



Pathfinder KiwiSaver Plan

Statement of Investment Policy and Objectives

Investing shapes the world we
live in, let's *shape a better one.*

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The current SIPO is available on the schemes register at <https://disclose-register.companiesoffice.govt.nz/>

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Signatory of:





1. Introduction

Purpose

This statement of investment policy and objectives (SIPO) sets out the investment philosophy, objectives and strategies for the Pathfinder KiwiSaver Plan (the Scheme). This includes the following funds (each a Fund) managed by Pathfinder Asset Management Limited (us, we, our, Pathfinder or Manager):

- Pathfinder KiwiSaver High Growth Fund
- Pathfinder KiwiSaver Growth Fund
- Pathfinder KiwiSaver Balanced Fund
- Pathfinder KiwiSaver Conservative Fund

Background

The Scheme is a registered unit trust governed by a master trust deed dated 29 May 2019 and amended from time to time. Each Fund is established under a separate establishment deed. For each Fund these are referred to as the trust documents. Information on each Fund is available in the product disclosure statement and document containing other material information (the offer documents). The trust documents and the offer documents are available on the disclose register at <https://disclose-register.companiesoffice.govt.nz/>. The Scheme's name was changed from the CareSaver KiwiSaver Scheme to the Pathfinder KiwiSaver Plan in March 2021. The Fund names (other than the Pathfinder KiwiSaver High Growth Fund) were also changed from CareSaver Growth Fund to Pathfinder KiwiSaver Growth Fund, CareSaver Balanced Fund to Pathfinder KiwiSaver Balanced Fund and CareSaver Conservative Fund to Pathfinder KiwiSaver Conservative Fund.

Our investment philosophy

Our investment philosophy is built on two foundations:

- Our ethical beliefs are core to our investment process; and
- Our investment process must be research based and robust (as well as ethical).

The Pathfinder KiwiSaver Plan is an ethical and research-based investment managed by Pathfinder.

Ethical investment beliefs:

Please refer to section 4 (*Ethical Investing*) and our Ethical Investment Policy for details on how we address values, and Environmental, Social and Governance (ESG) considerations in the way we invest. You can find a copy of our Ethical Investment Policy on our website at www.pathfinder.kiwi or the [Disclose Register](#).

Investment beliefs:

Our key investment beliefs include:

- **'High level' decisions are critical:** Active asset allocation decisions by asset class, industry sector, investment theme and geography are a significant driver of investment returns. .
- **Integrating ESG:** Integrating environmental, social and governance analysis into decision making provides a deeper assessment of corporate risk and value-creation potential.
- **Research is critical:** High quality research drives better investment decisions
- **Invest for the long-term:** We believe a long-term investment approach produces better outcomes for our investors (and our planet) than a short-term approach.

2. Manager's responsibilities

Pathfinder's obligations as Manager of the Funds include:

- Investing assets in accordance with this SIPO, the offer documents and the trust documents;
- Reporting to investors and Public Trust (the Supervisor) on each Fund; and
- Monitoring compliance with this SIPO.

The Manager will maintain an Ethics and Investment Committee (the **Ethics and Investment Committee**) to oversee the management of the Funds.



3. Investment objective and benchmark

Investment objective:

The objective of each Fund is set out in the table below:

Fund	Investment Objective
Pathfinder KiwiSaver High Growth Fund	Ethical investing to achieve high returns with higher risk exposure.
Pathfinder KiwiSaver Growth Fund	Ethical investing to achieve medium to high returns with a higher risk exposure.
Pathfinder KiwiSaver Balanced Fund	Ethical investing to achieve medium returns with a medium risk exposure.
Pathfinder KiwiSaver Conservative Fund	Ethical investing to achieve modest returns with a lower risk exposure.

