to growth or "riskier" assets. Riskier assets include growth type assets such as equities, commodities and currency exposures.

Diversification is a key component of this objective. Risk is reduced by ensuring that all Portfolios are constructed using a range of assets with differing risk/return characteristics. Portfolios are constructed with varying proportions of assets that contribute differently to the overall Portfolio performance.

Volatility is not the only risk we consciously address in the portfolio construction process. We also address default/credit, liquidity, information, agency risks to mention just a few.

Markets, efficiency, core and active investments

We believe that in large developed markets there is relatively strong market efficiency.

Core exposures to equity and fixed interest markets aim to capture the broad market return of major local and global markets without necessarily matching the holdings of market index.

We recognise that including some active managers and alternatively managed investments provides useful additional diversification and risk reduction opportunities.

In some instances, where markets are new, lack liquidity or information flows there is weaker market efficiency. In the latter case, better opportunities exist to spot mis-priced assets and outperform an index return. Non-core active investments represent opportunities for active management where additional return or a different pattern of return assists in diversifying a Portfolio of core holdings.

Our approach in this area requires the differentiation between market performance and the additional return achieved after allowing for the typically higher costs associated with active management.

Identifying selected opportunities to add additional return to a Portfolio or provide a different pattern of return with other asset classes adds considerable value in the process of assisting clients achieve their long term investment objectives.

General objectives

Robust – effective analysis and research around the solutions and best practice portfolio construction techniques will be combined to create robust Portfolios. Effective management of managers and other parties that contribute to the investment solutions is central to the Portfolios.

Achieving a real return – Portfolios are constructed to address the risk of the erosion of purchasing power of client's money.

Providing a reliable source of funds for regular withdrawal (Liquidity) – The investments held by the Portfolios provide sufficient liquidity to accommodate the cash flow requirements of client's activities and lifestyles.

Commitment to long term management - The nature of investment markets means that performance is not linear. There are times when returns more than meet expectations and there are times when they do not. It is our objective to deliver returns consistent with the level of risk adopted by each Portfolio over the medium to long term.

Aligning with Clients' Long Term Objectives - Ultimately these portfolios are intended for use in a client's portfolio designed to meet their specific long term lifestyle and possibly even inter-generational needs. To be best positioned to achieve this, portfolio volatility needs to be managed so that clients are comfortable in staying the course through market ups and downs and that they have sufficient liquidity to access cash flows or make regular contributions as required throughout the duration of their investment. Financial Advisers will assist clients in choosing the Portfolio that best reflects their needs and circumstances to achieve this objective.

OTHER INVESTMENT OBJECTIVES

Accordia Asset Management Limited attempts to achieve consistency of performance to improve the probability of clients achieving their objectives. There is a heavy focus on researching and managing risk exposures within the Portfolios, by the investment manager. The investment objectives of each of the Portfolios are shown in the table below.

Performance is measured before tax and after the deduction of all fees and expenses.

Portfolio	Investment Objective
A200	A200 invests in assets seeking to minimise short term movements up and down in value, preserve purchasing power of capital and provide an expected return higher than bank term deposits.
A300	A300 invests in assets seeking to minimise short-term movements up and down in value and preserve purchasing power of capital while providing a balance between assets with an expected return higher than bank term deposits and assets with growth characteristics.
A400	A400 invests in assets seeking to provide expected returns associated with growth assets, while managing movements up and down in value and preserving the purchasing power of capital.

INVESTMENT STRATEGY

Each Portfolio invests directly or indirectly in a range of assets as disclosed in the tables below. Currently the Portfolios obtain their exposure to these asset classes primarily by investing in a selection of the Underlying Investment Pools managed by Accordia Asset Management Limited. These wholesale Portfolio Investment Entities (**PIE**) are diversified across markets (NZ, Australasian and International), securities within those markets, underlying fund managers and strategies.

Benchmark asset allocation ranges

The tables below show the Benchmark Asset Allocations we use for each asset class in the Portfolios and the range that class may move between.

