

# JMI WEALTH KIWISAVER SCHEME

STATEMENT OF INVESTMENT POLICY  
AND OBJECTIVES

18 DECEMBER 2024



**JMI Wealth**

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## 1. Description of the Scheme

The JMI Wealth KiwiSaver Scheme (**Scheme**) is a KiwiSaver scheme under the Financial Markets Conduct Act 2013. The Scheme is managed by Smartshares Limited (**Smartshares**), which is a wholly-owned subsidiary of NZX Limited (**NZX**).

The Scheme is distributed by Select Wealth Management Limited (**Select Wealth**).

The Scheme's external investment manager is JMI Wealth Limited (**JMI Wealth**).

Investment Services Group Limited (**ISG**) is the parent company of both Select Wealth and JMI Wealth. The Scheme may invest in funds managed by related parties of Select Wealth and JMI Wealth.

At the date of this SIPO, each of the funds in the Scheme will achieve its investment strategy by investing predominantly in other funds (underlying funds) with an allocation for cash and cash equivalents for liquidity purposes. This may change in future and the funds may invest directly into investment assets.

## 2. Investment philosophy

JMI Wealth's investment philosophy is based on the following principles;

- We have a preference for an active investment management approach.
- We take a long-term view.
- We have a preference for investments that analysis has determined are fairly priced or underpriced, and where we use active external fund managers we will seek to appoint those who follow a similar approach.
- We are conservative investors. We focus as much on conserving capital as on growing it.
- We focus on buying high quality investments and generally hold them for long-term capital growth and income.

- We have a disciplined approach to risk management.
- We strongly believe in diversification of capital.
- Markets frequently follow trends. If we believe the current investment trend is not in our clients' best interest, we are happy to be different and to sit on the sidelines.
- We prefer fund managers who incorporate responsible investment factors into their investment management decision making. You can obtain an explanation of the extent to which responsible investment is taken into account by reading the JMI Wealth KiwiSaver Responsible Investment Policy at [www.jmiwealth.co.nz/jmi-wealth-kiwisaver-scheme](http://www.jmiwealth.co.nz/jmi-wealth-kiwisaver-scheme).

## 3. Investment objectives

The Scheme offers three diversified funds that provide a range of risk-return profiles. The investment objectives and strategies for each fund are set out in the Schedules to this SIPO.

## 4. 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 may use derivatives to gain exposure to assets that are consistent with the permitted investments set in their schedules or to manage foreign currency exposures. They fund may not use derivatives for leverage.

The minimum over-the-counter derivative counterparty rating is A- issued by Standard & Poor's Financial Services LLC (**Standard & Poor's**), or its equivalent issued by Moody's Investor Services (**Moody's**) or Fitch Ratings (**Fitch**).

If a counterparty has multiple credit ratings, JMI Wealth will use the highest credit rating of Standard & Poor's, Moody's or Fitch. If a counterparty is not rated by any of these rating agencies, JMI Wealth will decide a credit rating. If a counterparty is downgraded below the minimums set out above, JMI Wealth will decide the appropriate action.

### Hedging

Hedging involves removing some or all the foreign currency risk implicit in owning international assets. This limits the impact of foreign exchange rate movements on investment performance.

Each fund's foreign currency exposure may be hedged to the New Zealand dollar. The target hedging level for income assets is 100% and the actual hedging level can be anywhere in the 0% - 100% range. The target hedging level for International Equities is 50% and the actual hedging level for International Equities can be anywhere in the 0% - 100% range.

We may from time to time rebalance the fund so that its actual hedging position is consistent with JMI Wealth's target hedging level.

### Tactical asset allocation

JMI Wealth actively monitors market and economic conditions and may vary the asset allocation away from each fund's target to take advantage of short-term events.

### Responsible investment

The Scheme's Responsible Investment Policy sets out its approach to responsible investing and the extent to which it takes into account environmental, social and governance considerations. The policy is available at [www.jmiwealth.co.nz/jmi-wealth-kiwisaver-scheme](http://www.jmiwealth.co.nz/jmi-wealth-kiwisaver-scheme).

## 5. Investment performance monitoring and reporting

JMI Wealth's investment team monitors the performance of the Scheme on an ongoing basis.

Every month, JMI Wealth's investment team assesses:

- the performance of each fund relative to an appropriate composite performance benchmark; and
- the performance of the underlying funds that the Scheme invests in relative to an appropriate performance benchmark.

