



# KiwiSaver Scheme

## Statement of Investment Policy and Objectives

---

Issued by

**Pie Funds Management Limited**

---

**30 November 2020**



[junokiwisaver.co.nz](http://junokiwisaver.co.nz) // [info@junokiwisaver.co.nz](mailto:info@junokiwisaver.co.nz)

# Table of contents

<b>Introduction</b>	<b>3</b>
<b>Investment philosophy</b>	<b>4</b>
<b>Investment strategy</b>	<b>5</b>
<b>Investment process - how we invest</b>	<b>5</b>
<b>Key investment policies</b>	<b>7</b>
<b>SIPO compliance and review</b>	<b>10</b>
<b>Fund objectives and parameters</b>	<b>11</b>
<b>Glossary and further explanations</b>	<b>14</b>
<b>Schedules:</b>	
1. JUNO Conservative Fund: Investment objectives and strategy	<b>15</b>
2. JUNO Balanced Fund: Investment objectives and strategy	<b>16</b>
3. JUNO Growth Fund: Investment objectives and strategy	<b>17</b>

# Introduction

The JUNO KiwiSaver Scheme (**'the Scheme'**) is a managed investment scheme under the Financial Markets Conduct Act 2013 (**'FMCA'**). The Scheme has three funds (each a **'Fund'**):

1. JUNO Conservative Fund (**'Conservative Fund'**);
2. JUNO Balanced Fund (**'Balanced Fund'**); and
3. JUNO Growth Fund (**'Growth Fund'**).

The Scheme is managed by Pie Funds Management Limited (the **'Manager'**, **'we'**, **'our'** or **'us'**).

The Manager is responsible for administering each Fund within the Scheme and selecting and managing its investments.

The Supervisor for the Scheme is Trustees Executors Limited (**'TEL'**). TEL is responsible for the supervision of the Scheme and the Manager. TEL is independent of the Manager.

The Scheme is an investment scheme where the Supervisor (or a custodian appointed by the Supervisor) holds the assets of the Scheme for the benefit of all members who hold units in the Scheme (**'Members'**). The Manager makes investment management decisions but the assets of each Fund are held separately from, and independent of, the Manager.

A Member will receive units in the Scheme in whichever Fund they choose to invest.

The Scheme is a portfolio investment entity (**'PIE'**) for tax purposes.

## This document

This Statement of Investment Policy and Objectives (**'SIPO'**) sets out the investment policies and objectives for the Funds. It can change from time to time without notice to investors (provided prior written notice is given to TEL).

The most current version of this SIPO, along with the Product Disclosure Statement (**'PDS'**), the Other Material Information Document (**'OMI'**) and other documentation relevant to the Funds is available on the Disclose Register at:

[www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

# Investment philosophy

Investment markets change all the time. Sometimes it is clear what is causing the change in markets or in individual assets, other times it is not. We believe the market often values or prices assets incorrectly and this provides opportunities. To take advantage, the Funds use an active investment strategy to help deliver the best long-term results to Members. Generally, this means buying assets when they are cheap and selling them when they are expensive. It's not an exact science, but we believe active investors can achieve above-average market returns. That is our goal.

The key principles of our philosophy are:

1. We are an active manager and believe skilled active investing delivers better long-term results especially in combination with low fees.
2. We research the assets we are invested in to determine:
  - which types and mix of assets (e.g. equities, international fixed interest) will best meet our members' investment goals without unnecessary risk, given market conditions
  - how best to invest in those assets i.e. directly or indirectly (e.g. through managed funds) with physical securities or using a derivative; and
  - which specific assets (e.g. bonds, term deposits, derivatives or shares in companies).
3. Our key competencies are in active equities. We are a high conviction manager, so we look for a relatively small number of companies we believe the market has mispriced, relative to the companies' outlook. This means we believe the companies we pick:
  - are good quality; and
  - the market is currently mispricing these; but
  - the market will come to appropriately price these, having regard to their value and quality.
4. Where we do not have key competencies in areas we believe will benefit members, we will engage with third party providers who have these competencies.
5. We believe competent management of Environment, Social and Governance ('ESG') matters, positively contributes to the long-term value of companies. As such, we integrate ESG considerations into our investment process.

