



kōura KiwiSaver Scheme

# Statement of Investment Policy and Objectives (SIPO)

Kōura Wealth Limited  
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## 1. Introduction

This Statement of Investment Policy and Objectives (**SIPO**) sets out the policies, objectives and governing decisions made by Kōura Wealth Limited (**Kōura, the Manager, we or our**) in regard to the investment and management of the Kōura KiwiSaver Scheme (**Scheme**).

The Manager is a New Zealand owned and operated investment specialist focused on providing investors with improved savings outcomes through advice. We do this by employing a low-cost passive strategy across multiple funds. This allows us to deliver tailored portfolios to suit each investor's individual needs.

The Kōura Investment Committee has been established to be responsible for making investment decisions for the Scheme (the **Investment Committee**). This SIPO has been prepared in consultation with Kōura's supervisor Public Trust.

## 2. Description of the Scheme

The Scheme is a KiwiSaver scheme offering a range of different investment options and asset exposures. The Scheme has 6 funds that investors can choose to invest in.

Each fund represents an individual asset exposure that is required to provide investors with an appropriately diversified portfolio. The funds and their asset allocations have been selected to provide investors with a broad exposure that the Investment Committee deems appropriate to create a diversified portfolio.

Kōura has a digital advice tool (available at [www.kourawealth.co.nz](http://www.kourawealth.co.nz)) which has been developed to assist investors understand the best portfolio of Kōura funds for them (resulting in an individual **Kōura Portfolio**). Investors can make their own choice of investment funds to develop their own portfolio, or alternatively can choose to use the digital advice tool to invest in a Kōura Portfolio.

The Scheme is managed by Kōura Wealth Limited. The Supervisor for the Scheme is Public Trust and MMC Limited is the administrator and custodian of the Scheme.

### 3. The Kōura investment philosophy

The Scheme operates to a number of core principles:

**i. Passive investment**

We believe that markets are efficient, and therefore a passive approach to investing will deliver better long term results for investors in the long term. This means that we invest in index funds or indexed portfolios with a long-term asset allocation strategy attempting to replicate market performance, rather than actively choosing investments to exploit short-term fluctuations in financial markets.

**ii. Long term views**

We believe that investors interests are best served by taking long term views and therefore we should not be making regular changes to the investment strategy or the composition of the Kōura funds. Investors will do better by remaining invested through the cycle rather than trying to time the market.

**iii. Use of underlying investment managers**

For our international exposures (US Equities, Rest of World Equities and Emerging Markets Equities), we will invest exclusively in funds managed by one of the large global passive fund managers.

For our domestic exposures (NZ Equities, Fixed Interest and Cash), Kōura may elect to either invest directly in a portfolio of securities or alternatively may invest in an existing investment fund. The Investment Committee will review the available options on an ongoing basis.

**iv. Responsible Investing**

As investors we have a unique ability to influence behaviour by choosing where to invest or, more importantly, where not to invest. We therefore believe it is important to invest according to globally recognised Environmental, Social and Governance principles.

**v. Currency hedging**

Currency risk adds volatility to investor returns. We therefore believe it is important to hedge our international exposures to reduce the volatility of our investors' portfolios. Our hedging policies are described in the Schedules relating to each of our Funds.

## 4. Investment objectives

The objective of the Scheme is to provide investors the ability to create an appropriate portfolio by investing in a range of funds. The investment objectives and strategies for each of Kōura's 6 funds are set out in Schedules 1-6 of this SIPO together with the market indices used to measure the performance of the assets each fund invests in.

## 5. Investment policies

### i. **Currency Hedging**

Hedging involves removing some or all of the foreign currency risk implicit in owning international assets. Where a fund has foreign currency exposure, the hedging policy for that fund is set out in Schedules 1 – 6 of this SIPO.

### ii. **Permitted investments**

Kōura's investment universe in respect of each fund will be limited to the permitted investments as set out in the Schedules.

Kōura is not an active fund manager. Any investments Kōura makes will be made on a passive basis.

Kōura will not invest in any non-listed financial instruments aside from unlisted investment funds.

Kōura may invest in other investments (that are not explicitly listed as "permitted investments") that Kōura considers appropriately reflect the risk profile of the fund and will contribute to the performance objectives of the relevant fund.

### iii. **Rebalancing**

Investors are expected to hold a portfolio of funds rather than invest in a single fund.

