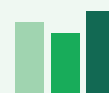


EVIDENTIAL KIWISAVER SCHEME

# Statement of Investment Policy and Objectives

26 MARCH 2025





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# 1 Background

This statement of investment policy and objectives (SIPO) sets out the investment governance and management framework, philosophy, strategies and objectives for Consilium NZ Limited (Consilium, Manager, we, our, us) and the Evidential KiwiSaver Scheme (Scheme).

The SIPO describes:

- the nature and type of investments that can be made and any limit on those;
- any limits on the proportion of each type of asset invested in; and
- how the SIPO is developed and amended, and how we measure performance against the objectives of the Scheme.

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# 2 Description of the Scheme and its Funds

The Scheme is a registered managed investment scheme and a registered KiwiSaver scheme under the Financial Markets Conduct Act 2013 (FMC Act). The Scheme is a trust governed by a trust deed between Consilium and the Supervisor (Trust Deed).

## The Funds

The Scheme offers the following funds (Funds)

- High Growth Fund
- Growth Fund
- Balanced Fund

The SIPO may be revised when deemed appropriate by the Manager, following consultation with the Supervisor.

## The Manager

Consilium is the manager of the Scheme and has prepared this SIPO. The Manager is responsible for offering and issuing units in the Funds, managing the Funds' investments and administering the Scheme. The Manager is a registered financial service provider (registration number FSP439786) and holds a managed investment scheme manager licence under the FMC Act, granted by the Financial Markets Authority (FMA). Further information on our licence is publicly available on the FMA website ([www.fma.govt.nz](http://www.fma.govt.nz)) and also on the Financial Service Providers Register website ([www.fsp-register.companiesoffice.govt.nz](http://www.fsp-register.companiesoffice.govt.nz)).

## The Supervisor

Trustees Executors Limited (Supervisor) is the supervisor of the Scheme. The Supervisor's role is to act on behalf of investors in the Scheme, supervise the Manager in the performance of its functions and to hold, or arrange for the holding of, the Scheme's assets in independent custody. The Supervisor is a registered financial service provider (registration number FSP37383) and has been granted a full licence under the Financial Markets Supervisors Act 2011 to act as supervisor of a managed investment scheme. The Supervisor is independent of the Manager.

## Further information about the offer and Scheme

Further information about the Scheme and the offer of membership of the Scheme is available from the Companies Office 'Disclose' website [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). The product disclosure statement and other material information relating to the Scheme and offer of membership is available on the Disclose website. The Scheme's governing document (the Trust Deed) and the latest version of this SIPO are available on the Disclose website. There is also further information on the Manager's website [www.evidential.co.nz](http://www.evidential.co.nz) and on the Scheme's offer register entry at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

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## 3 Investment philosophy

The Scheme follows an evidence-based investment philosophy, targeting sources of higher long term expected return.

Academic research has identified specific factors that explain systematic differences in investment returns over time. These factors are supported by sound economic rationale, are persistent across historical time periods, pervasive across markets and cost effective to capture in well diversified portfolios.

To effectively target these factors, the Scheme and Funds are constructed focusing on the following principles:

- Implement a strategic investment approach that does not try to time entry or exit from markets.
- Take a consistent increased exposure to securities with higher long term expected returns.
- Only hold assets that can be bought or sold quickly and with low transaction costs.
- Maintain broad diversification.

## Sustainability

### Excluded business practices

The Scheme and Funds seek to exclude companies associated with the following business practices, subject to those companies meeting certain business involvement criteria (which include revenue thresholds) as part of the screening process:

| Business practice            | Business involvement criteria   |
|------------------------------|---|
| <b>PERSONAL FIREARMS</b>     | Production of firearms intended for civilian use and ammunition for such products, or greater than 25% of revenue from the retail of such firearms and ammunition.  |
| <b>CONTROVERSIAL WEAPONS</b> | Production of controversial weapons such as cluster munitions, landmines, biological weapons, chemical weapons or depleted uranium weapons, or key intended components of such weapons.   |
| <b>NUCLEAR WEAPONS</b>       | Involved in the manufacturing of nuclear weapons, or manufacturing of components developed or significantly modified for exclusive use in nuclear weapons. Involved in providing auxiliary services related to nuclear weapons. |
| <b>TOBACCO</b>               | Greater than 10% of revenue from the production or manufacturing of tobacco products.   |

### Other

Compliance with the excluded businesses practices is monitored on a quarterly basis. If a holding is flagged by our monitoring, we will engage with the underlying fund manager to understand its position before taking action (if any).