Fund benchmark: A benchmark is an index (or composite of indexes) reflecting the market(s) a fund is investing in and assists with measuring performance. Each Fund's financial performance will be measured against an appropriate benchmark selected by the Manager (which may be changed from time to time). The current Fund Benchmarks are set out in the table below:

Fund	Current Benchmark
Pathfinder KiwiSaver High Growth Fund	Morningstar® New Zealand Aggressive Target Allocation Plus NR NZD ¹ https://indexes.morningstar.com/indexes/details/morningstar-new-zealand-aggressive-target-allocation-plus-FS0000I66L
Pathfinder KiwiSaver Growth Fund	Morningstar® New Zealand Growth Target Allocation Plus NR NZD ^{1,2} https://indexes.morningstar.com/indexes/details/morningstar-new-zealand-growth-target-allocation-plus-FS0000I66K
Pathfinder KiwiSaver Balanced Fund	Morningstar® New Zealand Balanced Target Allocation Plus NR NZD ^{1,2} https://indexes.morningstar.com/indexes/details/morningstar-new-zealand-balanced-target-allocation-plus-FS0000I66M
Pathfinder KiwiSaver Conservative Fund	Morningstar® New Zealand Conservative Target Allocation Plus NR NZD ^{1,2} https://indexes.morningstar.com/indexes/details/morningstar-new-zealand-conservative-target-allocation-plus-FS0000I66O

Note 1: Funds in the Pathfinder KiwiSaver Plan are not sponsored, endorsed, sold or promoted by Morningstar Research Limited or any of its affiliates (all such entities, collectively "Morningstar Entities"). The Morningstar Entities make no representation or warranty, express or implied, to the owners of the Morningstar indexes or any member of the public regarding the advisability of investing in the relevant markets generally or in the above-listed Morningstar Indexes to track general market performance.

Note 2: The benchmark for each Fund changes from 30 April 2026, from the Morningstar® New Zealand Target Allocation Index series (100% of non-NZD Fixed Interest hedged to NZD) to the Morningstar® New Zealand Target Allocation Plus Index series (100% of non-NZD Fixed Interest, and 50% of international equities hedged to NZD) for a more aligned currency hedging policy on international equities. In each case, benchmarks are on a net return ('NR') basis, that is, including dividends net of withholding tax for relevant equity classes.

Historically, the benchmark for each Fund other than the High Growth Fund changed on 1 December 2021. Prior to 1 December 2021, the benchmark for each relevant Fund was a composite of:

- For the Conservative Fund: 20% Bloomberg NZ Bank Bill Index, 60% Bloomberg Barclays Global Aggregate Total Return Index Unhedged (gross of interest and tax; 100% hedged to NZD) and 20% Morningstar Developed Markets Net Index (net of dividends and withholding tax; 50% hedged to NZD).
- For the Balanced Fund: 10% Bloomberg NZ Bank Bill Index, 30% Bloomberg Barclays Global Aggregate Total Return Index Unhedged (gross of interest and tax; 100% hedged to NZD) and 60% Morningstar Developed Markets Net Return Index (net of withholding tax and dividends, and 50% hedged to NZD).



- For the Growth Fund: 5% Bloomberg NZ Bank Bill Index, 15% Bloomberg Barclays Global Aggregate Total Return Index Unhedged (gross of interest and tax, 100% hedged to NZD) and 80% Morningstar Developed Markets Net Return Index (net of withholding tax and dividends; 50% hedged to NZD).

All benchmark changes are made on a prospective basis.

Monitoring: Fund performance is reported monthly at www.pathfinder.kiwi and at regular Ethics and Investment Committee meetings. Each Fund is also reviewed at least annually by Pathfinder using the metrics below. The preferred data period is 3 years, although we may instead use a different period including data since inception of a Fund:

Fund	Performance Monitoring
Pathfinder KiwiSaver High Growth Fund	<ul style="list-style-type: none"> returns after fees and before tax vs the Fund Benchmark volatility vs the Fund Benchmark returns after fees and before tax vs the mean or median of a sample of KiwiSaver aggressive funds
Pathfinder KiwiSaver Growth Fund	<ul style="list-style-type: none"> returns after fees and before tax vs the Fund Benchmark volatility vs the Fund Benchmark returns after fees and before tax vs the mean or median of a sample of KiwiSaver growth funds
Pathfinder KiwiSaver Balanced Fund	<ul style="list-style-type: none"> returns after fees and before tax vs the Fund Benchmark volatility vs the Fund Benchmark returns after fees and before tax vs the mean or median of a sample of KiwiSaver balanced funds
Pathfinder KiwiSaver Conservative Fund	<ul style="list-style-type: none"> returns after fees and before tax vs the Fund Benchmark volatility vs the Fund Benchmark returns after fees and before tax vs the mean or median of a sample of KiwiSaver conservative funds

Our investment team check the following aspects, and regular checks are signed off by our Compliance team:

- Ethical investing
- Target asset allocation
- Permitted asset allocation
- Permitted currency hedging





4. Ethical investing

Ethical investing is the practice of using an ethical framework, based on principles, as a primary filter for how to select investments. We do this as part of our mission, which is to generate individual wealth and collective well-being by investing ethically.

