Statement of Investment Policy and Objectives

Police Superannuation Scheme

Adopted on 17 November 2021

PSS
Police
Super
Scheme

Contents

1 | Introduction

1.1 Purpose

The purpose of this *Statement of Investment Policy and Objectives* (**SIPO**) is to provide all parties involved in the investment management of the Police Superannuation Scheme (**scheme**) with guidance on how the assets of the scheme are to be managed. It sets out the investment governance and management framework, philosophy, strategies and expectations of the scheme in accordance with the requirements of the Financial Markets Conduct Act 2013 (**FMC Act**).

The SIPO covers the following areas:

- governance
- investment beliefs
- investment strategy, including strategic asset allocation
- investment expectations
- implementation
- risk management, and
- review procedures.

1.2 Description

The scheme is a defined contribution plan offering member investment choice. Members are offered a choice of five primary investment options (High Growth, Growth, Balanced, Stable and Cash Plus), which offer a range of risk/return profiles, and Super Steps, which is a 'glide path' type fund that uses Growth, Balanced and Stable as 'building blocks'. The default option is Super Steps.

The benefit payable when a member leaves the scheme is based on contributions and applied investment returns. Members may switch their account balances and re-direct their contributions between the investment options offered at any time.

The scheme is registered under the FMC Act as a restricted, employer-related, workplace savings scheme and its supervisor is the Financial Markets Authority (**FMA**).

Brief summary of scheme benefits

Benefits are based on member and employer contributions plus earnings, net of tax and expenses, applicable to the option(s) in which each member is invested from time to time. On ceasing service, members generally receive the full value of their accounts.

Members have the right to defer receipt of a benefit on leaving service. They are also entitled to withdraw funds up to the balance of their member's account whilst in service. Hardship benefits are available up to a maximum of the resignation benefit, at the trustee's discretion. Members' benefits in the scheme may also be used as collateral for a loan.

1.3 Effective date

This SIPO is adopted by the trustee with effect from 17 November 2021 and remains effective until the next review date.

2 | Governance

The trustee's powers and discretions are defined in the scheme's trust deed. In particular, the trustee has responsibility for those functions and duties of a manager under the FMC Act and for acting in a manner consistent with the Trusts Act 2019.

In satisfying its responsibilities, the trustee may delegate decision-making and implementation to other parties as it sees fit. The consequent responsibilities of the various parties currently involved in the management of the scheme's assets are outlined below.

2.1 Trustee

Governance

(i) Appointing and regularly reviewing all external parties identified in this SIPO and their associated responsibilities, including compliance with any requirements they may have under the FMC Act

(ii) Reviewing this SIPO on a regular basis, and

(iii) Satisfying the reporting requirements under the FMC Act.

Investments

(i) Setting, and periodically reviewing, the scheme's investment beliefs (philosophy)

(ii) Determining, and periodically reviewing, the strategic asset allocations for each of the primary investment options offered under member investment choice having regard to the levels of risk that the trustee considers to be appropriate

(iii) Determining, and periodically reviewing, the fundamental strategy (such as active or passive management) and foreign currency hedging policy for each asset class

(iv) Establishing, and periodically reviewing, the risk management policies (including rebalancing ranges), and the review and monitoring procedures

(v) Assessing the broad parameters (such as the target excess return and tracking error) and structural features (such as the use of generalists or specialists) proposed by the implementation manager for the management of each asset class, and confirming its agreement or otherwise

(vi) Determining, and periodically reviewing, the 'glide path' risk/return profile for Super Steps (the scheme's default investment option that uses the primary investment options as 'building blocks')

(vii) Establishing criteria for the measurement of the performance of the scheme's assets

(viii) Reviewing on a regular basis the investment objectives and constraints adopted by the implementation manager

(ix) Monitoring regularly the investment results to determine whether the implementation manager has performed satisfactorily relative to its objectives

(x) Advising the implementation manager of any material changes to either or both the design and operation of the scheme which could affect its role

(xi) Performing such audits of the processes and controls of the implementation manager as it feels is necessary for the trustee to obtain assurance that the scheme's funds are being managed appropriately, and

(xii) Establishing, and regularly reviewing, a comprehensive workplan for assessing the scheme's investment programme.