Should existing holdings, eligible at the time of purchase, subsequently become ineligible for the Funds, they will be divested within a reasonable period of time considering turnover, liquidity and associated trading costs. In most circumstances, we would expect to divest within three months. However, there may be circumstances beyond our control, such as trade suspension, delisting or insufficient market liquidity, that result in divestment taking longer.

Investments in government or government related securities are generally not subject to the company exclusions identified above.

The Funds may have exposure to derivative instruments which may include futures contracts. In holding these instruments, the Funds may be indirectly exposed to holdings that would typically be excluded.

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## 4 Investment strategy and objectives

The objective of the Scheme is to provide investors with a range of funds to meet their investment objectives. Each fund has its own strategy and objective which is detailed in Schedule 1 - 3.

### Permitted investments

The permitted investments for the Funds are as follows:

| Permitted investments            | Examples   |
|----------------------------------|--|
| <b>CASH</b>                      | Deposits with a registered bank.   |
| <b>FIXED INTEREST SECURITIES</b> | Debt securities issued by governments, corporations, local authorities or banks. Other income generating assets.   |
| <b>EQUITIES</b>                  | Equities (sometimes referred to as shares) listed on stock exchanges around the world. Securities received in connection with corporate actions (for example, warrants, convertible debt securities, options). |
| <b>DERIVATIVES</b>               | Financial derivative instruments including futures, currency hedging instruments, options, swaps etc.  |

The Funds may hold these assets directly or indirectly via a managed investment scheme, collective investment vehicle or exchange traded fund that holds the permitted investments.

We may invest in other investments (which are not explicitly stated) that we consider fall within the parameters of permitted investments.

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## Investment policies

|  |  |
|--|--|
| <b>LIQUIDITY AND CASHFLOW MANAGEMENT</b> | The Funds invest predominantly in liquid investments and have daily applications and redemptions. If market conditions change, and the assets become difficult to sell, the Manager may defer or suspend redemptions for a period of time. Investor contributions and withdrawals and fund expenses are funded through a holding of cash. The cash accounts are monitored to ensure they remain within the respective asset allocation ranges.   |
| <b>HEDGING</b>                           | <p>Hedging is a term used to describe removing some or all of the foreign exchange currency risk from owning assets domiciled in foreign currencies.</p> <p>We aim to hedge 100% of the international fixed interest exposure in the Funds, and 30% to 50% of the international equities (excluding Australia).</p>  |
| <b>REBALANCING</b>                       | Asset weights can vary relative to the target asset allocation. This is due to market returns and applications and redemptions into the Funds. The Manager has a systematic approach to rebalancing which considers portfolio transaction costs and target asset allocation weights. We rebalance the Funds towards their target asset allocation with any cashflows received, or when the asset weight is materially different to the target weight.  |
| <b>RELATED PARTY TRANSACTIONS</b>        | <p>The Funds may invest in other managed investment schemes. Some of these schemes are managed by related parties, and as they are permitted under section 174 of the FMC Act, they are permitted investments for the Funds.</p> <p>The Manager will report transactions in managed investment schemes managed by related parties to its Supervisor in accordance with section 173(2) of the FMC Act.</p>  |
| <b>TRADE ALLOCATION</b>                  | The Funds generally invest in managed investment schemes rather than trading directly in securities. As such, orders to buy or sell units are generally fully allocated.   |
| <b>PRICING AND VALUATION</b>             | The calculation of unit prices and the valuation of assets of the Funds are completed by Adminis NZ Limited (Adminis), an independent external party. This outsourcing arrangement is governed by a Services Agreement and Service Level Agreement between Consilium and Adminis. Accordingly, our unit pricing and valuation policy adopts the unit pricing and asset valuation policies of Adminis.  |
| <b>EXTERNAL INVESTMENT MANAGEMENT</b>    | <p>Our external investment management policy sets out the process that is followed for appointing and monitoring external investment managers. External investment managers may be managers who are directly contracted to manage a portfolio of assets or may be the manager of an underlying fund.</p> <p>The policy sets out the factors that we are looking for in an external manager, such as an evidence-based investment philosophy, experienced and stable investment teams and proven performance.</p> <p>Once selected, an external investment manager is subject to a rigorous ongoing monitoring process. Each external investment manager is regularly assessed against a range of criteria.</p> |

## TAXATION

The Scheme is a portfolio investment entity (PIE) and therefore is taxed under the PIE regime.

In determining the investment method of the Funds, the tax implications of how the exposure is obtained is considered. For example, the exposure may be obtained through holding assets directly within the Funds or by investing in another managed investment scheme, and these methods may have different tax outcomes depending on the asset class. The tax outcome, along with other factors such as cost, will contribute to the selection of the best investment method.



## Investment performance monitoring

The performance of the Scheme and Funds is monitored at least quarterly. When assessing the performance, we consider both the absolute and relative performance to the composite market index.

