Smart KiwiSaver Scheme

Statement of Investment Policy and Objectives (SIPO)

13 November 2026 | smartinvest.co.nz

Content

1. Description of the Scheme 5
2. Investment philosophy 5
3. Investment options 6
    Smart Steps 6
    Diversified funds 6
    Default fund 6
    Ethical fund 6
    Guest manager fund 6
    Sector funds 6
4. Investment objective 6
5. Investment policies 7
    Derivatives 7
    Hedging 7
    Responsible investment 7
6. Investment performance monitoring and reporting 8
7. Investment strategy review 8
8. SIPO review 8
Schedules 9
Smart Steps 9
    Schedule 1: Smart Steps 9
Diversified Funds 11
    Schedule 2: Smart Income Fund 11
    Schedule 3: Smart Conservative Fund 12
    Schedule 4: Smart Balanced Fund 14
    Schedule 5: Smart Growth Fund 16

Schedule 6: Smart High Growth Fund 18
Default Fund 20
Schedule 7: Smart Default Fund 20
Ethical Fund 22
Schedule 8: Ethica Fund 22
Guest Manager Fund 24
Schedule 9: Castle Point 5 Oceans Fund 24
Sector Funds 25
New Zealand Shares 25
Schedule 10: S&P/NZX 50 Fund 25
Schedule 11: NZ Shares Fund 26
Schedule 12: NZ Top 50 Fund 27
Schedule 13: NZ Top 10 Fund 28
Schedule 14: NZ Mid Cap Fund 29
Schedule 15: NZ Dividend Fund 30
Schedule 16: NZ Property Fund 31
Australian Shares 32
Schedule 17: S&P/ASX 200 Fund 32
Schedule 18: Australian Shares Fund 33
Schedule 19: Australian Top 20 Fund 34
Schedule 20: Australian Mid Cap Fund 35
Schedule 21: Australian Dividend Fund 36
Schedule 22: Australian Financials Fund 37
Schedule 23: Australian Resources Fund 38
Schedule 24: Australian Property Fund 39
US Shares 40
Schedule 25: US 500 Fund 40
Schedule 26: US Large Growth Fund 41

Schedule 27: US Large Value Fund 42
Schedule 28: US Mid Cap Fund 43
Schedule 29: US Small Cap Fund 44
International Shares 45
Schedule 30: Overseas Shares Fund 45
Schedule 31: Overseas Shares (Currency Hedged) Fund 46
Schedule 32: Total World Fund 47
Schedule 33: Total World (NZD Hedged) Fund 48
Schedule 34: Asia Pacific Fund 49
Schedule 35: Emerging Market Fund 50
Schedule 36: Europe Fund 51
Schedule 37: Global Property Fund 52
Bonds and Cash 53
Schedule 38: NZ Bonds Fund 53
Schedule 39: S&P/NZX NZ Government Bonds Fund 54
Schedule 40: Overseas Bonds Fund 55
Schedule 41: Overseas Non-government Bonds Fund 56
Schedule 42: Global Aggregate Bonds Fund 57
Schedule 43: NZ Cash Fund 58
Schedule 44: UK Cash Fund 59



1. Description of the Scheme

The Smart KiwiSaver scheme (**Scheme**) is a KiwiSaver scheme under the Financial Markets Conduct Act 2013. The Scheme is managed by Smartshares Limited (**Smart**).

Each of the funds in the Scheme may invest via another fund managed by 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.

Smart recognises that in some markets the predominant index may not provide an efficient exposure. In these circumstances, it will use a systematic approach to manage a portfolio or select an external manager to meet the objective of the fund.

Smart recognises that environmental, social and governance (ESG) risk can impact investment performance, and that some investors prefer funds that integrate ESG factors into the selection of investments and external managers.

3. Investment options

Smart Steps

Smart Steps is an investment option where the mix of income and growth assets is automatically set based on the investor's age. As an investor gets older, the proportion of the investor's investment in growth assets will be reduced, lowering the expected size of the ups and downs in the value of the investor's investment.

Smart Steps invests in the NZ Cash Fund (a sector fund), the Smart Income Fund and the Smart High Growth Fund (both diversified funds).