Different terms are used to describe investing based on more than just financial factors. Our preference is the term 'ethical' which makes it clear that values are taken into account. We recognise that values are not absolute, and vary person-to-person and community-to-community. The term 'ethical' overlaps with other terms like 'responsible', 'sustainable' and 'socially responsible'.

Application: Our ethical investing framework applies to each of our KiwiSaver Funds and to all our investments (whether equities, fixed income or private assets).

Seek to avoid harm: We want to minimise investment in industries or activities that create significant harm or that transgress our three filters of respecting people, planet and animals. These can be (1) based on regulatory settings such as New Zealand law or international conventions and/or (2) relate to industries or activities that we believe do more social or environmental harm than good. Our [Ethical Investment Policy](#) includes:

- **Exclusions detail:** Definitions of the activity, application, industry classification and revenue threshold applicable to each exclusion.
- **Companies of concern:** Detail of the register recording material concerns raised for any company invested in, and reasons why it is determined the company does not breach the policy.
- **Exceptions register:** Detail of the register recording any company's activities which don't strictly comply with our exclusions criteria, and reasons why it is determined the company should still be held.

We acknowledge that ethics is not binary and the world is changing at a fast pace. We also acknowledge that there will be limitations and inconsistency with the availability of data. For example, a change in a company's policy or activity may not be publicly available until its annual report is published. This may mean that an investment may breach our exclusions. Details of how we check our investments are set out in our Ethical investment Policy.

Positive screening: Positive screening is set out in our Ethical Investment Policy and has several levels:

- **ESG:** Because there's sound evidence that companies who address environmental, social and governance issues perform better and are more resilient than companies who don't, we consider a company's ESG score as part of our investment process.
- **Positive investment themes:** We tilt our portfolio towards companies whose operations align with our positive investment themes (Healthy Planet, Healthy Living, Deglobalisation, Digitalisation, and Social License) and that meet our financial investment criteria.
- **Commitments:** We support the United Nations Sustainable Development Goals which act as a blueprint to help achieve a better and more sustainable future for all. We are a signatory to the UN Principles of Responsible Investment (UNPRI). Our commitments under the UNPRI are set out in the Ethical Investment Policy.

Good stewardship: Stewardship obligations are set out in our Ethical Investment Policy and include:

- **Climate change:** We support the transition to a low-carbon world as this will help to mitigate the effects of climate change (which we see as an immense threat to the future of our society and ecosystems).
- **Active ownership:** This involves voting as a shareholder, engaging with companies and advocating to actively encourage ethical investment.
- **Oversight:** Our Ethics and Investment Committee and investment team monitor ongoing adherence to our policy.

Monitoring and divestment: To ensure our investments meet the criteria set out in the Ethical Investment Policy, our investment team monitors companies we invest in for compliance with the policy on a regular



basis. This includes reviewing data on reported ESG metrics from third-party data providers, news alerts and qualitative research (such as industry surveys & interacting with the companies directly) For any Fund (or underlying funds in which that Fund invests), excluding the Green Bond Fund, that uses external investment managers, we supply a full list our investment team sends a full list of investable assets, which our investment team determine to comply with our Ethical Investment Policy, to the external investment managers. This list is updated regularly based on our monitoring and research findings. The external investment manager may only invest in assets on that list.

Transparency: Our Ethical Investment Policy sets out where our investment holdings will be disclosed and our annual reporting on sustainability metrics.

5. Asset allocation

Asset classes are the different investment groups we use for managing the Funds. These are currently:

Asset Class	Examples of Investment Exposures
Cash and Cash Equivalents	Bank deposits including term deposits.
NZ Fixed Interest	Bonds issued in New Zealand (which includes 'green bonds'). 90% of the aggregated allocation to New Zealand and International Fixed Interest will have a minimum credit rating ¹ or internally assessed credit rating of BBB-.
International Fixed Interest	Bonds issued outside of New Zealand (which includes international 'green bonds'). 90% of the aggregated allocation to New Zealand and International Fixed Interest will have a minimum credit rating or internally assessed credit rating of BBB-.
Australasian Equities	Shares listed on a stock exchange in New Zealand or Australia (such as the NZX or ASX). Listed property shares are not included in this class.
International Equities	Shares listed on a stock exchange outside New Zealand and Australia. Listed property shares are not included in this class.
Listed Property	Property shares listed on a stock exchange.
Other Assets	Investments that are unlikely to be stock exchange listed including securities for which there is no tradable market. These can include investments known as 'impact investments', 'venture capital', 'private loans' and 'private equity.' This category also includes unlisted property, such as direct ownership in property or ownership of property companies that are not listed on a stock exchange.