Portfolios will be rebalanced semi-annually to ensure that the proportion of every fund in the portfolio remains at rebalancing as at the time the customer chose the portfolio

### iv. **Derivatives**

Except for currency hedging, Kōura does not use derivatives, however a fund may invest in a managed investment scheme that does use derivatives.

**v. Cash / liquidity policy**

Each Kōura fund will hold cash as a liquidity buffer to manage fees, redemptions, tax payments and the potential cash impact of the settlement of foreign currency hedges. Each fund will have a target cash allocation of 1.0% of gross assets to cover these costs (the Cash Fund has a 100% target cash allocation). We will monitor this liquidity buffer on a daily basis in conjunction with the administrator.

**vi. Leverage**

The Kōura funds may use leverage to manage liquidity on a short-term basis. The maximum leverage permitted will be 10% of gross asset value for that individual fund. The leverage is expected to be short term only and the Investment Committee will look to return the fund to a cash positive position in the short term.

**vii. Conflicts of Interest**

Conflicts of interest may occur at multiple levels, our key principle being that Scheme members interests take priority at all times.

Kōura has a conflict of interest policy that ensures that any potential conflicts of interest are identified and disclosed to the Chair of the Board of Directors of the manager. The Chair maintains a conflicts of interest register.

Any conflicts of interest will be registered in Kōura's Other Material Information document which is lodged on the disclose register at [disclose-register.companiesoffice.govt.nz/](https://disclose-register.companiesoffice.govt.nz/).

**viii. Taxation policy**

The Scheme is a Portfolio Investment Entity (**PIE**), therefore tax is calculated at each member's prescribed investor rate (currently 10.5%, 17.5% or 28%) and paid to Inland Revenue on members behalf annually.

**ix. Pricing / Valuation policies**

The nature of the underlying assets invested into the Scheme means that we should always be able to calculate a unit price at close of business each day using market prices.

We have outsourced the pricing and valuation of the fund to the administrator. The methodology they will use is set out below:

- Where an investment is traded on the financial markets, the administrator will determine the valuation in accordance with the last market prices available at the valuation point.

- Where the investments are unlisted investment funds the administrator will be provided with a daily redemption price by the provider of that unit trust.
- Where the investments are bank term deposits, the administrator will determine the valuation on the basis of historical cost and interest accrual.

Kōura will conduct a review of the unit prices on a monthly basis to ensure our administrator is appropriately pricing the portfolios.

## **6. Investment performance monitoring and review**

Each fund is monitored daily to ensure that investments have been made in compliance with the SIPO.

On a monthly basis, the Kōura Managing Director prepares investment performance reports for the Investment Committee to review the performance of the fund.

On a quarterly basis, the Investment Committee will conduct a formal review of the funds to ensure that they are performing in line with expectation. That review will consider (amongst other things):

- The performance of the fund versus the underlying benchmark on a monthly basis
- The liquidity profile of the fund
- The reputation of the underlying fund manager (if the fund invests in an underlying investment fund)
- Fees
- Any other relevant information

Quarterly fund updates and daily information will be available through the investor portal. The investor portal will be available at [www.kourawealth.co.nz](http://www.kourawealth.co.nz), a username and password will be provided to investors after they have signed up.

## 7. Investment strategy review

The Investment Committee meets quarterly. At each meeting it will review the Scheme's investment funds and a sample of Kōura Portfolios. In conducting its review, it will consider whether the funds and portfolios are meeting the desired risk and return objectives or whether changes are required to the investment approach, asset allocation or asset exposure being targeted.

The Investment Committee will report to the Board of Directors of the Manager with the results of that review.

## 8. SIPO review

The Investment Committee will review the SIPO at least annually. Given the passive nature of our Scheme, we do not expect the reviews to lead to material changes to this SIPO unless there are product changes or significant market developments.

The Investment Committee will undertake an ad hoc review of the SIPO if:

- Changes in law or FMA guidance necessitate changes to the Scheme's investment policies and objectives;
- The Kōura Board instructs the Investment Committee to review the SIPO; or
- The Investment Committee determines that a change to the investment strategy is required which will necessitate changes to this SIPO.

A change to this SIPO can be made at any time by giving prior written notice to the supervisor, Public Trust.

Any material change will be notified to investors and mentioned in the Kōura KiwiSaver Scheme annual report.

