JUNO KIWISAVER SCHEME

Statement of Investment Policy and Objectives

Issued by

Pie Funds Management Limited

Date 19 August 2019

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on ***www.disclose-register.companieso***ffice.govt.nz Pie Funds Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

Table of contents

JKS 08/19

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;
2. JUNO Balanced Fund; and
3. JUNO 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***

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 we 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 (e.g. directly, through Exchange Traded Funds ('**ETFs**'), with physical securities or using a derivative); and
    - which assets (e.g. specific 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 think the companies we pick:
    - are good quality; and
    - their quality is not currently recognised by the market; but
    - the market will come to recognise, and appropriately value, their quality.
4. Where we do not have key competencies in areas we believe will benefit members, we engage with organisations – for example research providers – that can provide them.
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.
6. We also believe that for most New Zealanders, selecting and using KiwiSaver and other investment products can be challenging. It is important New Zealanders make good decisions about their KiwiSaver as, for most, it will be their first, largest (and perhaps only) investment. As such, we communicate as clearly and simply as possible about:
    - how we invest;
    - why we invest that way;
    - the results of our investment approach; and
    - what all that means for our investors.

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 7). 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.

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 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***

We have a Code of Conduct, a Code of Ethics and a Disclosure of Interest Policy which support the Conflicts Policy. Additionally, there are stringent systems and controls in place to minimize the risks of conflicts of interests. This includes ongoing training on prohibited activities such as insider trading, the segregation of duties between the Investment Team and compliance to ensure robust checks and balances and the maintenance of restricted trading lists.

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-based 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-based 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. Some will be 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 policy.

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, or the Investment Team considers it appropriate.

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***

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 the Disclose Register: ***www.disclose-register.companiesoffice.govt.nz***

Under the ESG Policy, the ESG Committee considers 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***

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.

The threshold for rebalancing is generally +/- 1% from the target, taking tactical asset allocation into account, and +/- 1% from the upper and lower limits for the investment mix limit (as described in the table on page 13). However, rebalancing is at our discretion. For example, we may choose not to rebalance where the actual investment mix remains within the target investment ranges (as described on page 13).

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

Investment process

The Manager's 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 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 (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).

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 page 7 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.

Existing KiwiSaver members cannot choose to invest in a benchmark return instead of their KiwiSaver fund. But if the benchmark return prompts them to be dissatisfied with their provider's performance, they can transfer to another provider. A Scheme Member, or investor, may also decide to invest in one or more benchmark returns alongside their KiwiSaver investment.

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 report each Fund's performance to investors in monthly fund fact sheets. 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***

SIPO compliance and review

The SIPO is reviewed by the Investment Committee, comprised of senior members of the Investment Team, the CIO and a board member (as Chair). 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. Any proposed changes will also be approved by the Investment Committee following an annual or ad hoc review meeting.

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.
International fixed interest	Fixed interest securities, loans, 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.
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.

Investment period, expected return and risk

Members transferring to the Scheme with an investment horizon of less than three years are recommended to join the Conservative Fund. Investors not presently in KiwiSaver with an investment horizon of less than three years are recommended to invest in cash and cash equivalents.

The table below shows the key information for each Fund.

The "investment period" column and "average return" columns, considered together, show the period over which the Manager expects each Fund to produce the average expected return. This provides members with a basic guide about the average return they might reasonably expect, given their desired investment horizon. Or, given a desired return outcome, the period for which they should reasonably expect to leave their money invested.

FUND	INVESTMENT PERIOD	AVERAGE RETURN P.A. *net of fees and tax*
Conservative	3-5 years	2-5%
Balanced	5-10 years	5-10%
Growth	10+ years	10%+

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
Number of total holdings	40-60 (per Fund)	Reflects relatively concentrated, high-conviction active investment approach. This includes ETFs.
Maximum holding in one company	5% of any Fund	To manage concentration risk.
Market capitalization 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		
				Neutral	**Minimum**	**Maximum***
Conservative	Yes	No	Yes	10%	0%	33%
Balanced	Yes	No	Yes	25%	0%	60%
Growth	Yes	No	Yes	50%	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 7.

Note the Conservative Fund gets all of its equity and some of its fixed interest and cash investments by investing in the Balanced Fund. Most of its cash investments are gained directly.

In turn, the Balanced Fund gets all of its equity and some of its cash by investing in the Growth Fund. All of its fixed interest and some of its cash investments are gained directly.

FUND	ASSET CLASS	TARGET ALLOCATION	MINIMUM	MAXIMUM
Conservative	Cash and cash equivalents*	65%	58%	73%
	International fixed interest	10%	6%	20%
	International equities and/ or Australasian equities	25%	14%	37%
Balanced	Cash and cash equivalents*	20%	15%	35%
	International fixed interest	20%	10%	35%
	International equities and/ or Australasian equities	60%	30%	70%
Growth	Cash and cash equivalents*	10%	10%	30%
	International fixed interest	10%	0%	20%
	International equities and/ or Australasian equities	80%	70%	90%

*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 see a change in the mix between fixed income and cash. Growth Fund members would see a reduction in the growth allocation and an increase in the income allocation.