The Ethics and Investment Committee may add to or change these asset classes. When we refer to 'shares' within any asset class we also mean preference shares and other equivalent products. Any of these exposures may be obtained by investing in another fund.

The **Target Asset Allocation** is our preferred long-term average expected investment allocation to each asset class and is set out below:

¹ Credit rating from Standard & Poor's or the equivalent rating from Moody's or Fitch



Asset Class	Target Asset Allocation			
	High Growth Fund	Growth Fund	Balanced Fund	Conservative Fund
Cash & Cash Equivalents	4%	7%	10%	24%
New Zealand Fixed Interest	2%	9%	17%	27%
International Fixed Interest	4%	14%	22%	39%
Australasian Equities	19%	18%	13%	3%
International Equities	59%	43%	32%	6%
Listed Property	5%	4%	3%	0%
Other Assets	7%	5%	3%	1%
Total	100%	100%	100%	100%
Growth assets	90%	70%	51%	10%
Income assets	10%	30%	49%	90%

When we refer to **growth assets** we mean investments like shares and when we refer to **income assets** we mean investments that generate income in the form of interest payments like bonds and bank deposits. The value of growth assets will likely fluctuate more than income assets over the medium to long term.

Tactical asset allocation: We may vary the actual asset allocation away from the target asset allocation, to take advantage of short to medium term market conditions.

Permitted Ranges are the limits each Fund operates inside (any move outside this range is expected to be remedied within 5 business days of the Manager becoming aware of the breach):

Asset Class	Permitted Range			
	High Growth Fund	Growth Fund	Balanced Fund	Conservative Fund
Cash & Cash Equivalents	0% - 100%	0% - 100%	0% - 100%	0% - 100%
New Zealand Fixed Interest	0% - 70%	0% - 70%	0% - 70%	0% - 80%
International Fixed Interest	0% - 70%	0% - 70%	0% - 70%	0% - 80%
Australasian Equities	0% - 95%	0% - 90%	0% - 70%	0% - 25%
International Equities	0% - 95%	0% - 90%	0% - 70%	0% - 25%
Listed Property	0% - 20%	0% - 20%	0% - 20%	0% - 20%
Other Assets	0% - 12%	0% - 12%	0% - 12%	0% - 12%

Changes: The Manager may change the Target Asset Allocation and Permitted Ranges at any time.

Rebalancing: Actual asset class allocations will frequently differ from the Target Asset Allocation but are to remain inside the Permitted Ranges. The Manager may at any time rebalance a Fund's holdings closer to the Target Asset Allocation but is not required to do so.



6. Currency hedging

The use of currency hedging is to reduce or alter the potential impact on a Fund from changes in the value of the New Zealand dollar. Below are neutral hedging positions and permitted ranges for hedging in each Fund against gross fund value:

Fund	Neutral Hedge Position	Permitted Range
Pathfinder KiwiSaver Funds (High Growth, Growth, Balanced, Conservative)	100% of non-NZD Fixed Interest exposure 50% of other non-NZD exposure	-10% to +110%

Hedging: The neutral hedge position reflects a “neutral view” or “base position”, from which the Manager may deviate (and may deviate significantly from time to time).

Permitted range: These are the limits each Fund operates inside (any move outside this range is expected to be remedied within 5 business days of the date the Manager becomes aware of the breach of the limit). The permitted range is very wide to accommodate the fact that the Manager may seek to add value through the level of currency hedging. The range also allows for temporary over-hedging scenarios which may occur due to short term currency and equity price moves.

Currency proxies: While a Fund may have exposure to foreign currencies, it is not necessary to hedge all currencies. It may be convenient for the USD to be used as a proxy for some or all other currencies.