The most current version of the SIPO is available at the Scheme's register, which is available at [www.kourawealth.co.nz](http://www.kourawealth.co.nz) or on the disclose website at [disclose-register.companiesoffice.govt.nz/](http://disclose-register.companiesoffice.govt.nz/).



## Schedule 1 - US Equities Fund

### Investment Objective

To provide investors an exposure to the US share market.

### Investment Strategy and Permitted Investments

Asset class	Permitted investments	Target	Range	Market Index
<b>Cash and cash equivalents</b>	<ul style="list-style-type: none"> <li>Cash and cash equivalents</li> </ul>	1.0%	-10 – 20%	Morningstar US Large-Mid Cap TR USD (30% Converted to NZ Dollars and 70% Hedged to NZ Dollars)
<b>International equities</b>	<ul style="list-style-type: none"> <li>Any underlying fund that provides exposure to the US share market with ESG factors taken into consideration</li> </ul>	99.0%	80 – 110%	

The fund will invest in underlying funds that deliver an exposure to the US share market screened for high environmental, social and governance factors.

Cash and cash equivalents will be held for liquidity purposes to ensure that the fund is able to meet its obligations with regards to expenses, taxes, the settlement of foreign currency hedges and redemptions. Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments and managed investment schemes that primarily invest in cash and cash equivalents.

### Currency strategy

The underlying investments are in US Dollars. The fund will be hedged into NZ Dollars in a proportion of between 30% and 100% of its net asset value. The target hedge ratio for the fund will be for 70% of the underlying exposure to be hedged back to NZ Dollars.

### Leverage

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. for security settlement or to pay expenses).

## Schedule 2 – Rest of World Equities Fund

### Investment Objective

To provide investors an exposure to the share markets of Europe, Australasia, Singapore, Hong Kong, Japan and Israel.

### Investment Strategy and Permitted Investments

Asset class	Permitted investments	Target	Range	Market Index
<b>Cash and cash equivalents</b>	<ul style="list-style-type: none"> <li>Cash and cash equivalents</li> </ul>	1.0%	-10-20%	Morningstar Developed
<b>International equities</b>	<ul style="list-style-type: none"> <li>Any underlying fund that provides exposure to the regions represented by the developed world excluding USA with ESG factors taken into consideration</li> </ul>	99.0%	80 – 110%	Markets ex-North America GR (30% Converted to NZ Dollars and 70% Hedged to NZ Dollars)

This fund will provide exposure to equities in the developed world outside North America, specific regions / countries covered include Europe, Australasia, Singapore, Hong Kong, Japan and Israel. The fund will invest in underlying funds that deliver the desired exposure.

Cash and cash equivalents will be held for liquidity purposes to ensure that the fund is able to meet its obligations with regards to expenses, taxes and redemptions. Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments (and managed investment schemes that primarily invest in cash and cash equivalents).

### Currency strategy

While the underlying funds are traded in US dollars, the securities which the fund is invested in are denominated in a variety of currencies, the largest of which are the euro, the Japanese yen, the British pound, the Australian dollar. The fund will be hedged into NZ Dollars in a proportion of between 30% and 100% of its exposure to several or all of these currencies. The target hedge ratio for the fund will be 70% of the underlying exposure hedged back to NZ Dollars.

### Leverage

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. for security settlement or to pay expenses).

## Schedule 3 - Emerging Markets Equities Fund

### Investment Objective

To provide investors an exposure to emerging markets including Eastern Europe, the Middle East, South America, Africa and Asia including China.

### Investment Strategy and Permitted Investments

Asset class	Permitted investments	Target	Range	Market Index
<b>Cash and cash equivalents</b>	<ul style="list-style-type: none"> <li>Cash and cash equivalents</li> </ul>	1.0%	-10-20%	Morningstar Emerging Markets GR USD (Converted to NZ Dollars)
<b>International equities</b>	<ul style="list-style-type: none"> <li>Any underlying fund that provides exposure to emerging markets with ESG factors taken into consideration</li> </ul>	99.0%	80 – 110%	

This fund will provide exposure to emerging markets including Eastern Europe, the Middle East, South America, Africa and Asia including China screened for high environmental, social and governance performance. The fund will invest in underlying funds that provide the desired exposure.