The mix of the NZ Cash Fund, the Smart Income Fund and the Smart High Growth Fund from under age 18 to age 100 is set out in schedule 1 of this SIPO.

Diversified Funds

The diversified funds provide a range of risk-return profiles. The funds invest in a mix of the main investment asset classes of cash, fixed interest, shares and property. If an investor invests in a diversified fund, it's up to the investor to change funds if the investor's risk-return profile changes.

Default Fund

The Smart Default Fund is a balanced fund which excludes investments in illegal weapons (cluster munitions, anti-personnel mines and nuclear explosive devices) and fossil fuel production. The fund is a KiwiSaver default fund.

Ethical Fund

The Ethica Fund provides exposure to a mix of global companies and income assets that align with Smart's Responsible Investment Policy.

Our Responsible Investment Policy takes into account environmental, social and governance (ESG) factors. In summary this involves:

- Excluding investment in companies or assets that do not meet our socially responsible investment standards (e.g. companies involved in tobacco, alcohol, military weapons, factory farming and coal mining)
- ESG screening to reduce investment based on ESG factors (e.g. reduce investment in companies with high greenhouse gas emissions)
- Increasing investment in companies with superior ESG factors (e.g. companies that sustainably manage their impact on the environment)

We expect the incorporation of ESG factors will provide investors with a long-term return that is broadly comparable to similar funds that do not have ESG considerations, for a similar level of market risk.

More information on our ethical fund and the use of SRI exclusions and ESG screening can be found in Schedule 8, and within our Responsible Investment Policy available from smartinvest.co.nz/resources/documents.

Guest Manager Fund

The guest manager fund is a fund that invests in an external fund that is actively managed by another manager.

Sector Funds

The sector funds are a range of funds invested in New Zealand, Australian and international markets that an investor can use to set the investor's own investment strategy. Each sector fund invests in one of the main investment asset classes of cash, fixed interest, shares and property. If an investor invests in the sector funds, it's up to the investor to change funds if the investor's investment strategy changes.

4. Investment Objective

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

5. 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 fund that uses derivatives has a derivatives policy. These are set out in the schedules to this SIPO.

Hedging

Purpose of currency hedging

When we buy foreign assets for a fund, the fund also gains foreign currency exposure. The risk that the foreign currency moves up or down relative to the NZ dollar is referred to as currency risk. This risk can be mitigated by offsetting or hedging part or all of the underlying currency exposure within a portfolio.

Our currency hedging is managed using the following methods:

1. In-house managed currency overlay using forward foreign exchange contracts
2. Outsourced currency management by a third-party manager.
3. Investment into a mix of funds that are New Zealand dollar hedged and unhedged.

Hedging strategy

Diversified funds

Smart implements a dynamic hedging strategy for the diversified funds. This means that as the actual hedging level changes over time due to cashflows and market movements, adjustments are made to bring the currency hedging back to the target level. The hedging levels within each fund are monitored on an ongoing basis and adjusted at the discretion of the portfolio manager within an allowable range between 0% and 120%.

Sector funds

Target hedging levels are adopted in respect of each of the sector funds. The actual hedging level may vary from the target over time due to cashflows and market movements. Adjustments are subsequently made to bring the currency hedging back to the target level.

The table below outlines the benchmark hedging level for each asset class within our diversified funds

Diversified funds currency hedging

Asset class	Benchmark Hedging Level
Cash and cash equivalents	No foreign currency exposure
New Zealand fixed interest	No foreign currency exposure
International fixed interest	100%
Australasian equities*	50%
International equities	50% Developed Markets 0% Emerging Markets
Listed property	100%
Other	100%

*The currency hedging only applies to Australian equities.

Each fund that has foreign currency exposure may have an overall target hedging level. For the diversified funds, the overall level is based on the benchmark hedging level for each asset class above. We may change the target hedging level at any time within a specified range. The overall target hedging level and permitted range for each fund are set out in the schedules to this SIPO.

You can find each fund's current hedging level in the fund updates available at smartinvest.co.nz/resources/fund-reports

Responsible Investment

Our Responsible Investment Policy, which sets out our approach to responsible investing, is available at smartinvest.co.nz/resources/documents

6. 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 a fund's benchmark and performance relative to peer averages is monitored.