## Investment strategy

We are an active manager. We choose investments for each Fund we think will perform well, given the objective and constraints of the Fund. When investing we consider:

1. the investment objectives, limits and constraints in this SIPO;
2. compliance with applicable laws and regulations;
3. the requirements of the governing document (**'Governing Document'**) and disclosure documents;
4. the return objectives and risk parameters of the Fund;
5. the appropriate asset mix – and asset allocation ranges – for the Fund;
6. permitted investments (see the Schedules), including reviewing whether any investments should be excluded on ESG grounds;
7. whether an ETF or derivative would be a better way to access the investment;
8. whether the tax implications of an investment – its type, and/or how we plan to invest in it – could disadvantage investors;
9. how we should hedge any currency risk that comes with the investment – we invest globally, which means that movements in currency relative to the New Zealand dollar have an impact on the performance of our investments. Hedging is at our discretion and is described in the hedging policy in the following section;
10. what, if any, market events or trends, or other macroeconomic factors or themes might impact what we invest in, or how we invest; and
11. our other investment policies (see the following section).

The Investment Team regularly reviews the target investment mix and investment strategy for each Fund (see under Rebalancing Policy page 9). In addition, the Investment Committee performs regular, detailed reviews of each Fund. This includes a risk assessment considering liquidity, stock market and currency risk, the weightings of each position, compliance with the ESG Policy, the overall composition of the Funds and the Funds' overall compliance with this SIPO.

## Investment process – how we invest

Our investment process relies on research of two kinds:

1. 'Top-down' research to identify what events or trends may shape the risk and return of markets, sectors, industries and individual securities; and
2. 'Bottom-up' research to identify good-quality investments, based on a range of factors including financial information, our view of valuation and experience of what influences asset prices, current price and – for equities – our view of the quality of the board and management.

For some investments we simply choose a product which provides us with the economic exposure we want, to the necessary quality and for the most reasonable price. For example, choosing a highly liquid, reasonably priced ETF to get exposure to international fixed interest.

But with other investments, particularly with equities, we consider a range of factors. Each factor can affect

the quality of an individual company, and therefore the return our investors will receive from it. We consider factors including:

- cashflow and earnings – how stable are they, how transparent, how much room to grow, and what return it represents on invested capital;
- any downgrades or backtracking on earnings forecasts;
- quality of management; and
- what 'smart money' is investing in (e.g. directors, management, other investment managers).

A company must meet our criteria for inclusion in a Fund, and is then subject to regular screening to ensure it continues to meet the Fund's investment objectives.

We have summarised our process for investing in individual companies below:

### **Where we start**

We look at:

- Developed and emerging regions
- Large, mid and small-cap companies
- House-hold names and lesser-known but high-quality growth companies
- Where 'smart money' invests (other investment managers, directors and management)

### **Is it a good quality company?**

- Quality, stability and transparency of earnings and cash.
- Quality of management - do they do what they say they will (meeting, or exceeding, earnings forecasts)?
- Decide our view of the company's value (now and in the future).
- Decide our buy price (and how much we would buy at that price).

### **Is it mispriced?**

- If the company is at or below our buy price – BUY.
- If the company is above our buy price – MONITOR.

### **Monitor and manage**

- Review good and bad news, and price movements - decide if it affects our view of value and price.
- Buy companies we like that have become cheap.
- Hold companies we have, and like, which can still increase in value.
- Sell companies we have which have become expensive (or we no longer like).

### **Stress Testing**

Outside of significant market sell-downs, we stress test our funds against a range of disaster scenarios appropriate to the risks in the Fund particular fund (so, for example, negative interest rates scenario for the Conservative Fund and global disaster scenarios for Growth Funds). These tests look not only at the volatility and loss for the Funds, but any impacts on their liquidity.