Target growth: Investment mix and range limits

FUND	GROWTH			INCOME				
	Target	Minimum	Maximum	Target	Minimum	Maximum	Net long position	Gross exposure
Conservative	25%	10%	30%	75%	64%	93%*	100%	100%
Balanced	60%	30%	70%	40%	35%	70%*	100%	100%
Growth	80%	70%*	90%	20%	10%	30%*	100%	100%

JKS 08/19

Schedule 1: JUNO Conservative Fund investment objectives and strategy

Investment objective

The Conservative Fund seeks to preserve Members' capital, with some capital growth, averaging 2-5% p.a. after fees and before tax, over a three-to-five-year period. Members would choose the Conservative Fund if they have a short investment horizon or low comfort with investing, and want to achieve a potentially better return than they could from choosing their own term deposits with a New Zealand bank.

We recommend KiwiSaver members transferring to the Scheme with three years or less to invest, join the Conservative Fund.

Investment strategy

The Fund invests primarily in cash held on call or term deposit with New Zealand registered banks. It also invests in the JUNO Balanced Fund, providing Members with investments in international fixed interest and equities.

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.

Over time, the expected balance of the cash and other investments in the Conservative Fund (also known as the balance of income and growth) is 75:25, income and growth respectively.

Relevant market index

ASSET TYPE	BENCHMARK INDEX	TARGET ALLOCATION
Cash and cash equivalents *(direct and from investment in JUNO Balanced Fund)*	NZBond Bank Bill Index (NZD)	65%
International fixed interest *(from investment in JUNO Balanced Fund)*	Bloomberg Barclays Global Aggregate (USD) Total Return Index Value Unhedged	10%
International equities and/or Australasian equities *(from investment in JUNO Balanced Fund)*	MSCI ACWI IMI Net Total Return Index (USD)	25%

Investable benchmarks

- *Members can obtain term deposits and on-call accounts directly.*
- *Bloomberg Barclays Global Aggregate (USD) Total Return Index Value Unhedged: buy the iShares Global Aggregate Bond UCITS ETF.*
- *MSCI ACWI IMI NET Total Return Index (USD): buy the SPDR MSCI ACWI IMI ETF.*

Schedule 2: JUNO Balanced Fund investment objective and strategy

Investment objective

The Balanced Fund seeks to provide investors with steady capital growth, averaging 5-10% p.a. after fees and before tax, over a five-to-10 year period. Members would choose the Balanced Fund if they have a medium-term investment horizon (or a longer horizon, but low comfort with investing).

Investment strategy

The Fund invests in various asset types; mostly, over time, in equities and cash. The Fund also invests in international fixed income.

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.

Over time, the expected balance of the cash and other investments in the Balanced Fund (also known as the balance of income and growth) is 60:40 growth and income, respectively. The Fund's equity exposure comes from investing in the JUNO Growth Fund.

Relevant market index

ASSET TYPE	BENCHMARK INDEX	TARGET ALLOCATION
Cash and cash equivalents *(direct and from investment in JUNO Growth Fund)*	NZBond Bank Bill Index (NZD)	20%
International fixed interest	Bloomberg Barclays Global Aggregate (USD) Total Return Index Value Unhedged	20%
International equities and/or Australasian equities *(from investment in JUNO Growth Fund)*	MSCI ACWI IMI Net Total Return Index (USD)	60%

Investable benchmarks

- *Members can obtain term deposits and on-call accounts directly.*
- *Bloomberg Barclays Global Aggregate (USD) Total Return Index Value Unhedged: buy the iShares Global Aggregate Bond UCITS ETF.*
- *MSCI ACWI IMI NET Total Return Index (USD): buy the SPDR MSCI ACWI IMI ETF.*

Schedule 3: JUNO Growth Fund investment objective and strategy

Investment objective

The Growth Fund seeks to provide investors with capital growth, averaging 10% or more p.a. after fees and before tax, over periods exceeding 10 years. Members would choose the Growth Fund if they have a longer-term investment horizon and are comfortable with investing.

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 income.

We look for high-quality companies we believe the market has mis-priced relative to the companies' outlook. This means we invest in companies we think are underpriced relative to their value; and where we also believe the market will recognize their value and the price will rise. Sometimes this happens slowly, sometimes quite rapidly.

Or, we sell when we think companies are expensive and the returns from reducing or exiting our positions are attractive.

We don't expect to get every company selection right. But we do expect to be right more often than we are wrong.

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

Over time, the expected balance of the cash and other investments in the Growth Fund (also known as the balance of income and growth) is 80:20 growth and income, respectively.

Relevant market index

ASSET TYPE	BENCHMARK INDEX	TARGET ALLOCATION
Cash and cash equivalents	NZBond Bank Bill Index (NZD)	10%
International fixed interest	Bloomberg Barclays Global Aggregate (USD) Total Return Index Value Unhedged	10%
International equities and/or Australasian equities	MSCI ACWI IMI Net Total Return Index (USD)	80%

Investable benchmarks

- *Members can obtain term deposits and on-call accounts directly.*
- *Bloomberg Barclays Global Aggregate (USD) Total Return Index Value Unhedged: buy the iShares Global Aggregate Bond UCITS ETF.*
- *MSCI ACWI IMI NET Total Return Index (USD): buy the SPDR MSCI ACWI IMI ETF.*

JKS 08/19