The Ethica Fund is monitored on a quarterly basis and reviewed annually to ensure it adheres to our Responsible Investment Policy. The monitoring focuses on ESG performance and incorporation of ESG factors compared to equivalent ESG funds.

7. 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.

8. 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.

Schedule 1: Smart Steps

The mix of income and growth assets from under age 18 to age 100 is set out below.

Investor's Age	Smart High Growth Fund	Smart Income Fund	NZ Cash Fund
<18	100%	-	-
18	100%	-	-
19	98%	2%	-
20	96%	4%	-
21	94%	6%	-
22	92%	8%	-
23	90%	10%	-
24	88%	12%	-
25	86%	14%	-
26	84%	16%	-
27	82%	18%	-
28	80%	20%	-
29	80%	20%	-
30	80%	20%	-
31	80%	20%	-
32	80%	20%	-
33	80%	20%	-
34	80%	20%	-
35	80%	20%	-
36	80%	20%	-
37	80%	20%	-
38	80%	20%	-
39	80%	20%	-
40	80%	20%	-
41	80%	20%	-
42	80%	20%	-
43	80%	20%	-
44	80%	20%	-
45	80%	20%	-
46	79%	21%	-
47	78%	22%	-
48	77%	23%	-
49	76%	24%	-
50	75%	25%	-
51	73%	27%	-
52	71%	29%	-
53	69%	31%	-
54	67%	33%	-
55	65%	35%	-
56	64%	36%	-
57	62%	38%	-
58	61%	39%	-
59	59%	41%	-
60	58%	42%	-
61	56%	44%	-
62	54%	46%	-
63	53%	47%	-
64	52%	48%	-
65	50%	50%	-
66	48%	52%	-
67	46%	54%	-
68	44%	56%	-
69	42%	58%	-

Investor's Age	Smart High Growth Fund	Smart Income Fund	NZ Cash Fund
70	40%	60%	-
71	38%	62%	-
72	36%	64%	-
73	34%	66%	-
74	32%	68%	-
75	30%	70%	-
76	26%	74%	-
77	22%	78%	-
78	18%	82%	-
79	14%	86%	-
80	10%	90%	-
81	8%	92%	-
82	6%	94%	-
83	4%	96%	-
84	2%	98%	-
85	-	95%	5%
86	-	90%	10%
87	-	85%	15%
88	-	80%	20%
89	-	75%	25%
90	-	68%	32%
91	-	54%	46%
92	-	40%	60%
93	-	27%	73%
94	-	13%	87%
95	-	-	100%
96	-	-	100%
97	-	-	100%
98	-	-	100%
99	-	-	100%
100	-	-	100%

Diversified Funds

Schedule 2: Smart Income Fund

Investment objective

Designed for investors that want an investment in New Zealand and international fixed interest.

Investment strategy

Purpose	Asset Class	Target	Range	Market Index
Income	Cash and cash equivalents	10%	0%–100%	S&P/NZX Bank Bills 90-Day Total Return Index
	New Zealand fixed interest	45%	0%–70%	50% S&P/NZX A-Grade Corporate Bond Total Return Index 50% S&P/NZX NZ Government Bond Total Return Index
	International fixed interest	45%	0%–70%	Bloomberg Global Aggregate Total Return Index Hedged NZD
	Total	**100%**	**100%**	

Smart may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

Investment restrictions

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

Schedule 3: Smart Conservative Fund

Investment objective

Designed for investors that want a conservative investment option.

Investment strategy

Purpose	Asset Class	Target	Range	Market Index
Income	Cash and cash equivalents	8%	0%–90%	S&P/NZX Bank Bills 90-Day Total Return Index
	New Zealand fixed interest	31%	0%–50%	50% S&P/NZX A-Grade Corporate Bond Total Return Index 50% S&P/NZX NZ Government Bond Total Return Index
	International fixed interest	31%	0%–50%	Bloomberg Global Aggregate Total Return Index Hedged NZD
	Total	**70%**	**50%–90%**	
Growth	Australasian equities	7%	0%–30%	34% S&P/NZX 50 Gross with Imputation Index 33% S&P/ASX 200 Total Return Index 33% S&P/ASX 200 NZD Hedged Total Return Index
	International equities	19%	0%–30%	90% MSCI World Ex Australia Net Total Return Index (50% NZD Hedged) 10% MSCI Emerging Markets Net Total Return Index
	Listed property	1.5%	0%–20%	FTSE EPRA Nareit Developed ex-Australia Rental Net Tax Index (100% NZD Hedged)
	Other	2.5%	0%–20%	FTSE Developed Core Infrastructure 50/50 Net Tax Index (100% NZD Hedged)
	Total	**30%**	**10%–50%**	