# Key investment policies

## Liquidity and cash flow management

Funds should have sufficient liquidity to meet ongoing short-term operational requirements, for example but not limited to:

- settlement of securities purchased;
- settlement of derivatives including foreign currency hedges;
- anticipated Fund withdrawals and switches between Funds; and
- to meet the expenses of the Fund, for example the administration and trustee fees.

The liquidity and cash flow of the Funds is monitored continuously, with regular oversight by the Investment Committee.

## Conflicts of interest policy

We recognise the issues conflicts of interest or potential conflicts can present, particularly those between investors and us (or between investors and individual staff). We have adopted the 'Conflicts of Interest between the Funds (or individual staff) and Investors' Interests Policy' (**Conflicts Policy**).

The Conflicts Policy assists our employees to recognise, disclose and manage conflicts of interest and potential conflicts between us (or individual staff) and investors. The Conflicts Policy also provides a procedure to manage and resolve any potential or apparent conflicts in a way that is fair to investors.

More detailed information about what conflicts may arise, and our process for dealing with them when they do, is described in our OMI document available at: [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

There are stringent systems and controls in place to minimise the risks of conflicts of interests. These the segregation of duties between the Investment Team and operations/compliance to ensure robust checks and balances are in place, and the maintenance of restricted trading lists. Further, all staff and directors must adhere to our Code of Ethics which requires the avoidance of conflicts of interests, and to act with high integrity. Finally, we have in place a process with our Supervisor, TEL, for the identification, notification and certification or obtaining consent around related party transactions, as required by the FMCA.

## Currency hedging policy

The purpose of the hedging currency exposure is to reduce, eliminate or change the effect of the New Zealand dollar appreciating against the home currencies of our offshore investments.

For example, if the New Zealand dollar appreciates in value against the US Dollar, any US dollar-denominated investments we have are worth less in New Zealand dollars (which is what our members are paid in when they withdraw their funds). Hedging counters that effect. But if the New Zealand dollar declines in value against the US dollar, any US dollar-denominated investments are worth more in New Zealand dollars. So our members are better off if we don't hedge.

Our approach is not to fully hedge foreign currency exposure. The intention is that some will remain unhedged. This decision is at our discretion. When we hedge, we typically buy forward New Zealand dollar exposure and sell the relevant foreign currency exposure, in one-month rolling contracts. We can also purchase investments already partially or fully hedged to the New Zealand dollar (many ETFs and derivatives provide this option).

When deciding whether to hedge, how much to hedge and with what instruments, we consider the diversification benefits of foreign currency against the benefits to the Funds from currency hedging. Currency hedges are considered weekly, but generally rebalanced monthly to align with the current hedging view.

Currency hedges may be adjusted during the month if there are significant deposits into or withdrawals from the relevant Fund, there is a change in hedging policy or market conditions.

## Counterparty risk

Counterparty risk relates to the risk of financial loss through the default of a financial counterparty (e.g. trading or banking partner). We aim to reduce this risk by setting and adhering to internal exposure limits for each of our trading and banking partners. Essentially, we ensure that we do not hold accounts with one banking/trading partner, but spread this across a number of relationships.

Our exposure limits are determined with reference to the credit ratings provided by S&P, or where no S&P, then equivalent Fitch or Moody rating.

## Investment trade allocation policy

The Manager's Trade Execution and Trade Allocation Policy can be found on the Disclose Register at: [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

## Environmental, Social and Governance (ESG) policy

ESG risks and opportunities can affect the risk and return of investments. We have developed a policy for deciding how we best integrate ESG within our investment process ('**ESG Policy**'). A copy of the policy is available on our website: [junokiwisaver.co.nz](http://junokiwisaver.co.nz) or the Disclose Register: [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

Under the ESG Policy, we consider ESG factors in researching, evaluating and monitoring investments. The Funds will not directly invest in companies whose principal business activity is:

- manufacturing of cluster munitions and anti-personnel mines;
- manufacturing or testing nuclear explosive devices;
- manufacturing of tobacco;
- production of pornography or generating more than 5% of revenue from pornography;
- cultivating, manufacturing or supplying cannabis plants or products for recreational use as their main business;
- providing support services for the recreational use of cannabis as their main business;
- cultivating, manufacturing or supplying cannabis plants or products for medical, scientific or industrial purpose without appropriate licence or authorisation
- offering gambling, including online gambling; and
- manufacturing firearms (with particular focus on assault weapons manufactured for sale to civilians).