7. Liquidity

The Manager has developed its Liquidity Risk Management Framework, where it defines liquidity risk as the risk that a position in the fund cannot be sold, liquidated or closed at limited cost to comply at any time with the Manager’s redemption obligations or investment strategy under different market conditions. In order to manage the liquidity risk, the Manager expects:

1. The majority of a Fund’s investments are highly liquid under normal market conditions. This means a significant cash reserve is unlikely to be required. It is possible a Fund could have ‘Other Assets’ that cannot be sold quickly or easily. In aggregate, ‘Other Assets’ are limited at <10% of the investments of a Fund.
2. Ongoing liquidity risk monitoring by the Manager and/or any underlying investment managers through liquidity management tools, such as cash flow monitoring, stress testing and scenario analysis.

In any event of extreme market conditions where liquidity risk is so high that the Ethics and Investment Committee is almost certain that a contingency event may be triggered, the Manager may use some or all of the high-impact liquidity management tools with appropriate permissions, for the best interest of the Scheme participants. The high-impact liquidity management tools include:

- a. Changes to the buy/sell spread
- b. Borrowing
- c. Deferral of redemption



8. External Managers

External managers can be used by a Fund where the Manager believes they better support achievement of the achievement of the Fund objective, compared to in-house management using available resources. Where we use external managers, our focus is on best-in-class solutions that fulfil the relevant Fund's risk and return mandates, while also exhibiting alignment with our ethical overlay. External managers will be carefully selected and their portfolios will be closely monitored. We recognise that we may not be able to exert absolute control over all securities at all times, although we endeavour to ensure holdings comply with our SIPO and Ethical Investment Policy (including by granting exceptions if appropriate). Review of the underlying holdings and values alignment will form part of our external manager review process. At the date of this SIPO, for International Equities, Australasian Equities and International Fixed Income assets, the Manager made the following appointments:

- a) Nordea Investment Management AB as investment manager for the Responsible Investment Fund,
- b) Salt Funds Management Limited, our sister company, as investment manager for the Wholesale Ethical Trans-Tasman Fund, and
- c) Metlife Investment Management as investment manager for the Green Bond Fund.

Each of the Funds invest in these underlying funds.

9. Derivatives

Derivative contracts may be used by a Fund (or underlying funds in which that Fund invests) to manage market risk exposure to equities, foreign currencies, interest rates and to other market investment risks, or to take an investment position. Derivatives can be futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter' which means entered into directly with another party.

10. Borrowing

No Funds will borrow money to buy investments. There are very limited circumstances where borrowing may be used as a liquidity tool, for example (a) to pay Fund expenses or (b) where the Fund has cash deposits higher than the amount being borrowed. A Fund may from time to time use an overdraft, rather than borrowing, for temporary liquidity.

11. Valuation Policy

For listed securities, daily closing prices from domestic and international markets are used for valuation purposes, unless this is not considered by the Manager or the Supervisor to be an accurate measure (in which case the procedure set out in the trust documents will be followed).

The Funds may hold private assets such as unlisted shares and private credit. These assets are unlisted and so will not be valued at a traded stock exchange price. Instead these will be valued at least quarterly by us dependent on market conditions in accordance with the Manager's Private Asset Valuation Policy (available at <https://disclose-register.companiesoffice.govt.nz>).



12. Supervision and Custody

Supervisor: The Supervisor of the Scheme is Public Trust (PT). PT is responsible for the supervision of the Scheme and the performance of Pathfinder's duties as manager of the Scheme. PT is independent of Pathfinder and is regulated by the Financial Markets Authority.

Custody: All assets of a Fund must be held by the Supervisor or an independent third party sub-custodian appointed by the Supervisor (which may not include the Manager). No Fund assets are to be held in the name of the Manager.

13. Review

SIPO review frequency: This SIPO is to be reviewed by the Manager at least once each calendar year. It may be reviewed and changed at any time without prior notice to investors.

SIPO approval: The review process (and on-going changes) will include review and approval by the Ethics and Investment Committee or the Pathfinder board in consultation with the Supervisor in respect of any changes. Prior notice of material changes to the SIPO will be given to investors and will be noted in our annual report. Revisions to the SIPO will come into effect on the effective date shown on the front cover.

Other policies: Pathfinder has internal policies that are applicable to the management of the Funds. These include our Ethical Investment Policy, Trade Allocation Policy and Compliance Manual. Each of these policies will be reviewed at least once every two years, or more frequently if required by changes in market conditions, laws or other circumstances. Each review will be signed off by Pathfinder's Chief Executive and may also be reviewed by the Board and/or Board Committees.