Smart may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 78% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

Investment restrictions

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

Schedule 4: Smart Balanced Fund

Investment objective

Designed for investors that want a balanced investment option.

Investment strategy

Purpose	Asset Class	Target	Range	Market Index
Income	Cash and cash equivalents	6%	0%–60%	S&P/NZX Bank Bills 90-Day Total Return Index
	New Zealand fixed interest	17%	0%–40%	50% S&P/NZX A-Grade Corporate Bond Total Return Index 50% S&P/NZX NZ Government Bond Total Return Index
	International fixed interest	17%	0%–40%	Bloomberg Global Aggregate Total Return Index Hedged NZD
	Total	**40%**	**20%–60%**	
Growth	Australasian equities	14%	0%–40%	34% S&P/NZX 50 Gross with Imputation Index 33% S&P/ASX 200 Total Return Index 33% S&P/ASX 200 NZD Hedged Total Return Index
	International equities	37%	0%–60%	90% MSCI World Ex Australia Net Total Return Index (50% NZD Hedged) 10% MSCI Emerging Markets Net Total Return Index
	Listed property	3%	0%–20%	FTSE EPRA Nareit Developed ex-Australia Rental Net Tax Index (100% NZD Hedged)
	Other	6%	0%–20%	FTSE Developed Core Infrastructure 50/50 Net Tax Index (100% NZD Hedged)
	Total	**60%**	**40%–80%**	

Smart may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 65% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

Investment restrictions

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

Schedule 5: Smart Growth Fund

Investment objective

Designed for investors that want a growth investment option.

Investment strategy

Purpose	Asset Class	Target	Range	Market Index
Income	Cash and cash equivalents	4%	0%–40%	S&P/NZX Bank Bills 90-Day Total Return Index
	New Zealand fixed interest	8%	0%–20%	50% S&P/NZX A-Grade Corporate Bond Total Return Index 50% S&P/NZX NZ Government Bond Total Return Index
	International fixed interest	8%	0%–20%	Bloomberg Global Aggregate Total Return Index Hedged NZD
	Total	**20%**	**5%–40%**	
Growth	Australasian equities	19%	0%–40%	34% S&P/NZX 50 Gross with Imputation Index 33% S&P/ASX 200 Total Return Index 33% S&P/ASX 200 NZD Hedged Total Return Index
	International equities	49%	0%–70%	90% MSCI World Ex Australia Net Total Return Index (50% NZD Hedged) 10% MSCI Emerging Markets Net Total Return Index
	Listed property	4%	0%–20%	FTSE EPRA Nareit Developed ex-Australia Rental Net Tax Index (100% NZD Hedged)
	Other	8%	0%–20%	FTSE Developed Core Infrastructure 50/50 Net Tax Index (100% NZD Hedged)
	Total	**80%**	**60%–95%**	

Smart may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 59% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

Investment restrictions

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

Schedule 6: Smart High Growth Fund

Investment objective

Designed for investors that want an aggressive investment option that invests in shares and property.