## Proxy voting policy

Our Proxy Voting Policy can be found on the Disclose Register at:

[www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

## Pricing and valuation policy

Pricing and valuing the assets of each Fund is done by MMC Limited ('**MMC**'), independent of the Manager, guided by an agreed methodology. This outsourcing arrangement is governed by a Services Agreement and Service Level Agreement between MMC and the Manager.

While pricing and valuation is undertaken by MMC, we remain responsible for the pricing and valuation of the Funds. Our compliance team therefore reviews each daily unit price report provided by MMC against our database to ensure records reconcile.

## Taxation policy

The Scheme is a Portfolio Investment Entity or a 'PIE'. The income is taxed at the investor's 'prescribed investor rate' ('**PIR**'), currently capped at 28%. Unless the investor has a PIR of 0%, we pay tax on an investor's behalf to the IRD. We then make any necessary adjustments to an investor's interests in the relevant Fund (by canceling or issuing units), reflecting that tax is paid at varying rates for different investors.

## Tactical asset allocation policy

The Portfolio Manager for each Fund can make tactical asset allocation decisions within the asset allocation ranges outlined for each Fund. This means the Portfolio Manager temporarily shifts the balance of growth and income to protect the fund, or to take advantage of short term opportunities. These decisions are made on an active and ongoing basis to improve the risk-adjusted returns of the Funds.



## Rebalancing policy

The purpose of rebalancing is to ensure the actual mix of assets in the Funds reflects the target investment mix. This is important, as if the actual asset mix in the Fund does not reflect the target investment mix, the actual investment risk in the Fund could be significantly greater or smaller than the target level of risk.

Each Fund's actual asset mix is monitored against its target investment mix each business day. We do not automatically rebalance asset classes to their targets. Rebalancing, if it is necessary, is generally done monthly unless limits have been exceeded.

Where there are breaches, we will rebalance the Funds in line with limits as quickly as possible

[www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

## Review and governance

The Investment Team reviews the Funds in several ways:

- reviewing good and bad news and price movements for specific companies to decide if it affects their current view of the value and price of the company;
- reviewing investment strategy for each Fund (based on its performance). Performance is monitored daily and measured monthly, annually and since inception of each Fund. The Manager receives daily reports from MMC Limited about each Fund's pricing and asset valuations. The Manager also runs daily performance spreadsheets internally to ensure consistency and monitor performance; and
- regular reviews of target investment mix (see above under Rebalancing Policy) and annual reviews of the appropriateness of chosen benchmarks (see Benchmarks section below).

Additionally, the Investment Committee does regular, detailed reviews of each Fund. This includes a risk assessment which considers liquidity, stock market and currency risk, the weightings of each position, the overall composition of the Funds and the Funds' overall compliance with this SIPO.

## Benchmarks

A benchmark allows investors to understand their Fund's performance. A benchmark should match as closely as possible the assets and risks within the Fund it is being compared to. Ideally, the return from the benchmark itself should be investable – likely through an ETF or derivative. This is so an investor can decide, if they wish, to invest in the benchmark return rather than the Fund. Doing that makes sense for an investor if the benchmark return is the same or better than the Fund – especially if it's cheaper.

The Scheme has the following approach to benchmarks:

- for each asset type in our Funds, we disclose an appropriate market index and the performance of that index over the relevant period. This provides a reference point for the performance of each type of asset we have included in the Fund;
- for each Fund, we disclose the aggregate performance of the separate market indices. This provides a reference point for the performance of the overall Fund;
- the market indices we have chosen are investable, through derivatives or ETFs. We identify the investable option for each index; and
- the Investment Committee reviews the appropriateness of each benchmark annually.