Other

(i) Contributing to the development of members' financial literacy.

2.2 Implementation manager

(i) Offering funds (**funds**), for each applicable asset class, consistent with the fundamental strategy, and the foreign currency hedging and derivatives policies determined by the trustee

(ii) Proposing, and seeking the trustee's agreement to the broad parameters and structural features that will apply to each of the funds

(iii) Appointing, in its sole discretion, the investment managers utilised by the funds

(iv) Undertaking daily unit pricing of the funds

(v) Maintaining the actual asset allocations for the primary investment options within the specified rebalancing ranges of the target asset allocations

(vi) Regularly rebalancing the allocations to the underlying primary investment options for Super Steps members as specified in this document

(vii) Presenting its research on investment managers as applicable to the mandates utilised for the funds

(viii) Negotiating the underlying investment management fees and the investment mandates within the investment management agreements, and undertaking ongoing monitoring of these agreements

(ix) Providing updates, information and views on issues affecting the management of the funds such as the effects of taxation and legislative requirements. This includes approaching investment managers to debate concerns and seek solutions that will maximise returns, and advice on new products to the New Zealand market and how these could apply to the advantage of members

(x) Ensuring efficient implementation of any investment manager transitions

(xi) Providing monthly and quarterly reporting to the trustee covering asset allocations, performance of the primary investment options and asset classes (returns, both actual and, on a quarterly basis, benchmark) against the agreed performance measurement criteria, and compliance of the underlying investment managers in a format agreed with the trustee

(xii) Providing the trustee with a list of the individual investment managers utilised by the scheme as part of its quarterly reporting

(xiii) Presenting quarterly updates that include market commentary

(xiv) Furnishing monthly net and/or gross returns of the funds to external survey providers

(xv) Rectifying and advising the FMA (in accordance with the requirements of the FMC Act) of any breach for which the implementation manager has responsibility (e.g., limit breaks as defined in the FMC Act)

(xvi) Advising the trustee of any breach for which the implementation manager has obligations under the FMC Act, and

(xvii) Calculating and providing the relevant investment data in respect of the FMC Act requirements relating to the product disclosure statements, annual fund updates and other information entered on the Disclose Register.

At the date of this SIPO, Mercer (N.Z.) Limited invests the scheme's assets in Mercer Investment Trusts New Zealand (MITNZ). The manager of MITNZ is Mercer (N.Z.) Limited and Trustees Executors Limited is the trustee of MITNZ. Also, at the date of this SIPO, the trustee has appointed Mercer (N.Z.) Limited to provide certain investment management services to the trustee. The trustee recognises that it has no direct role in the management of the assets of MITNZ. The trustee does, however, wish to:

- consult with Mercer (N.Z.) Limited as the manager of MITNZ about any changes proposed to the scheme's fundamental strategies to the extent of how such changes are to be implemented and the likely consequences of these changes, before the changes are made
- record the investment objectives and constraints adopted by Mercer (N.Z.) Limited as the manager of MITNZ
- note that it currently considers those objectives and constraints to be suitable for the trustee's particular purposes, and
- record the agreement of Mercer (N.Z.) Limited as the manager of MITNZ to inform the trustee of any material changes to the investment objectives and/or the constraints adopted by Mercer (N.Z.) Limited as the manager of MITNZ.

It is recognised that some of MITNZ's generic responsibilities as listed in section 2.2 above may be satisfied through presenting the required information to the MITNZ Advisory Committee rather than to Mercer (N.Z.) Limited as the manager of MITNZ directly.