Investment strategy

Purpose	Asset Class	Target	Range	Market Index
Income	Cash and cash equivalents	1%	0%–20%	S&P/NZX Bank Bills 90-Day Total Return Index
	Total	**1%**	**0%–20%**	
Growth	Australasian equities	23%	0%–60%	34% S&P/NZX 50 Gross with Imputation Index 33% S&P/ASX 200 Total Return Index 33% S&P/ASX 200 NZD Hedged Total Return Index
	International equities	61%	0%–80%	90% MSCI World Ex Australia Net Total Return Index (50% NZD Hedged) 10% MSCI Emerging Markets Net Total Return Index
	Listed property	5%	0%–20%	FTSE EPRA Nareit Developed ex-Australia Rental Net Tax Index (100% NZD Hedged)
	Other	10%	0%–20%	FTSE Developed Core Infrastructure 50/50 Net Tax Index (100% NZD Hedged)
	Total	**99%**	**80%–100%**	

Smart may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 55% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

Investment restrictions

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

Default Fund

Schedule 7: Smart Default Fund

Investment objective

Designed for investors that want a balanced investment option which excludes investments in illegal weapons (cluster munitions, anti-personnel mines, and nuclear explosive devices) and fossil fuel production. The fund is a KiwiSaver default fund.

The Instrument of Appointment appointing Smart as a default KiwiSaver provider sets out requirements in respect of the investment of KiwiSaver default fund assets. The instrument is available on the offer register at disclose-register.companiesoffice.govt.nz

Investment strategy

Purpose	Asset Class	Target	Range	Market Index
Income	Cash and cash equivalents	7%	0%–55%	S&P/NZX Bank Bills 90-Day Total Return Index
	New Zealand fixed interest	19%	0%–55%	50% S&P/NZX A-Grade Corporate Bond Total Return Index 50% S&P/NZX NZ Government Bond Total Return Index
	International fixed interest	19%	0%–55%	Bloomberg Global Aggregate - Treasuries Total Return Index Hedged NZD
	Total	**45%**	**37%–55%**	
Growth	Australasian equities	13%	0%–63%	34% S&P/NZX 50 Gross with Imputation Index 33% S&P/ASX 200 Total Return Index 33% S&P/ASX 200 NZD Hedged Total Return Index
	International equities	36%	0%–63%	MSCI World Ex Australia Net Total Return Index (50% NZD Hedged)
	Listed property	6%	0%–63%	FTSE EPRA Nareit Developed ex-Australia Rental Net Tax Index (100% NZD Hedged)
	Total	**55%**	**45%–63%**	

Smart may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Exclusion – illegal weapons

The fund may not invest in companies that are involved in activities relating to illegal weapons (cluster munitions, anti-personnel mines, and nuclear explosive devices).

The exclusion above applies to all investments:

- where the shares are held directly in companies that undertake the activities listed above;
- in shares of majority owners of excluded companies (for example, parent companies);
- in shares of subsidiary companies of excluded companies where that subsidiary has any involvement in the prescribed activity; and
- in managed investment schemes that have any investments in the companies listed above.

Exclusion – fossil fuel production

The fund may not invest in companies that:

- own proved or probable reserves in coal, oil, or gas, and derive at least 15% of their revenue from exploration and extraction of coal, oil or gas; or
- has its primary business activity in any of the excluded subsectors prescribed in table 1 or table 2 of Schedule 5 of the KiwiSaver Default Provider (Smartshares) Notice 2021.

The exclusion above applies to all investments:

- where the shares are held directly in companies that undertake the activities listed above;
- in shares of majority owners of excluded companies (for example, parent companies);
- in shares of subsidiary companies of excluded companies where that subsidiary has any involvement in the prescribed activity; and
- in managed investment schemes that have any investments in the companies listed above.

For the purposes of this exclusion, oil includes tar sands, gas includes shale (as a source of gas) and metallurgical coal is not included in the term coal.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund. The use of derivatives may result in limited indirect exposure to investments otherwise excluded under Smart's Responsible Investment Policy.

Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 68% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

Investment restrictions

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

Ethical Fund

Schedule 8: Ethica Fund

Investment objective

Designed for investors that want a balance between stability of returns and growth of their investment over the long term. Provides exposure to a diverse selection of global companies and income assets that align with our Responsible Investment Policy.