Investors can obtain a full list of holdings for the Scheme and Funds from the Disclose website [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz), which is updated every six months.



## Investment strategy and SIPO review

The investment strategies of the Funds and the SIPO are reviewed annually by the Consilium Due Diligence Committee. As part of its review, the Consilium Due Diligence Committee will seek input from the Consilium Investment Committee. The Consilium Investment Committee may also review (and, if necessary, recommend amendments to) the investment strategy and SIPO as a result of any fundamental changes in the investment environment or any changes to any Fund's investment objectives.

The Manager can make changes to the SIPO in accordance with the Trust Deed and the FMC Act. Before making changes to the SIPO, the Manager will consider if the changes are in the best interests of investors and consult with the Supervisor. Any changes to the SIPO will be approved by the Consilium Due Diligence Committee and the Supervisor.

The Manager monitors compliance with the SIPO and will report any breaches to the Consilium Board and the Supervisor. The most up to date version of the SIPO is available on the scheme register (Disclose), which can be found at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

# Schedule 1 – High Growth Fund

## Fund description and investment objective

The fund holds a diversified portfolio of growth assets, which means this fund is expected to have the highest long term return, but there is also likely to be large up and down movements in the fund's value.

The investment objective is to outperform the fund's composite market index (before tax, fees and expenses) over the long term.

## Target asset allocation and ranges

| Asset category            | Asset class               | Target asset allocation | Limits     | Market index  |
|---------------------------|---------------------------|-------------------------|------------|---|
| GROWTH ASSETS             |                           | 99%                     | 90% - 100% |   |
| New Zealand equities      | Australasian equities     | 19%                     | 19% - 39%  | MSCI New Zealand All Cap Index (net dividends)  |
| Australian equities       |                           | 10%                     |            | MSCI Australia IMI Index (net dividends)  |
| Developed market equities | International equities    | 63%                     | 60% - 80%  | 56% MSCI World ex Australia (net dividends)   |
| Emerging market equities  |                           | 7%                      |            | 44% MSCI World ex Australia (net dividends, hedged to NZD)<br>MSCI Emerging Markets Index (net dividends) |
| INCOME ASSETS             |                           | 1%                      | 0% - 10%   |   |
| Cash                      | Cash and cash equivalents | 1%                      | 0% - 10%   | Bloomberg NZBond Bank Bill Index  |
| TOTAL                     |                           | 100%                    |            |   |

## Composite market index

The fund's composite market index is constructed by taking the target asset allocation weights and applying them to each market index listed above.

## Schedule 2 – Growth Fund

### Fund description and investment objective

The fund holds a diversified portfolio of primarily growth assets and some income assets. Holding a high proportion of growth assets means this fund is expected to have high long term returns, but there is also likely to be reasonably large up and down movements in the fund's value.

The investment objective is to outperform the fund's composite market index (before tax, fees and expenses) over the long term.

### Target asset allocation and ranges

| Asset category               | Asset class                  | Target asset allocation | Limits    | Market index  |
|------------------------------|------------------------------|-------------------------|-----------|---|
| GROWTH ASSETS                |                              | 80%                     | 70% - 90% |   |
| New Zealand equities         | Australasian equities        | 17%                     | 15% - 35% | MSCI New Zealand All Cap Index (net dividends)  |
| Australian equities          |                              | 8%                      |           | MSCI Australia IMI Index (net dividends)  |
| Developed market equities    | International equities       | 49.5%                   | 45% - 65% | 56% MSCI World ex Australia (net dividends)   |
| Emerging market equities     |                              | 5.5%                    |           | 44% MSCI World ex Australia (net dividends, hedged to NZD)<br>MSCI Emerging Markets Index (net dividends) |
| INCOME ASSETS                |                              | 20%                     | 10% - 30% |   |
| New Zealand fixed interest   | New Zealand fixed interest   | 6%                      | 0% - 16%  | Bloomberg NZBond Composite 0+Years Index  |
| International fixed interest | International fixed interest | 13%                     | 3% - 23%  | Bloomberg Global Aggregate Bond Index (hedged to NZD)   |
| Cash                         | Cash and cash equivalents    | 1%                      | 0% - 10%  | Bloomberg NZBond Bank Bill Index  |
| TOTAL                        |                              | 100%                    |           |   |

### Composite market index

The fund's composite market index is constructed by taking the target asset allocation weights and applying them to each market index listed above.

## Schedule 3 – Balanced Fund

### Fund description and investment objective

The fund holds a diversified portfolio of growth assets and income assets. Holding a balanced mix of growth and income assets means this fund is expected to have moderate to high long term returns and up and down movements in the fund's value.