## Reporting

We publish each Fund's performance regularly. Quarterly fund updates are prepared for each Fund in accordance with the FMCA and are available on the Disclose Register at: [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

## SIPO compliance and review

The SIPO is reviewed by the Investment Committee at least annually, comprised of senior members of the investment and business teams and has a Board adviser representative.

The review process has three elements:

- regular, detailed reviews of each Fund, as described in the Review and Governance section on page 9;
- a formal, annual review of the SIPO; and
- event-driven reviews of (and, if necessary, amendments to) the SIPO because of adverse market or other developments.

All reviews involve the Investment Team and are designed to ensure the SIPO accurately and appropriately captures the intent, strategy, governance and constraints of the investment strategy. And, in turn, that the investment activity is consistent with the SIPO.

A review may consider the following factors (amongst others):

- a change in investment strategy or objective of a Fund;
- a change in personnel;
- a change to a policy; and
- a change in risk factors.

Any changes to the SIPO will be in accordance with the requirements of the Governing Document and the FMCA, including the requirement for prior written notice to the Supervisor. This also includes giving at least 30 days' written notice to investors if they will be materially affected by amendments to the SIPO. Further, we follow a process whereby the Supervisor reviews changes made.

## Fund objectives and parameters

In this section we provide information about each Fund, including:

- expected return and risk;
- the cost to Members to invest;
- the investments they can make; and
- the mix of investments in each Fund, and how much that can vary.

### Permitted assets in each asset type

ASSET TYPE	PERMITTED ASSETS
Cash and cash equivalents	Cash and cash equivalents, e.g. term deposits, bonds and cash in banks.
New Zealand fixed interest	Fixed interest securities, loans, bonds, ETFs and other yield-bearing investments in New Zealand.
International fixed interest	Fixed interest securities, loans, bonds, EFTs and other yield bearing investments based outside of New Zealand.
International equities	International equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants, ETFs and options. This definition specifically excludes Australasian (AU and NZ) equities.
Australasian equities	Australian and New Zealand equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants, ETFs and options.
Other	Other investments that do not meet the criteria of the above categories, as determined by the Manager and agreed with the Supervisor.

### Recommended Investment Period

The table below shows the recommended minimum investment period for each Fund.

FUND	RECOMMENDED MINIMUM INVESTMENT PERIOD
Conservative	3-5 years
Balanced	5-10 years
Growth	10+ years

## Equities, limits and constraints

This table shows the restrictions the Manager has chosen for the equity portion of the Funds' asset mixes. These limits reflect the Manager's investment philosophy and process and the need to balance the benefits with the risks of a relatively concentrated active portfolio.

FACTOR	LIMIT	COMMENT
Maximum holding in one company	5% of any Fund	To manage concentration risk.
Market capitalisation of companies	We will generally not invest in companies with a market capitalisation, at time of investment, of less than NZ\$200 million.	Recognises importance of liquidity to the risk and return of the Funds. Market movements affect the market capitalisation of companies. If capitalisation reduces, we will consider the circumstances before adjusting our position (including exiting).

## Short-selling, use of derivatives and currency hedging

This table shows whether the Funds can sell short, borrow or use derivatives and if so, what limitations are on their use. It also shows ranges for hedging foreign currency. And, if so, what the limitations are on their use.

FUND	SHORT SELL?	BORROW CASH?	DERIVATIVES?	FOREIGN CURRENCY EXPOSURE	
				Minimum	Maximum*
Conservative	Yes	No	Yes	0%	33%
Balanced	Yes	No	Yes	0%	60%
Growth	Yes	No	Yes	0%	100%

The Funds will not borrow cash. Short selling means funds can borrow and short-sell individual shares and bonds. This is limited to 25% of the Fund's net asset value and subject to the Fund's SIPO limits.