The benchmark indices provided are only used for reporting purposes and are not a sole measure of actual portfolio performance.

Benchmarks are not used to dictate the asset allocation exposures, as they can be misleading in terms of the actual underlying risk exposures (e.g. equity, fixed interest, currency, liquidity) a Portfolio may be subject to.

Benchmarks are arbitrary and not aligned to client objectives. Our philosophy is to focus on how a Portfolio is performing against our clients' objectives (e.g. liquidity, volatility and risk exposures).

The A200 Portfolio

Asset class	Benchmark Asset Allocation	Range	Benchmark Index
Cash	36%	15 to 60%	S&P / NZX Bank Bills 90 Day Index
NZ Fixed Interest	15%	0% to 40%	70% S&P /NZX NZ Government Bond Index 30% S&P / NZX NZ A Grade Corporate Bond Index
International Fixed Interest	0%	0% to 50%	Bloomberg Global Developed Sovereign Bond Index
Other (Specialty 1)	17%	0% to 40%	70% S&P/NZX NZ Government Bond Index 30% MSCI World Index Local Currency
Australasian equities	4%	0% to 15%	30% S&P / NZX 50 Index Gross 70% S&P / ASX 200
International equities	23%	0% to 40%	50% MSCI World Index Local Currency, 50% MSCI World Index NZ dollars
Commodities	5%	0% to 20%	Dow Jones Commodity Index

The A300 Portfolio

Asset class	Benchmark Asset Allocation	Range	Benchmark Index
Cash	26%	5% to 50%	S&P / NZX Bank Bills 90 Day Index
NZ Fixed Interest	10%	0% to 30%	70% S&P /NZX NZ Government Bond Index 30% S&P / NZX NZ A Grade Corporate Bond Index
International Fixed Interest	0%	0% 50%	Bloomberg Global Developed Sovereign Bond Index
Other (Specialty 1)	9%	0% to 30%	70% S&P/NZX NZ Government Bond Index 30% MSCI World Index Local Currency
Other (Specialty 2)	9%	0% to 30%	50% S&P/NZX NZ Government Bond Index 50% MSCI World Index Local Currency
Australasian equities	8%	0% to 30%	30% S&P / NZX 50 Index Gross 70% S&P / ASX 200
International equities	33%	10% to 60%	50% MSCI World Index Local Currency, 50% MSCI World Index NZ dollars
Commodities	5%	0% to 20%	Dow Jones Commodity Index

The A400 Portfolio

Asset class	Benchmark Asset Allocation	Range	Benchmark Index
Cash	12%	0% to 30%	S&P / NZX Bank Bills 90 Day Index
NZ Fixed Interest	6%	0% to 25%	70 S&P /NZX NZ Government Bond Index 30% S&P / NZX NZ A Grade Corporate Bond Index
International Fixed Interest	0%	0% to 25%	Bloomberg Global Developed Sovereign Bond Index
Other (Specialty 2	25%	5% to 50%	50% S&P/NZX NZ Government Bond Index 50% MSCI World Index Local Currency
Australasian equities	11%	0% to 30%	30% S&P / NZX 50 Index Gross 70% S&P / ASX 200
International equities	46%	20% to 70%	50% MSCI World Index Local Currency, 50% MSCI World Index NZ dollars

‘Other’ includes Underlying Investment Pools called Speciality 1 and Speciality 2. As noted above, these pools each invests directly or indirectly in a range of investments which utilise a different mix of asset classes and strategies. The underlying investments include equities, currencies, metals, energies, agriculture and a range of New Zealand and international fixed interest securities. The Speciality 1 and Speciality 2 Pools are used to further diversify the Portfolios.