Every month, JMI Wealth's investment team prepares an investment performance report summarising the performance outcomes of each fund and the underlying funds that the Scheme invests in and provides this to JMI Wealth's Investment Committee.

Every three months, JMI Wealth's investment team prepares an investment report and provides it to Smartshares' Chief Investment Officer and JMI Wealth's Investment Committee. The report summarises the performance of the funds, and the underlying funds that the Scheme invests in, relative to appropriate performance benchmarks, and any changes recommended by JMI Wealth to either the asset allocation of the funds or the selection of underlying funds.

Smartshares' investment team also monitors the performance of the funds on an ongoing basis. Every month, Smartshares prepares investment performance reports and provides them to the Smartshares' Chief Investment Officer.

Every three months, Smartshares prepares investment performance reports and provides them to Smartshares' Investment Oversight Committee.

Every three months, Smartshares' Investment Oversight Committee reports to Smartshares' Board. The investment performance reports are also provided to the Board.

Investment performance is monitored over one month, three months, one year, three years and five years periods. Absolute performance, performance relative to benchmark indices and performance relative to peer averages is monitored.

## 6. Investment strategy review

JMI Wealth and Smartshares review the Scheme's investment strategy annually. The review will cover the target asset allocation and asset allocation ranges of each of the funds, as well as the assets that each of the funds may invest in.

JMI Wealth and Smartshares undertake 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**
- either JMI Wealth's Board or Smartshares' Board instructs that an ad hoc review of the Scheme's investment strategy be undertaken.

Smartshares and JMI Wealth submit a report to Smartshares' Investment Oversight Committee in respect of the joint investment strategy review, together with any proposed changes to the Scheme's investment strategy.

Smartshares' Investment Oversight Committee reports to Smartshares' Board as to the outcome of its investment strategy review, together with any proposed changes to the Scheme's investment strategy.

Smartshares' Board considers Smartshares' Investment Oversight Committee's report and may approve any changes to the Scheme's investment strategy.

- changes to the Scheme's investment strategy (made as part of an ad hoc review of investment strategy) necessitate changes to this SIPO; **or**
- either JMI Wealth's Board or Smartshares' Board instructs that an ad hoc review of this SIPO be undertaken.

Smartshares and JMI Wealth submit a report to Smartshares' Investment Oversight Committee in respect of the joint SIPO review, together with any proposed changes to the SIPO.

Smartshares' Investment Oversight Committee reports to Smartshares' Board as to the outcome of its SIPO review, together with any proposed changes to the SIPO.

Smartshares' Board considers Smartshares' Investment Oversight Committee's report and may approve any changes to the SIPO.

Changes to the SIPO can only be made following consultation with the supervisor.

## 7. SIPO review

JMI Wealth and Smartshares review this SIPO annually.

JMI Wealth and Smartshares undertake an ad hoc review of this SIPO if:

- changes to the law or the Financial Markets Authority's guidance necessitate changes to this SIPO;

## Schedules

### Schedule 1 - Conservative Fund

#### Investment objective

The fund aims to protect capital and provide a moderate return over the medium term (at least 3 years). The fund invests mostly in income assets, with a modest allocation to growth assets.

#### Investment strategy

Purpose	Asset class	Target	Range	Market index
Income	Cash and cash equivalents	5%	0% - 25%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	35%	0% - 75%	S&P/NZX A-Grade Corporate Bond Index
	International fixed interest	30%	0% - 45%	Bloomberg Global Aggregate Index (100% hedged to the New Zealand dollar)
	<b>Total</b>	<b>70%</b>	<b>60% - 90%</b>	
Growth	Australasian equities	10%	0% - 25%	50% S&P/NZX 50 Portfolio Index Gross with Imputation 50% S&P/ASX 200 Index (100% hedged to the New Zealand dollar)
	International equities	15%	0% - 25%	MSCI All Countries World Index (50% hedged to the New Zealand dollar)
	Listed property	2%	0% - 25%	S&P/NZX Real Estate Select Index
	Other	3%	0% - 15%	FTSE Global Core Infrastructure 50/50 Index (100% NZD Hedged)
	<b>Total</b>	<b>30%</b>	<b>10% - 40%</b>	

We may from time to time rebalance the fund so that its actual asset allocation is consistent with JMI Wealth's target asset allocation.

