



On 30 November 2022 Kiwi Wealth (which includes Kiwi Wealth Investments Limited Partnership and its subsidiaries) became part of Fisher Funds. From 12 December 2023 the Fisher Funds Management Limited Portfolio Trading Policy applies to Kiwi Wealth schemes and funds.



Fisher Funds Group

Portfolio Trading Policy

December 2023



1. Portfolio Trading Policy Introduction

This is the Portfolio Trading Policy for the Fisher Funds Group, comprising:

- Fisher Funds Management Limited ('Fisher Funds'); and
- Kiwi Wealth Investment Limited Partnership and its related entities ('Kiwi Wealth') (together, 'the Fisher Funds Group').

This policy governs:

- trading within all portfolios that are under management by Fisher Funds Group;
- the process by which Fisher Funds Group execute trades or transmit orders for execution to a broker on behalf of our portfolios; and
- rules to prevent insider trading and market manipulation.

This policy should be read in conjunction with the Personal Trading Group Policy.

3. Selection of brokers

Brokers will be selected in accordance with the Fisher Funds Group Broker Selection Policy.

4. Best execution

When placing orders for portfolios, Fisher Funds Group will consider the following factors:

- price, including whether the order would materially alter the price;
- the timing of the order or instruction;
- transaction costs (including custodian costs which may be on a line by line basis);
- speed of execution;
- liquidity;
- size of the order;
- market impact of the order;
- legal and regulatory restrictions;
- a portfolio's investment restrictions as recorded in the relevant Statement of Investment Policy and Objectives (SIPO); and
- whether any person involved in the order may have an interest in creating a false or misleading appearance of active trading in that security.

5. Centralised dealing function

Fisher Funds Group operate a centralised dealing function for all securities, deposits, foreign exchange and derivatives. Trades are placed by the Head of Trading & Portfolio Management (HoTPM) or a designated backup. If both the HoTPM and the designated backup are unavailable and/or the situation requires urgent action because client interests are at stake, a Portfolio Manager or the Chief Investment Officer (CIO) may place trades. This is recorded in the audit trail within the order management system (AIM).

6. Priority of trades

To ensure fairness across portfolios, the HoTPM will determine the aggregate amount of securities to be traded for all portfolios before placing any orders. No portfolio shall have priority over another portfolio.

7. Fair allocation to portfolios

Wherever possible, the allocation of an order will be performed prior to the trade being placed. In the event of a partial fill the trade should be pro-rated to the portfolios on the basis of the original allocation. A test for economic order size should be performed to avoid small trades resulting from this process.

8. Portfolio targets

Portfolio targets should be consistent across portfolios in the same strategy with the following exceptions:

- securities which cannot be easily traded because they are unlisted or suspended; or
- where maximum holding constraints have already been reached (e.g. takeover thresholds).

9. Rebalancing portfolio security weightings

The HoTPM will rebalance each portfolio as required based on deviations from target. The rebalance levels are designed to minimise transaction volumes and when a trade is necessary, the HoTPM will determine whether other portfolios should participate in the trade. This will be done on the basis of deviations from target using a threshold that avoids unnecessary trading for portfolios with small deviations from target.

10. Trading between portfolios (Internal trades)

Internal transactions are those where assets are sold from one Fisher Funds portfolio to another and where the trade is not recorded through a recognised market. These types of trade are permissible if the transaction can be shown to have been done on an arms-length basis; where the transaction is beneficial to both portfolios. A fair market price must be used and the justification for the trade recorded. Internal trades must be approved in the compliance module of AIM by the CIO or their delegate before they are processed.

An internal trade of any exchange traded security must use the last quoted price between the closing bid and closing offer prices on the day on which the internal trade is done (subject to there being a trade in the security on that day). If the last quoted price is outside of the closing bid and closing offer prices on the day, the internal trade cannot be effected. Over-the-counter securities can be satisfied by keeping a record of live market pricing or up to date Bloomberg or Reuters pricing data.

Internal trades must be consistent with the strategy of both portfolios. This is recorded in the audit trail with AIM.

Internal trades for equities are not permitted on the last day of a quarter.

11. Prohibition against insider trading of listed securities

Trading in securities of a public issuer on the basis of information about that issuer that is not generally available to the market, and which if it were generally known would be likely to materially affect the price of the issuer's securities, is insider trading. Contravention of the relevant laws relating to insider trading can result in individual criminal liability or imprisonment of up to 5 years, a fine of up to \$500,000, or both and in any other case, to a fine of up to \$2.5 million.

No person who is an Information Insider can trade in any security while in possession of inside information about that security.

12. Information insider

A person is an Information Insider of a public issuer if that person:

- has material information (information that if it were generally available to the market, would have a material effect on the price) about that issuer that is not generally available to the market; and
- knows (or ought reasonably to know) that the information is material information and is not generally

available to the market.

Information is considered generally available to the market if it has been published or can be easily viewed publicly.

An Information Insider must not:

- trade securities of a public issuer or quoted derivatives (the products) of which they are an Information Insider (either on their own behalf or the behalf of an Associate);
- directly or indirectly disclose material information to another person where they know or ought reasonably to know or believe that it may influence that person's trading strategy in the products or that that person may encourage a third person to trade or hold the products; or
- advise or encourage another person to trade or hold the products.

Inside information does not necessarily come from, and Information Insiders need not necessarily be connected with, the public issuer. These prohibitions apply regardless of how a person becomes an Information Insider.

It is not insider trading to trade immediately on learning information through a public announcement.

Any employee who believes they may be an Information Insider must immediately report their concerns to the CIO, General Counsel or Head of Risk and Compliance who will assess the information and determine if trading restrictions are necessary.

13. Prohibition against market manipulation

Regulation concerning market manipulation seeks to ensure fair and orderly markets that reflect genuine supply and demand. Market manipulation includes:

- a) making false or misleading statements about a security; or
- b) creating a false or misleading appearance of trading, including buying or selling securities at the close of the market (marking the close) and posting an aggressive bid for the security in order to advance its price (advancing the bid).

To avoid the perception of influencing the closing price, portfolio trading is not permitted on the last day of a quarter. If new material information is received about a public issuer which necessitates urgent action an exception can be made which must be documented on the trade ticket and approved by the CIO.

Employees are prohibited from engaging in market manipulation.

If an employee has concerns that an order may create a false or misleading impression - they must get prior written approval from the CIO before placing such an order.

14. Review of policy

The Portfolio Trading Policy will be reviewed bi-ennially or more frequently if required. This Policy is subject to change at any time.