Investment strategy

Purpose	Asset Class	Target	Range	Market Index
Income	Cash and cash equivalents	6%	0%–60%	S&P/NZX Bank Bills 90-Day Total Return Index
	New Zealand fixed interest	17%	0%–40%	50% S&P/NZX A-Grade Corporate Bond Total Return Index 50% S&P/NZX NZ Government Bond Total Return Index
	International fixed interest	17%	0%–40%	Bloomberg Global Aggregate Total Return Index Hedged NZD
	Total	**40%**	**20%–60%**	
Growth	Australasian equities	14%	0%–40%	34% S&P/NZX 50 Gross with Imputation Index 33% S&P/ASX 200 Total Return Index 33% S&P/ASX 200 NZD Hedged Total Return Index
	International equities	40%	0%–60%	90% MSCI World Ex Australia Net Total Return Index (50% NZD Hedged) 10% MSCI Emerging Markets Net Total Return Index
	Listed property	6%	0%–20%	FTSE EPRA Nareit Developed ex-Australia Rental Net Tax Index (100% NZD Hedged)
	Other	0%	0%–20%	FTSE Developed Core Infrastructure 50/50 Net Tax Index (100% NZD Hedged)
	Total	**60%**	**40%–80%**	

Smart may from time to time rebalance the fund so that its actual asset allocation is consistent with its target asset allocation.

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Responsible investment approach

The fund invests in accordance with the Smart Responsible Investment Policy. The fund integrates environmental, social and governance (ESG) factors as a core part of its investment approach by using the following tools in relation to its International Developed Market Equities, Australian Equities and International Fixed Interest assets:

- Socially Responsible Investment (SRI) Exclusions
    - The fund excludes companies where a material part of their revenue or activities are in the areas of gambling, tobacco, alcohol, military weapons (including cluster munitions, anti-personnel mines, nuclear explosive devices and personal firearms), adult entertainment, child labour, factory farming, palm oil and coal mining.
    - The revenue and/or activities are considered material if they exceed a minimum threshold which varies from 0% up to 20% by area.
- Systematic ESG Screening
    - The fund applies screens to potential investments based on ESG factors, which either lead to exclusions or material reductions in holdings of certain companies compared to market benchmarks that do not consider ESG factors (e.g. potential investments are screened for their greenhouse gas emissions intensity)
    - The fund's ESG screening may also lead to increased exposure to companies that are considered to have superior ESG factors (e.g. increase investment into companies that better manage their impact on the environment through low greenhouse gas emissions intensity)

The fund applies SRI exclusions in relation to Emerging Markets and New Zealand equity investments where companies:

- Are associated with the production of controversial weapons (for example cluster munitions, landmines, nuclear and biological/ chemical weapons).
- Manufacture firearms and small arms ammunitions for civilian markets, or derive 5% or more of their revenue from the sale and distribution of firearms or small weapons for civilian use.
- Manufacture tobacco products, or generate 5% or more of their revenue from the distribution or retail sale of tobacco products.
- Own proved or probable reserves and derive 5% or more of their revenue from thermal coal and oil sand extraction.
- Are not in compliance with the United Nations Global Compact principles.

The fund invests in underlying funds which are selected based on their alignment with Smart's Responsible Investment Policy. Smart evaluates and monitors the underlying fund performance on an ongoing basis.

More information on the Ethica Fund, including the use of SRI exclusions, ESG screening and external fund managers, can be found at smartinvest.co.nz/resources/documents.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund. The use of derivatives may result in limited indirect exposure to investments otherwise excluded under Smart's Responsible Investment Policy.

Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 63% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

Investment restrictions

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

Guest Manager Fund

Schedule 9: Castle Point 5 Oceans Fund

Investment objective

To outperform (after fees and other expenses, but before tax) the Reserve Bank of New Zealand Official Cash Rate by 3% per annum over the medium to long-term.

Investment strategy and permitted investments

The fund invests in the Castle Point 5 Oceans Fund and cash and cash equivalents.

Information about the Castle Point 5 Oceans Fund (including its investment strategy, asset allocation, permitted investments and borrowing policy) is set out in the Castle Point 5 Oceans Funds Scheme's SIPO available at castlepointfunds.com.

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

The fund obtains its exposure to the Castle Point 5 Oceans Fund via other funds managed by Smart.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund invests in the Castle Point 5 Oceans Fund within which foreign currency exposure may be hedged to the New Zealand dollar.