Cash and cash equivalents will be held for liquidity purposes to ensure that the fund is able to meet its obligations with regards to expenses, taxes and redemptions. Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments (and managed investment schemes that primarily invest in cash and cash equivalents).

### Currency strategy

While the underlying funds are traded in US dollars, the securities which the fund is invested in are denominated in a variety of emerging market currencies. The fund may be hedged into NZ Dollars in a proportion of between 0% and 100% of its currency exposures. While it is not Kōura's current intention to hedge these exposures, Kōura may determine that hedging is warranted at times. Kōura may also determine that hedging these exposures as if they were US dollar exposures is the most cost-effective approach.

### Leverage

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 for securities settlement or to pay expenses).

## Schedule 4 - NZ Equities Fund

### Investment Objective

To provide investors with an exposure to the New Zealand share market.

### Investment Strategy and Permitted Investments

Asset class	Permitted investments	Target	Range	Market Index
<b>Cash and cash equivalents</b>	<ul style="list-style-type: none"> <li>Cash and cash equivalents</li> </ul>	1.0%	-10-20%	Morningstar New Zealand GR NZD
<b>Australasian equities</b>	<ul style="list-style-type: none"> <li>Any underlying investment fund that provides exposure to the NZ share market</li> <li>A direct portfolio of shares</li> </ul>	99.0%	80 – 110%	

The fund will invest in:

- One or several funds which provide an exposure to the New Zealand share market; or
- A direct portfolio of securities that are expected to deliver a return reflecting the performance of the New Zealand share market
- Cash and cash equivalents

Cash and cash equivalents will be held for liquidity purposes to ensure that the fund is able to meet its obligations with regards to expenses, taxes and redemptions. Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments (and managed investment schemes that primarily invest in cash and cash equivalents).

### Currency strategy

The assets in the fund are denominated in NZ Dollars and hedging is not warranted.

### Leverage

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. for securities settlement or to pay expenses).

## Schedule 5 - Fixed Interest Fund

### Investment Objective

To provide investors exposure to New Zealand Government and Corporate bonds.

### Investment Strategy and Permitted Investments

Asset class	Permitted investments	Target	Range	Market Index
<b>Cash and cash equivalents</b>	<ul style="list-style-type: none"> <li>Cash and cash equivalents</li> </ul>	1.0%	-10-40%	Bloomberg NZBond
<b>New Zealand Fixed Interest</b>	<ul style="list-style-type: none"> <li>Any underlying fund that provides exposure to the New Zealand dollar denominated bonds</li> <li>A direct portfolio of rated investment grade fixed income securities denominated in NZ\$</li> </ul>	99.0%	80 – 110%	Composite 0+Y Index

The fund will invest in assets that provide investors with an appropriate fixed interest exposure. The purpose of this fund is to manage risk for investors within their portfolios. The investment options that the Kōura Investment Committee will consider here include:

- One or several funds which provide an exposure to New Zealand Dollar denominated bonds
- A direct portfolio of investment grade fixed income securities (listed with New Zealand registered banks or on the NZX)
- Cash or cash equivalents (including NZ Dollar term deposits)

Cash and cash equivalents will be held for liquidity purposes to ensure that the fund is able to meet its obligations with regards to expenses, taxes and redemptions. Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments (and managed investment schemes that primarily invest in cash and cash equivalents).

### Currency strategy

The assets in the fund are denominated in NZ Dollars and hedging is not warranted.

### Leverage

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. for securities settlement or to pay expenses).

## Schedule 6 - Cash Fund

### Investment Objective

To provide a high degree of liquidity to investors close to buying a house at a rate of return comparable to short dated bank deposit rates.

### Investment Strategy and Permitted Investments

Asset class	Permitted investments	Target	Range	Market Index
<b>Cash and cash equivalents</b>	<ul style="list-style-type: none"> <li>Cash and cash equivalents</li> <li>Any fund that invests in domestic short-dated money market instruments</li> <li>A direct portfolio of domestic short dated money market instruments including New Zealand Government fixed income securities</li> </ul>	100%	0-110%	Bloomberg NZBond Bank Bill Index

The fund will invest in bank products, term deposits and short dated money market instruments with the objective of maximising the return of the Fund.

### Currency strategy

The assets in the fund are denominated in NZ Dollars and hedging is not warranted.

### Leverage

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. for securities settlement or pay expenses)