Permitted investments

Asset type	*Types of investments within this class*
Cash and Fixed Interest (NZ and International)	Deposits with or loans to any person whether secured or unsecured Units or other interests in any unit trust, group investment fund, participatory security or similar undertakings or schemes Debentures, bonds, notes or similar obligations of any person whether secured or unsecured Bills of exchange, promissory notes and other forms of negotiable instruments made, drawn or accepted by any person Any bonds, obligations or other securities issued or guaranteed by any government or governmental agency or local municipal or statutory authority of any country Foreign exchange and exchange contracts
Australasian equities	*Ordinary and preference shares or capital of any person* Units or other interests in any unit trust, group investment fund, participatory security or similar undertakings or schemes Foreign exchange and exchange contracts
International equities	*Ordinary and preference shares or capital of any person* Units or other interests in any unit trust, group investment fund, participatory security or similar undertakings or schemes Foreign exchange and exchange contracts
Commodities	Units or other interests in any unit trust, group investment fund, participatory security or similar undertakings or schemes Foreign exchange and exchange contracts
Other (Specialty 1)	Units or other interests in any unit trust, group investment fund, participatory security or similar undertakings or schemes Financial futures contracts and swap contracts Underwriting or sub-underwriting contracts Foreign exchange and exchange contracts *Any option or right to take up or sell any authorised investment* *Any instrument or arrangement for hedging or reducing currency risk or interest rate risk or market movement or commodity price risk or other financial risk whether or not at any particular time the instrument or arrangement constitutes an asset*
Other (Specialty 2)	Units or other interests in any unit trust, group investment fund, participatory

	security or similar undertakings or schemes Financial futures contracts and swap contracts Underwriting or sub-underwriting contracts Foreign exchange and exchange contracts *Any option or right to take up or sell any authorised investment* *Any instrument or arrangement for hedging or reducing currency risk or interest rate risk or market movement or commodity price risk or other financial risk whether or not at any particular time the instrument or arrangement constitutes an asset*

In addition, the Portfolios may invest in any asset or investment not covered by the above and subject to the approval of the Supervisor.

The table above represents the core or target assets for that class; however they all for example may hold cash from time to time. This may also extend to other types of assets.

OTHER INVESTMENT POLICIES

Currency hedging

Currency is viewed as a diversifying exposure and managed within the risk exposures and objectives of the Portfolios. Where the Portfolios invest in assets which are exposed to overseas currencies AAML will apply the following currency hedging policy:

Asset Class	Hedging Style	Benchmark (%)	Range (%)
International Equities	Active	50	0-100
Australasian Equities	Active	0	0-100
International Fixed Interest	Active	100	0-100
Other	Active	0	0-100

Rebalancing

The Portfolios are rebalanced to their Strategic Risk Allocation or benchmark asset allocations as shown in the tables above. The risk/asset allocations of the Portfolios are monitored daily and allocations are generally kept within a few percentage points of the benchmark allocations and remain within the broader benchmark ranges above. Currency exposures form part of the Strategic Risk Allocation and are similarly rebalanced on a regular basis.

When the Portfolios move away from the benchmark allocations, this can be the trigger to rebalance. From time to time the Investment Manager may determine that it is expedient to allow the Portfolios to move away from the target allocation for extended periods to accommodate market and trading conditions.

Strategic Risk Allocation Policy

Traditionally Strategic Asset Allocation (**SAA**) has been an essential element of the success or failure of the investment programme for clients. Our process has evolved into one of Strategic Risk Allocation (**SRA**) which allocates assets across risk exposures (e.g. equity, fixed interest, currency, liquidity) as opposed to asset classes.

Risk exposures are monitored closely to ensure the appropriate levels within the Portfolio and to ensure that the Portfolios are not exposed to inadvertent or excessive risks.

Diversification is an important element of the Portfolios, not just within asset/risk classes, but also across different asset/risk classes. From time to time the Portfolios will contain derivatives to manage the overall exposure to risk/asset classes..

Tactical Asset or Risk Allocation, by its nature, will have a much smaller impact as it is designed to reduce risk and/or increase return at the margin. We believe that there is not enough breadth, or number of transactions. to effectively add value consistently.

Other relevant policies

- Leverage – while the Portfolios are permitted borrow up to 10% of the value of the Portfolio, there are currently no borrowings and there is no intention to borrow at this stage. Underlying managers and funds may use leverage.