A Fund may use derivatives to gain exposure to permitted assets (the list of permitted assets is set out in the Schedules), This is most often done because it is a more cost-effective way of purchasing a permitted asset. The most common types of derivatives will be index Futures, which can provide efficient exposure to a sector – for example healthcare companies – region or specific country.

\* The Funds can hedge up to 100% of foreign currency exposure. This typically will happen when the Manager believes it is necessary to preserve investor capital in strongly adverse market conditions.

## Target investment mix and ranges

Target investment mixes are what the Manager expects to apply over an economic cycle and should be considered a general guide. We are an active manager and may use different strategies (subject to investment constraints and the minimum and maximum levels disclosed).

Target mixes are monitored and rebalanced according to the Rebalancing Policy on page 9.

Note the Conservative Fund gets its investments by investing directly and/or by investing in the Balanced Fund.

FUND	ASSET CLASS	TARGET ALLOCATION	MINIMUM	MAXIMUM
<b>Conservative</b>	Cash and cash equivalents	25%	0%	100%
	International fixed interest	15%	0%	100%
	New Zealand fixed interest	35%	0%	100%
	International equities	15%	0%	20%
	Australasian equities	10%	0%	20%
<b>Balanced</b>	Cash and cash equivalents*	10%	0%	75%
	International fixed interest	10%	0%	40%
	New Zealand fixed interest	20%	0%	40%
	International equities	40%	0%	50%
	Australasian equities	20%	0%	50%
<b>Growth</b>	Cash and cash equivalents*	5%	0%	50%
	International fixed interest	5%	0%	50%
	New Zealand fixed interest	10%	0%	20%
	International equities	60%	0%	100%
	Australasian equities	20%	0%	100%

\*The cash allocation of each fund can be increased beyond the maximum if the Manager believes it is necessary to protect members' capital. This would be done only in adverse market conditions and the Manager would advise members of our intention to do so, as promptly as possible. The Manager would also promptly advise members when we intended to return cash allocations to within the stated ranges. If we did this, members in the Conservative and Balanced Funds would likely see a change in the mix between fixed interest and cash. Growth Fund members would likely see a reduction in the growth allocation and an increase in the income allocation.

## Glossary and further explanations

**Borrow cash:** means where the Fund borrows money from another party to invest, perhaps in company shares. This is not relevant for this fund as borrowing cash is not permitted.

**Derivatives:** A Fund may use derivatives to gain exposure to authorised investments (the list of authorised investments is set out in the Schedule). This is most often done because it is a more cost-effective way of purchasing an authorised investment. The most common types of derivatives will be index futures, which can provide efficient exposure to a sector – for example healthcare companies – region or specific country. Short index futures are also an efficient way to provide market hedging.

**ESG:** Environmental, social and governance factors which can present risk or opportunities for companies and for investors in those companies. For example, climate change risk, independence of directors, and child labour in the supply chain.

**ETF:** An exchange traded fund; a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund.

**Futures:** A financial contract to purchase an asset or the seller to sell an asset) such as a physical commodity, or an index, at a predetermined future date and price.

**Market Capitalisation:** The total value of the company's shares on issue.

**Short Sell:** Shares a Fund buys and holds with the objective of selling for a higher price. When short selling, the Fund borrows a share from another party (and pays them a fee) and sells it, with the expectation that the value of the share will decline. The Fund then buys the share back at the lower price and returns it to the party they bought it from. The Fund and its investors make money on short positions if the share price of the borrowed security fails – the reverse of how money is usually made i.e. on long positions.

# Schedule 1: JUNO Conservative Fund investment objectives and strategy

## Investment objective

The Conservative Fund seeks to preserve Members’ capital, with modest capital growth over a three-to-five-year period.

## Investment strategy

The Fund invests primarily in fixed interest and cash, with a modest allocation to equities, directly and/or through the JUNO Balanced Fund.

The Manager chooses individual assets (such as term deposits, equities and bonds) or uses ETFs or derivatives to get a broad selection of the desired and permitted assets, as efficiently as possible.