2.3 Strategic consultant

(i) Advising the trustee on all matters contained in the 'Investments' section of clause 2.1 above

(ii) Advising the trustee of any changes that may affect the way that the scheme's assets are or should reasonably be invested

(iii) Providing the trustee with advice on other relevant investment issues, and

(iv) Participating in the regular review of the SIPO.

2.4 Multi-manager consultant

(i) Providing the trustee with qualitative and quantitative advice on multi-manager funds, and

(ii) Assisting the trustee in the regular review of the implementation manager.

2.5 Scheme secretary

(i) Communicating the trustee's investment decisions to the relevant parties and following up to ensure action items are completed, and

(ii) Acting as a conduit for communication between external parties to the trustee.

3 | Investment beliefs

Underpinning both the scheme's general investment objectives and the specific investment strategies employed are the trustee's investment beliefs. These investment beliefs represent a set of propositions that, while they cannot be proven, reflect current investment theory and literature, empirical evidence, investment experience and personal judgment.

Governance

Quality governance is paramount – The trustee's primary role is one of governance. A well-defined governance structure that utilises suitably qualified resources with clear accountabilities will improve the scheme's effectiveness in managing risk and ultimately providing value to members. Given the present size and characteristics of the scheme, the trustee considers that a fully-outsourced model is currently the most appropriate approach.

Investment strategies

Membership characteristics should guide the investment strategies – In formulating the scheme's investment strategies, the trustee needs to be mindful that individual members have different wishes, needs, risk tolerances and levels of understanding in financial matters. Accordingly, and subject to maintaining costs at a reasonable level, the scheme should offer a number of distinctive choices, including an age-dependent default option, designed to meet well-defined investment objectives.

Asset allocation

A strategic approach is the foundation for asset allocation – The key determinant of risk and return and, as a result, whether or not investment objectives are achieved, is asset allocation. A disciplined strategic approach that encompasses both quantitative analysis and qualitative judgment is therefore required.

Market efficiency

Markets can deviate significantly from equilibrium value – Notwithstanding the difficulties associated with determining such inefficiencies and assessing the likely timing of reversion, at times markets may become so far removed from equilibrium value that there is a high probability of improving returns by tilting away from the strategic position. Nonetheless, such deviations must occur within a disciplined governance framework and be reasonably constrained so that the investment proposition remains broadly 'true to label'.

Risk

There is reward for risk – Investors are generally compensated for accepting risk, or increased volatility of returns, by higher returns over an appropriate timeframe.

Diversification

Diversification is important – Diversification improves a portfolio's risk/return relationship. This applies at the overall primary investment option level (in terms of the selection of asset classes), the asset class level (in terms of the selection of more than one manager, where deemed appropriate) and the manager level (in terms of the selection of securities). However, diversification has a diminishing marginal benefit and therefore the cost/benefit trade-off needs to be weighed up when considering additional opportunities. Further, at times of severe market turmoil, the benefits of diversification may be reduced.

Active versus passive management

Some markets are at times imperfectly efficient – Markets are typically highly competitive but at times securities are not priced efficiently in some markets. There are times when active management can therefore add value (after allowing for the associated additional costs), providing suitable managers can be selected.

Selecting managers

Superior active managers can be identified – Past performance is an unreliable indicator of a manager's future performance. However, focused analysis by specialist manager researchers, including qualitative evaluation of people and processes, can provide valuable insight as to the likelihood of superior future performance.

Liquidity

Illiquid assets can add value but there are associated risks – A portfolio's risk/return characteristics can be enhanced through investing in illiquid assets, although these benefits can be somewhat time-dependent. Nonetheless, illiquidity can give rise to unique risks and challenges, including inequity between investors and the inability to meet liabilities.

Currency

Currency decisions should include strategic considerations – Analysis of the optimal currency hedging ratio should not only consider the potential impact on the portfolio's risk/return characteristics but also take account of the underlying investment objectives.