Investment restrictions

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

Schedule 10: S&P/NZX 50 Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/NZX 50 Gross with Imputation Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/NZX 50 Gross with Imputation Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

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

Schedule 11: NZ Shares Fund

Investment objective

To track the return (before tax, fees and other expenses) of the S&P/NZX 50 Portfolio Gross with Imputation Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/NZX 50 Portfolio Gross with Imputation Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

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

Schedule 12: NZ Top 50 Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/NZX 50 Portfolio Gross with Imputation Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/NZX 50 Portfolio Gross with Imputation Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

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

Schedule 13: NZ Top 10 Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/NZX 10 Gross with Imputation Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/NZX 10 Gross with Imputation Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

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

Schedule 14: NZ Mid Cap Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/NZX MidCap Gross with Imputation Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/NZX MidCap Gross with Imputation Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

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

Schedule 15: NZ Dividend Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/NZX 50 High Dividend Gross with Imputation Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/NZX 50 High Dividend Gross with Imputation Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

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

Schedule 16: NZ Property Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/NZX Real Estate Select Gross with Imputation Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/NZX Real Estate Select Gross with Imputation Index
Listed property	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

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

Schedule 17: S&P/ASX 200 Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/ASX 200 Total Return Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/ASX 200 Total Return Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 18: Australian Shares Fund

Investment objective

To reflect the return (before tax, fees and other expenses) on the Australian share market.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	50% S&P/ASX 200 Total Return Index
Australasian equities	100%	90%–100%	50% S&P/ASX 200 NZD Hedged Total Return Index
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 50% of the fund's foreign currency exposure. The actual hedging level can be anywhere in the 0% - 120% range.

Investment restrictions

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

Schedule 19: Australian Top 20 Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/ASX 20 Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/ASX 20 Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 20: Australian Mid Cap Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/ASX MidCap 50 Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/ASX MidCap 50 Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 21: Australian Dividend Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/ASX Dividend Opportunities Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/ASX Dividend Opportunities Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 22: Australian Financials Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/ASX 200 Financials Ex-A-REIT Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/ASX 200 Financials Ex-A-REIT Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 23: Australian Resources Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/ASX 200 Resources Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/ASX 200 Resources Index
Australasian equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 24: Australian Property Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/ASX 200 A-REIT Equal Weight Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/ASX 200 A-REIT Equal Weight Index
Listed property	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 25: US 500 Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P 500 Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P 500 Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 26: US Large Growth Fund

Investment objective

To track the return (before tax, fees and other expenses) on the Morningstar US Large Cap Growth Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	Morningstar US Large Cap Growth Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 27: US Large Value Fund

Investment objective

To track the return (before tax, fees and other expenses) on the Morningstar US Large Cap Value Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	Morningstar US Large Cap Value Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 28: US Mid Cap Fund

Investment objective

To track the return (before tax, fees and other expenses) on the Morningstar US Mid Cap Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	Morningstar US Mid Cap Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 29: US Small Cap Fund

Investment objective

To track the return (before tax, fees and other expenses) on the Morningstar US Small Cap Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	Morningstar US Small Cap Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 30: Overseas Shares Fund

Investment objective

To track the return (before tax, fees and other expenses) of the MSCI World Ex Australia Screened Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	MSCI World Ex Australia Screened Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund. The use of derivatives may result in limited indirect exposure to investments otherwise excluded under Smart's Responsible Investment Policy.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 31: Overseas Shares (Currency Hedged) Fund

Investment objective

To track the return (before tax, fees and other expenses) of the MSCI World Ex Australia Screened Index (100% NZD Hedged).

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	MSCI World Ex Australia Screened Index (100% NZD Hedged)
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund. The use of derivatives may result in limited indirect exposure to investments otherwise excluded under Smart's Responsible Investment Policy.

Hedging

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

Investment restrictions

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

Schedule 32: Total World Fund

Investment objective

To track the return (before tax, fees and other expenses) of the FTSE Global All Cap Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	FTSE Global All Cap Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 33: Total World (NZD Hedged) Fund

Investment objective

To track the return (before tax, fees and other expenses) of the FTSE Global All Cap Index, hedged to the New Zealand dollar.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	FTSE Global All Cap Index (100% NZD Hedged)
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund. The use of derivatives may result in limited indirect exposure to investments otherwise excluded under Smart's Responsible Investment Policy.