The investment objective is to outperform the fund's composite market index (before tax, fees and expenses) over the long term.

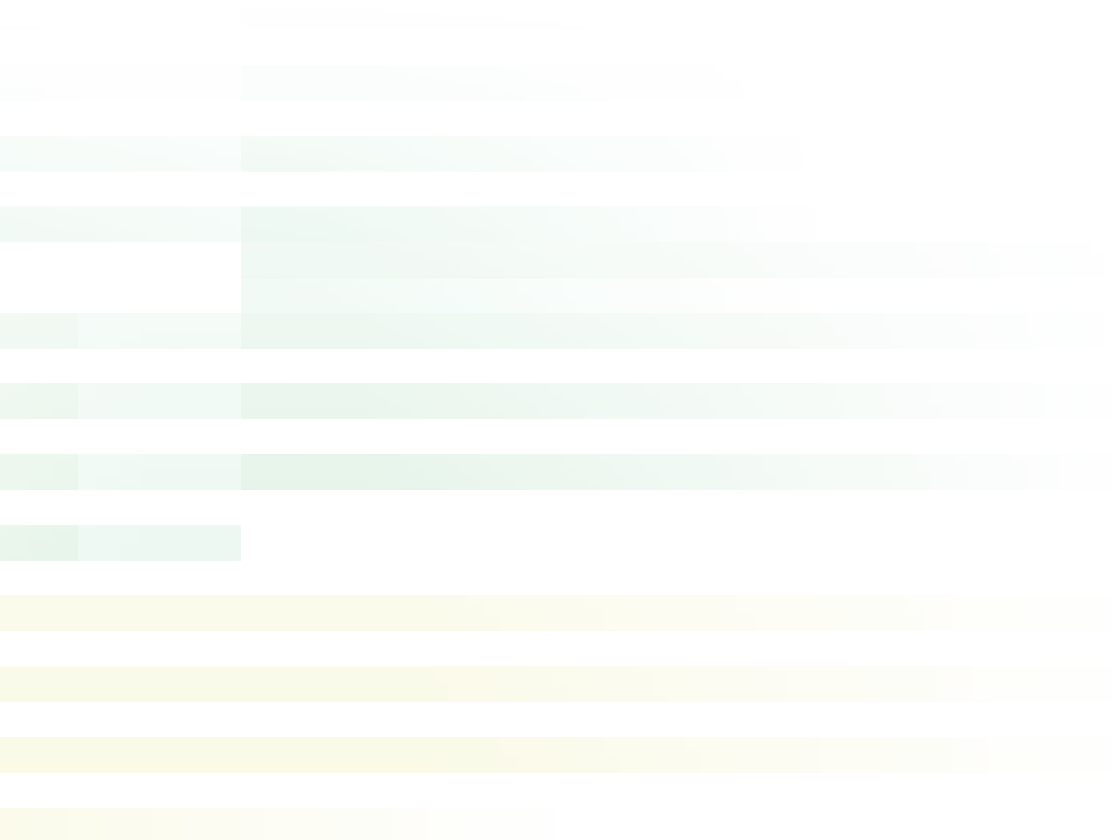
### Target asset allocation and ranges

| Asset category               | Asset class                  | Target asset allocation | Limits    | Market index  |
|------------------------------|------------------------------|-------------------------|-----------|---|
| GROWTH ASSETS                |                              | 60%                     | 50% - 70% |   |
| New Zealand equities         | Australasian equities        | 14%                     | 10% - 30% | MSCI New Zealand All Cap Index (net dividends)  |
| Australian equities          |                              | 6%                      |           | MSCI Australia IMI Index (net dividends)  |
| Developed market equities    | International equities       | 36%                     | 30% - 50% | 56% MSCI World ex Australia (net dividends)   |
| Emerging market equities     |                              | 4%                      |           | 44% MSCI World ex Australia (net dividends, hedged to NZD)<br>MSCI Emerging Markets Index (net dividends) |
| INCOME ASSETS                |                              | 40%                     | 30% - 50% |   |
| New Zealand fixed interest   | New Zealand fixed interest   | 10%                     | 0% - 20%  | Bloomberg NZBond Composite 0+Years Index  |
| International fixed interest | International fixed interest | 29%                     | 19% - 39% | Bloomberg Global Aggregate Bond Index (hedged to NZD)   |
| Cash                         | Cash and cash equivalents    | 1%                      | 0% - 10%  | Bloomberg NZBond Bank Bill Index  |
| TOTAL                        |                              | 100%                    |           |   |

### Composite market index

The fund's composite market index is constructed by taking the target asset allocation weights and applying them to each market index listed above.









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