Execution

Efficient implementation can improve performance – Fees, taxes and other costs, and inefficient transitions all contribute to return leakage. In order to minimise their potential impact, these factors need to be understood, measured and managed.

Responsible investment

The integration of environmental, social and governance factors into investment decision-making helps to identify opportunities and risks, resulting in better financial outcomes.

4 | Investment strategy

The trustee sets the investment strategy based on the investment beliefs set down in section 3 and its desire to offer a suitable range of investment options to members. The trustee takes advice from the strategic consultant in so doing. In setting the investment strategy, the trustee will also give consideration to the strategies and asset allocations of other superannuation providers.

The fundamental investment strategy is expressed as a strategic asset allocation (SAA) for each primary investment option. For the avoidance of doubt, strategic asset allocation is the equivalent of the term 'target asset allocation' as used in the product disclosure statement.

4.1 Asset classes

The SAAs of the primary investment options currently comprise, in varying proportions, the following asset classes:

- international fixed interest
- international fixed interest, absolute return
- NZ cash and cash equivalents
- international listed property
- Australasian equities
- international equities
- international collateralised commodity futures
- international listed infrastructure

The trustee will review the asset classes included within the SAAs from time to time.

4.2 Asset class benchmarks

The trustee has adopted the asset class benchmarks set out in Appendix B.

4.3 Strategic asset allocation

The following SAAs apply to the primary investment options offered to members under the scheme.

Asset class	High Growth %	Growth %	Balanced %	Stable %	Cash Plus %
International fixed interest	0	15	35	40	0
International fixed interest, absolute return	0	0	0	0*	0
NZ cash and cash equivalents	5	5	5	40*	100
Total income assets	**5**	**20**	**40**	**80**	**100**
Australasian equities	25	15	12.5	5	0
International equities	70	45	35	15	0
International listed property	0	5	2.5	0	0
International collateralised commodity futures	0	7.5	5	0	0
International listed infrastructure	0	7.5	5	0	0
Total growth assets	**95**	**80**	**60**	**20**	**0**

4.4 Foreign currency hedging strategy

The trustee's policy is to hedge fully the foreign currency exposures arising from all investments with the exception of investments in international equities which are only hedged to 50%. However, it is recognised that this may not always be practicable, and a partially hedged position may apply to certain asset classes as agreed between the trustee and the implementation manager. Further, market movements and active positions taken by the underlying investment managers may result in deviations away from the target hedging level. The trustee also recognises that the implementation manager will seek to achieve the agreed hedging ratios on an after tax basis, assuming tax is paid at the highest prescribed investor rate of 28%. As a result of the way underlying assets and hedges are taxed, this may result in those members on a lower prescribed investor rate having a higher effective hedging ratio for international equities, international listed property and international listed infrastructure.

* The SAA for Stable is currently under review following a decision to remove the allocation to international fixed interest, absolute return. New Zealand dollar cash and cash equivalents will be held in its place until this review is completed.

4.5 Super Steps

Super Steps is a 'glide path' type fund (whereby the risk/return profile reduces as the member ages) that uses Growth, Balanced and Stable as 'building blocks'. The allocations to each of these options are based on age attained as at 1 April each year according to the following table:

Age attained	Growth %	Balanced %	Stable %
Under 45	100	-	-
45	85	15	-
46	70	30	-
47	55	45	-
48	40	60	-
49	25	75	-
50	10	90	-
51	-	98	2
52	-	90	10
53	-	83	17
54	-	75	25
55	-	68	32
56	-	60	40
57	-	53	47
58	-	45	55
59	-	38	62
60	-	30	70
61	-	23	77
62	-	15	85
63	-	8	92
64 and over	-	-	100

5 | Investment expectations

5.1 Primary investment options*

Based on the underlying asset allocation of each primary investment option, the trustee has established investment expectations for each option. These will be periodically reviewed in light of both the past and expected market conditions.