## Relevant market index

ASSET TYPE	BENCHMARK INDEX	TARGET ALLOCATION
Cash and cash equivalents	NZBond Bank Bill Index (NZD)	25%
New Zealand fixed interest	S&P NZX Investment Grade Corporate Bond Total Return Index (NZD)	35%
International fixed interest	Bloomberg Barclays Global Aggregate Total Return Index Unhedged (NZD)	15%
International equities and/or Australasian equities	MSCI ACWI IMI Net Total Return Index (NZD)	25%

### Investable benchmarks

- Members can obtain term deposits and on-call accounts directly.
- S&P NZX Investment Grade Corporate Bond Total Return Index (NZD): buy the Smartshares NZ Bond ETF
- Bloomberg Barclays Global Aggregate Total Return Index Unhedged (NZD): buy the iShares Global Aggregate Bond UCITS ETF.
- MSCI ACWI IMI NET Total Return Index (NZD): buy the SPDR MSCI ACWI IMI ETF.

## Schedule 2: JUNO Balanced Fund investment objectives and strategy

### Investment objective

The Balanced Fund seeks to provide investors with steady capital growth over a five-to-10 year period

### Investment strategy

The Fund invests in equities (directly and/or through the JUNO Growth Fund), with a reasonable allocation towards fixed interest.

The Manager chooses individual assets (e.g. term deposits, equities and bonds) or uses ETFs or derivatives to get a broad exposure to desired and permitted assets, as efficiently as possible.

### Relevant market index

ASSET TYPE	BENCHMARK INDEX	TARGET ALLOCATION
Cash and cash equivalents	NZBond Bank Bill Index (NZD)	10%
New Zealand fixed interest	S&P NZX Investment Grade Corporate Bond Total Return Index (NZD)	20%
International fixed interest	Bloomberg Barclays Global Aggregate Total Return Index Unhedged (NZD)	10%
International equities and/or Australasian equities	MSCI ACWI IMI Net Total Return Index (NZD)	60%

#### Investable benchmarks

- Members can obtain term deposits and on-call accounts directly.
- S&P NZX Investment Grade Corporate Bond Total Return Index (NZD): buy the Smartshares NZ Bond ETF
- Bloomberg Barclays Global Aggregate Total Return Index Unhedged (NZD): buy the iShares Global Aggregate Bond UCITS ETF.
- MSCI ACWI IMI NET Total Return Index (NZD): buy the SPDR MSCI ACWI IMI ETF.



# Schedule 3: JUNO Growth Fund investment objective and strategy

## Investment objective

The Growth Fund seeks to maximise capital growth for members, over periods exceeding 10 years.

## Investment strategy

The Fund invests primarily in international equities. The Manager’s active management style specialises in equities and we choose companies we believe will perform well over the investment period. The Manager can also invest in ETFs, derivatives and fixed interest.

The Fund also invests in cash to ensure the Growth Fund has enough liquidity to operate effectively.

## Relevant market index

ASSET TYPE	BENCHMARK INDEX	TARGET ALLOCATION
Cash and cash equivalents	NZBond Bank Bill Index (NZD)	5%
New Zealand fixed interest	S&P NZX Investment Grade Corporate Bond Total Return Index (NZD)	10%
International fixed interest	Bloomberg Barclays Global Aggregate Total Return Index Unhedged (NZD)	5%
International equities and/or Australasian equities	MSCI ACWI IMI Net Total Return Index (NZD)	80%

### Investable benchmarks

- Members can obtain term deposits and on-call accounts directly.
- S&P NZX Investment Grade Corporate Bond Total Return Index (NZD): buy the Smartshares NZ Bond ETF
- Bloomberg Barclays Global Aggregate Total Return Index Unhedged (NZD): buy the iShares Global Aggregate Bond UCITS ETF.
- MSCI ACWI IMI NET Total Return Index (NZD): buy the SPDR MSCI ACWI IMI ETF.