#### Permitted investments

The fund may invest in the following assets:

- financial products listed on the NZX or an international stock exchange (which is a member of the World Federation of Exchanges);
- tradeable debt securities;
- any fund managed by Smartshares;
- any fund managed by related parties of Select Wealth and JMI Wealth;
- any fund managed by a third party; 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 can borrow up to 10% of the aggregate value of its investments, but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, securities settlement or pay expenses).

The fund may also invest in other assets (which are not explicitly set out above) that JMI Wealth 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 performance objectives of the fund.

## Schedule 2 - Balanced Fund

### Investment objective

The fund aims to provide a medium level of capital growth over the medium to long term (at least 5 years). The fund invests similar proportions in income and growth assets.

### Investment strategy

Purpose	Asset class	Target	Range	Market index
Income	Cash and cash equivalents	5%	0% - 25%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	18%	0% - 50%	S&P/NZX A-Grade Corporate Bond Index
	International fixed interest	17%	0% - 25%	Bloomberg Global Aggregate Index (100% hedged to the New Zealand dollar)
	<b>Total</b>	<b>40%</b>	<b>30% - 60%</b>	
Growth	Australasian equities	20%	0% - 50%	50% S&P/NZX 50 Portfolio Index Gross with Imputation 50% S&P/ASX 200 Index (100% hedged to the New Zealand dollar)
	International equities	33%	0% - 50%	MSCI All Countries World Index (50% hedged to the New Zealand dollar)
	Listed property	3.5%	0% - 25%	S&P/NZX Real Estate Select Index
	Other	3.5%	0% - 15%	FTSE Global Core Infrastructure 50/50 Index (100% NZD Hedged)
	<b>Total</b>	<b>60%</b>	<b>40% - 70%</b>	

We may from time to time rebalance the fund so that its actual asset allocation is consistent with JMI Wealth's target asset allocation.

### Permitted investments

The fund may invest in the following assets:

- financial products listed on the NZX or an international stock exchange (which is a member of the World Federation of Exchanges);
- tradeable debt securities;
- any fund managed by Smartshares;
- any fund managed by related parties of Select Wealth and JMI Wealth;
- any fund managed by a third party; 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 can borrow up to 10% of the aggregate value of its investments, but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, securities settlement or pay expenses).

The fund may also invest in other assets (which are not explicitly set out above) that JMI Wealth 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 performance objectives of the fund.

## Schedule 3 - Growth Fund

### Investment objective

The fund aims to provide a high level of capital growth over the medium to long term (at least 7 years). The fund invests mostly in growth assets, with a modest allocation to income assets.

### Investment strategy

Purpose	Asset class	Target	Range	Market index
Income	Cash and cash equivalents	5%	0% - 25%	S&P/NZX Bank Bills 90-Day Index
	New Zealand fixed interest	5%	0% - 25%	S&P/NZX A-Grade Corporate Bond Index
	International fixed interest	10%	0% - 25%	Bloomberg Global Aggregate Index (100% hedged to the New Zealand dollar)
	<b>Total</b>	<b>20%</b>	<b>5% - 40%</b>	
Growth	Australasian equities	29%	0% - 50%	50% S&P/NZX 50 Portfolio Index Gross with Imputation 50% S&P/ASX 200 Index (100% hedged to the New Zealand dollar)
	International equities	48%	0% - 75%	MSCI All Countries World Index (50% hedged to the New Zealand dollar)
	Listed property	0%	0% - 25%	S&P/NZX Real Estate Select Index
	Other	3%	0% - 15%	FTSE Global Core Infrastructure 50/50 Index (100% NZD Hedged)
	<b>Total</b>	<b>80%</b>	<b>60% - 95%</b>	

We may from time to time rebalance the fund so that its actual asset allocation is consistent with JMI Wealth's target asset allocation.

### Permitted investments

The fund may invest in the following assets:

- financial products listed on the NZX or an international stock exchange (which is a member of the World Federation of Exchanges);
- tradeable debt securities;
- any fund managed by Smartshares;
- any fund managed by related parties of Select Wealth and JMI Wealth;
- any fund managed by a third party; 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 can borrow up to 10% of the aggregate value of its investments, but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, securities settlement or pay expenses).

The fund may also invest in other assets (which are not explicitly set out above) that JMI Wealth 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 performance objectives of the fund.

**JMI Wealth**