High Growth: To provide higher level returns, with an associated higher level of risk than the other options.

As a guide to members, High Growth is expected to provide a long-term return after tax and investment expenses of 4.5% p.a. above the inflation rate, with the likelihood of a negative return approximately 1 year in every 3 and a small probability (approximately 1 year in 20) of any annual loss exceeding 15%.

Growth: To provide high level returns, with an associated relatively high level of risk.

As a guide to members, Growth is expected to provide a long-term return after tax and investment expenses of 3.5% p.a. above the inflation rate, with the likelihood of a negative return approximately 1 year in every 3 and a small probability (approximately 1 year in 20) of any annual loss exceeding 12%.

Balanced: To provide medium level returns, with an associated moderate level of risk.

As a guide to members, Balanced is expected to provide a long-term return after tax and investment expenses of 2.5% p.a. above the inflation rate, with the likelihood of a negative return approximately 1 year in every 3 and a small probability (approximately 1 year in 20) of any annual loss exceeding 10%.

Stable: To provide relatively stable returns, with a low to medium level of risk.

As a guide to members, Stable is expected to provide a long-term return after tax and investment expenses of 0.5% p.a. above the inflation rate, with the likelihood of a negative return approximately 1 year in every 4 and a small probability (approximately 1 year in 20) of any annual loss exceeding 4%.

Cash Plus: To maintain invested capital and provide stable returns, with negligible likelihood of experiencing a loss in any year.

As a guide to members, Cash Plus is expected to provide a return after tax and investment expenses that broadly matches the after-tax return of the S&P/NZX Bank Bills 90-day Index.

The risk and return parameters may vary over time as economic conditions change.

Members are able to tailor their own risk/return profile through investing in more than one primary investment option.

5.2 Super Steps

The trustee's investment expectations for Super Steps are a function of its investment expectations, from time to time, for the underlying 'building block' primary investment options.

* These expected returns are calculated after tax, assuming tax is paid at the highest prescribed investor rate (PIR) of 28%.

6 | Implementation

This section sets out general principles for implementing the scheme's investment strategy.

6.1 Internal versus outsourced management

The trustee has outsourced the investment of the scheme's assets to the implementation manager.

6.2 Active versus passive asset class management

The scheme predominantly employs active management (as opposed to passive management) in all asset classes.

In adopting an active approach to asset class management, the trustee has (where applicable) established minimum excess return and maximum tracking error expectations, as set out in Appendix B, in order to:

- justify the added expense of active management, and
- preserve the broad characteristics of the chosen asset class benchmarks and, in turn, the integrity of the strategic asset allocation process.

These expectations serve as a guide in assessing, ex ante, the implementation manager's proposed management of each asset class.

6.3 Responsible investment

The trustee's policy is to avoid, where practical, investment in companies whose activities are contrary to the intent of New Zealand legislation or various international agreements to which New Zealand is a signatory. These activities currently include the manufacture of:

- cluster munitions, and
- anti-personnel mines, and
- nuclear explosive devices, and
- tobacco products.

These activities also include the manufacture and retailing of military style semi-automatic weapons or assault rifles for civilian use.

However, the trustee has determined that investing through commingled funds offered by professional managers is the most practicable and efficient way of delivering desired outcomes to members. Accordingly, the trustee has no direct influence over the individual securities held, or the responsible investment policies, voting decisions and engagement activities of the underlying investment managers. Nonetheless, the trustee will regularly question the implementation manager in this regard and will expect the implementation manager to:

- be a signatory to the United Nations-supported Principles for Responsible Investment, and
- incorporate responsible investment (environmental, social and governance) considerations into its investment process, with the directors receiving regular reporting on these considerations.