- Derivatives – instruments such as put options and foreign forward exchange contracts are used to manage the risk within the Portfolios. appropriately allocate the exposure to risk within the Portfolios. Underlying managers may use derivatives to create investment exposure and also for the purpose of mitigating risks within their portfolio. They may also use derivatives for leverage.

- Liquidity - The Portfolios have high liquidity requirements as, amongst other objectives, they are designed to allow clients to make regular withdrawals to fund their lifestyle. Investment Manager selects and monitors investments to ensure the Portfolios are able to meet client cash flow requirements.

INVESTMENT PERFORMANCE MONITORING AND REPORTING

The Board of Accordia Asset Management Limited is responsible for oversight of this SIPO, along with monitoring the Portfolios' performance as detailed below.

The Investment Manager (Caliber Investment) provides the Board with quarterly reports, which cover

- Performance – current month, 3 monthly, 6 monthly, 1 year and 3 year or since inception,
- Explanation of what has contributed to or distracted from the performance,
- A review of the Strategic Asset Allocation against the SIPO guidelines,
- Changes to the Caliber Investment team and key personnel in particular,
- Changes to the composition of the Portfolios (i.e. changes to fund managers the used or allocations to each fund manager),
- Key research activities that have been conducted during the period,
- Discussion against the objectives as noted above on page 4

Performance is monitored on an ongoing basis by the Investment Manager (who reports to the Board), weekly, monthly quarterly, and annually to ensure that it is within the design parameters of the Portfolios. These parameters include such considerations as risk management, liquidity and investment horizon.

There is an ongoing process for monitoring all risk exposures in the Portfolios. This is done on a daily, weekly, monthly, quarterly, annual basis. Risk exposures are dynamic – they rise and fall with prices and other events. Benchmarks are not used as they can be misleading in terms of the actual underlying risk exposures a Portfolio may be subject to.

Risk exposures include but not limited to equity, fixed interest, currency, liquidity.

INVESTMENT STRATEGY AND SIPO REVIEW

Investment Strategy

The Portfolio is a combination of risk exposures as mentioned above. Intensive research and analysis is carried out to determine the optimal combination of risk factors.

The next stage is to research, analyse and model underlying investments to achieve effective implementation of the optimal combination of risk factors.

The Investment Manager utilises resources such as independent economic research and specific fund research to assist in the process.

This part of the process considers and identifies the most appropriate way to access a desired risk factor, which could be by appointing an active Manager, through a passive investment, an index or smart beta, or holding assets directly. This is done through a total portfolio view, looking at the portfolio allocations on multiple levels, including how allocations and managers may combine to target individual risk factors, as well as how those factors interact together as a whole Portfolio.

As well as extensive qualitative and quantitative research there is also a program of manager visits both locally and offshore (US, UK, Australia, Asia) and attendance at international investment seminars and conferences.

There is a comprehensive program of monitoring and reviewing each component of the Portfolios and the Portfolio as a whole, on an ongoing basis.

A review of the Portfolio's benchmark asset allocation is undertaken on a bi-annual basis, as well as on an ongoing basis in the context of the environment.

SIPO review

Accordia Asset Management Limited has a formal SIPO Change Process which is followed by the Board whenever there needs to be an amendment to the SIPO guidelines.

The SIPO is formally reviewed annually.

The following events would trigger an ad hoc review of the SIPO

- If there was a significant shift in general client attitudes to risk, or changes in the overall required liquidity levels, this may trigger an overall review of the Portfolios,
- a fundamental change in the investment environment or assumptions used.

The review process involves a comprehensive process of assessing the elements of the SIPO against an ongoing research and analysis programme.

A change in the SIPO requires sign off from the Board of Directors of Accordia Asset Management Limited and consultation with the Supervisor.

The Board operates as Investment Committee and engages directly with the Investment Manager at regular board meetings.

The most current version of the SIPO is available on the Scheme's register (Disclose), which is available at https://disclose-register.companiesoffice.govt.nz/