Hedging

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

Investment restrictions

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

Schedule 34: Asia Pacific Fund

Investment objective

To track the return (before tax, fees and other expenses) on the FTSE Developed Asia Pacific All Cap Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	FTSE Developed Asia Pacific All Cap Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 35: Emerging Markets Fund

Investment objective

To track the return (before tax, fees and other expenses) on the FTSE Emerging Markets All Cap China A Inclusion Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	FTSE Emerging Markets All Cap China A Inclusion Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 36: Europe Fund

Investment objective

To track the return (before tax, fees and other expenses) on the FTSE Developed Europe All Cap Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	FTSE Developed Europe All Cap Index
International equities	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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

Schedule 37: Global Property Fund

Investment objective

To track the return (before tax, fees and other expenses) of the FTSE EPRA Nareit Developed ex-Australia Rental Net Tax Index (100% NZD Hedged).

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	FTSE EPRA Nareit Developed ex-Australia Rental Net Tax Index (100% NZD Hedged)
Listed property	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

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

Investment restrictions

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

Bonds and Cash

Schedule 38: NZ Bonds Fund

Investment objective

To outperform (before tax, fees and other expenses) the S&P/NZX A-Grade Corporate Bond Total Return Index over rolling three-year periods.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/NZX A-Grade Corporate Bond Total Return Index
New Zealand fixed interest	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

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

Schedule 39: S&P/NZX NZ Government Bond Fund

Investment objective

To track the return (before tax, fees and other expenses) on the S&P/NZX NZ Government Bond Total Return Index.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	S&P/NZX NZ Government Bond Total Return Index
New Zealand fixed interest	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

The fund may borrow up to 10% of the fund'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: Overseas Bonds Fund

Investment objective

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.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	Bloomberg Global Aggregate Total Return Index Hedged NZD
International fixed interest	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund. The use of derivatives may result in limited indirect exposure to investments otherwise excluded under Smart's Responsible Investment Policy.

Hedging

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

Investment restrictions

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

The fund cannot invest 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); and
- a material part of their revenue (greater than 10%) and/or activities involve fossil fuel production.

Schedule 41: Overseas Non-government Bonds Fund

Investment objective

To provide returns (before tax, fees and other expenses) consistent with the Bloomberg Global Aggregate Ex Treasury Total Return Index (100% NZD Hedged).

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	Bloomberg Global Aggregate Ex Treasury Total Return Index (100% NZD Hedged)
International fixed interest	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

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

Investment restrictions

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

Schedule 42: Global Aggregate Bond Fund

Investment objective

To track the return (before tax, fees and other expenses) of the Bloomberg Global Aggregate Total Return Index Hedged NZD.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	0%	0%–10%	Bloomberg Global Aggregate Total Return Index Hedged NZD
International fixed interest	100%	90%–100%	
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- listed financial products;
- tradeable debt securities;
- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above or to manage foreign currency exposures. The Fund may not use derivatives to lever the Fund.

Hedging

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

Investment restrictions

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

Schedule 43: NZ Cash Fund

Investment objective

To outperform (before tax, fees and other expenses) the S&P/NZX Bank Bills 90-Day Total Return Index over rolling one-year periods.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	100%	100%	S&P/NZX Bank Bills 90-Day Total Return Index
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- funds that primarily invest in the assets set out above; and
- cash and cash equivalents.

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

The fund may also invest in other assets (which are not set out above) that Smart considers are consistent with the permitted investments set out above and that appropriately reflect the risk profile of the fund and will contribute to the investment objective of the fund.

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Investment restrictions

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

Schedule 44: UK Cash Fund

Investment objective

To reflect the return (before tax, fees and other expenses) on the UK cash market.

Investment strategy

Asset Class	Target	Range	Market Index
Cash and cash equivalents	100%	100%	Sterling Overnight Index Average (SONIA) (NZD)
Total	**100%**	**100%**	

Permitted investments

The fund may invest in the following assets:

- funds that primarily invest in the assets set out above; and
- cash and cash equivalents denominated in UK pounds.

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

Derivatives

The Fund may use derivatives for efficient portfolio management to gain exposure to assets that are consistent with the permitted investments set out above. The Fund may not use derivatives to lever the Fund.

Hedging

The fund's foreign currency exposure is not hedged.

Investment restrictions

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