7 | Risk management

7.1 Rebalancing

Asset allocations will drift away from the target positions over time as a result of differences in asset class returns and cashflows, while rebalancing incurs transaction costs. The definition of rebalancing ranges within which asset allocations must be maintained is therefore a trade-off between these factors. The following rebalancing ranges around the strategic asset allocations apply to the primary investment options:

	High Growth %	Growth %	Balanced %	Stable %
International fixed interest	n/a	± 5	± 5	± 5
International fixed interest, absolute return	n/a	n/a	n/a	± 5
NZ cash and cash equivalents	± 2.5	± 2.5	± 2.5	± 5
Total income assets	**± 5**	**± 5**	**± 3**	**± 2**
Australasian equities	± 2	± 2	± 2	± 1
International equities	± 5	± 5	± 3	± 2
International listed property	n/a	± 1	± 1	n/a
International collateralised commodity futures	n/a	± 2	± 1	n/a
International listed infrastructure	n/a	± 2	± 1	n/a
Total growth assets	**± 5**	**± 5**	**± 3**	**± 2**

The implementation manager will use the cashflows resulting from net switches, contributions and benefit payments to rebalance regularly each primary investment option towards its target asset allocations.

Positions are monitored by the implementation manager on a daily basis. In the event of a rebalancing range being breached, the implementation manager will, as soon as is practicable, effect the necessary transactions such that the infringing exposure will be repositioned at approximately the mid-point of the minimum or maximum permitted exposure (as applicable) and the target asset allocation.

The implementation manager will consider the costs of rebalancing, including transaction and spread costs, when determining which asset classes to use for cash flow management and rebalancing.

The implementation manager may increase or reduce exposure to asset classes in order to assist with rebalancing that is required as a result of changes to the strategic asset allocations, as long as the rebalancing ranges are not breached.

A breach of a rebalancing range resulting from market movements, which is corrected as soon as is practicable, will not be deemed to be material for the purposes of the limit break reporting requirements under the FMC Act.

7.2 Gearing

The scheme does not borrow at a total portfolio level. Gearing may, however, be permitted within individual investment management mandates for the purposes of portfolio management, where this is authorised by the implementation manager.

7.3 Lending and credit

The assets of the scheme are not to be used for the purposes of lending nor for backing the credit position of other parties.

7.4 Derivatives

The scheme does not use derivative contracts at a total portfolio level. Derivative contracts may only be employed by the implementation manager and its delegates:

- as a hedge to manage exposure to foreign currency or other investment risks, and
- to reduce transaction costs and improve liquidity in taking a position that would otherwise have been taken by buying or selling physical stock.

7.5 Diversification

An appropriate level of diversification across securities, sectors, asset classes and countries must be maintained.

7.6 Liquidity

Liquidity must be considered and maintained at an appropriate level (refer to the liquidity policy set out in Appendix A).

7.7 Prohibited investments

Management of the scheme's assets is through a series of pooled products offered by the implementation manager. In approving the various products, it is recognised that the trustee has no direct control of the underlying investment mandates.

8 | Review and monitoring procedures

8.1 SIPO

The SIPO will be reviewed no less frequently than annually, or sooner if appropriate due to events including but not limited to material changes in the SAAs, relevant Government policy, the scheme's governance model, the parties included in this SIPO, or market conditions.

Any changes to the SIPO must be approved via resolution by the trustee.

The most current version of the SIPO is available at disclose-register.companiesoffice.govt.nz.

8.2 Investment strategy

The SAAs are to be reviewed, in principle, every 3 years, or more frequently if there are significant changes to the economic and commercial environment, or as the trustee sees fit.

Any changes to the SAAs must be approved via resolution by the trustee.

Other elements of asset class strategy, such as the use of active or passive approaches to asset management, will be reviewed periodically.

8.3 External parties

The trustee will monitor and review on a regular basis the performance of the following external parties:

(i) Implementation manager

The implementation manager's rolling 3-year performance will be regularly assessed:

- at the overall scheme level
- at a primary investment option level, and
- at an asset class level.

The trustee's asset class excess return and tracking error expectations and, unless otherwise agreed between the parties, the benchmarks adopted by the trustee will serve as a guide in this process.

The performance of the implementation manager will also be regularly assessed on a peer-relative basis.

(ii) Strategic consultant

The efficacy of the advice provided by the strategic consultant will be regularly assessed.

(iii) Multi-manager consultant

The efficacy of the advice provided by the multi-manager consultant will be regularly assessed.

8.4 Performance report

The implementation manager will prepare a performance report for the attention of the trustee and discussion at a meeting shortly after each financial quarter-end. This report will consolidate asset values and performance at both asset class and total portfolio levels for each primary investment option.

Investment returns should be considered net of taxes and expenses.* Expenses can be direct or indirect and include fees, implementation delays, transaction costs, commissions and market impact costs.

* Assuming tax is paid at the highest prescribed investor rate (PIR) of 28%.

9 | Directory

Trustee

PSS Trustees Limited

Implementation manager

Mercer (N.Z.) Limited

Strategic consultant

Russell Investment Group Limited

Multi-manager consultant

Chant West Pty Limited (Australia)

Scheme secretary

Mercer (N.Z.) Limited

Appendix A

Liquidity policy

Liquidity can be thought of as the ability to trade promptly at a reasonable cost with minimal price impact. This is generally the case for listed assets. In the extreme, illiquidity can result in the inability to fund cash flows, such as benefit payments. More generally, it can give rise to a loss of utility as a consequence of sub-optimal portfolio positions. These may arise from market movements or because liquid investments are substituted for illiquid assets either to fund cash flows or as a result of switching between member investment options.

In formulating the scheme's liquidity policy, the trustee has considered these matters and, in particular, is of the opinion that:

- the scheme is, and will remain, a going concern
- for the foreseeable future, the scheme should remain cash flow positive, and
- based on the experience to date, there is unlikely to be significant switching between member investment options.

Therefore it is not paramount that the scheme's investments should be fully liquid at all times.

Accordingly, and subject to overall constraints, the trustee will consider investment in unlisted assets that have the potential to enhance portfolio return and/or reduce portfolio risk, notwithstanding the fact that these may be illiquid.

However, unlisted assets are valued on an appraisal basis that may not be fully reflective of true market value, and, in some cases such as private equity, the return profile will typically swing from negative (as funds are committed to investments) to positive (as these investments mature). In assessing such investments, the trustee will also be mindful of the need to maintain reasonable equity between members.

Appendix B

Asset class management and performance benchmarks

Asset class	Investment manager	Approach	Benchmark	Min. excess return exp. % p.a.	Max. tracking error exp. % p.a.
International fixed interest	MITNZ	Active, multi-manager	Bloomberg Barclays Global Aggregate (100% $NZ hedged)	1	2
International fixed interest, absolute return	MITNZ	Active, multi-manager	S&P/NZX Bank Bills 90-day	2	-
NZ cash and cash equivalents	MITNZ	Active, single- or multi-manager	S&P/NZX Bank Bills 90-day	0.1	0.2
Australasian equities	MITNZ	Active and passive, multi-manager	S&P/NZX 50 with Imputation	1.5	5
International equities	MITNZ	Active, multi-manager	MSCI All Country World with Net Dividends (50%* $NZ hedged)	2	3.5
International listed property	MITNZ	Active, single- or multi-manager	FTSE EPRA/NAREIT Developed (100%* $NZ hedged)	1.5	3.5
International collateralised commodity futures	MITNZ	Active, single- or multi-manager	Bloomberg Commodity Total Return (100% $NZ hedged)	1.5	5
International listed infrastructure	MITNZ	Active, multi-manager	FTSE Global Core Infrastructure 50/50 (100%* $NZ hedged)	1.5	4

* On an effective, after-tax basis assuming tax is paid at the highest prescribed investor rate of 28%.

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