

# First Sentier Investors (NZ) Scheme

## Statement of Investment Policy and Objectives

Investment management by  
First Sentier Investors (Australia) IM Ltd

Effective date: 1 April 2026  
Issued by: FundRock NZ Limited

## A. Description of the managed investment scheme

The First Sentier Investors (NZ) Scheme (**Scheme**) is a managed investment scheme. The Scheme has on offer one single sector investment fund, the First Sentier Global Listed Infrastructure Fund (**Fund**) which provides investors with exposure to infrastructure securities.

The Fund is actively managed. The Fund invests in a globally diversified portfolio of infrastructure securities.

## B. Roles and responsibilities

### The Licensed Manager

FundRock NZ Limited (**FundRock, we, us, our** or **Manager**) is the licensed manager (**Manager**) of the Scheme. The Manager's key roles and responsibilities are:

- preparation of disclosure material;
- establishing, reviewing and maintaining this Statement of Investment Policy and Objectives (**SIPO**) for the Scheme;
- the ongoing management and oversight of the Fund. This includes appointing, managing and monitoring specialist providers for:
  - fund administration; and
  - investment management.
- monitoring investment performance and outcomes.

### The Investment Manager

First Sentier Investors (Australia) IM Ltd (**First Sentier Investors** or **Investment Manager**) is the Scheme's investment manager and is responsible for deciding what the Fund invests in.

The Fund is invested in accordance with this SIPO and the investment philosophy stated below.

First Sentier Investors participate in reviewing this SIPO.

### Other Service Providers

BNP Paribas Funds Services Australasia Pty Limited (**BNP**) is the custodian and administration manager.

Apex Investment Administration (NZ) Limited (**Apex NZ**) is the registrar.

Public Trust is the Scheme's Supervisor. The Supervisor is responsible for supervision of the Manager and the Scheme, including:

- acting on behalf of the Fund's investors in relation to the Manager and any contravention of the Manager's issuer obligations;
- supervising the performance by the Manager of its functions and the financial position of the Manager and the Scheme; and
- holding the Scheme property or ensuring that the assets are held in accordance with applicable legislative requirements. BNP has been appointed by the Supervisor as Custodian for the Fund.

## C. Investment philosophy

The First Sentier Global Listed Infrastructure team are conservative investors of their clients' capital, recognising that capital preservation is critical to achieving long-term capital growth. They focus on fundamental value and conduct thorough due diligence to minimise downside. They place strong emphasis on proprietary research and direct contact with companies and regulators.

The team invests in quality companies. Real infrastructure assets with barriers to entry and pricing power are a good start for determining which companies to invest in. For infrastructure to deliver its full potential, the team also requires management alignment, independent boards, appropriate gearing, transparent regulation and cultures which are working to sustain their licence to operate.

The team believe investing in long-dated assets requires a long-term perspective. They spend as much time understanding the history of a company as they do forecasting its future. When short-term market sentiment overrides long-term fundamentals, the team believes it's in their clients' interests to capture mispricing through active management.

## D. Responsible investment

The Manager has delegated investment management decisions of the Fund, to the Investment Manager pursuant to the Investment Management Agreement, which includes taking into account labour standards or environmental, social and ethical considerations for the purpose of selecting, retaining or realising investments.

For information in relation to how the Investment Manager incorporates environmental, social and governance (**ESG**) considerations into the management of the Fund please refer to 'The Fund's approach to ESG' section below.

## The Fund's approach to ESG

### Overview

The Fund considers ESG-related risks and opportunities within its investment process; but does not have an ESG-related or specific sustainable investment objective.

This Fund's investment process, including with respect to ESG factors, may differ to other funds managed by the Investment Manager.

With respect to this Fund, the Investment Manager employs a seven step investment process: (1) screening; (2) fundamental research; (3) value ranking model; (4) quality ranking model; (5) stock selection; (6) macro risk management; and (7) portfolio construction.

ESG analysis is integrated into the investment process primarily through step 4: the quality ranking model.

### Quality ranking model

The quality ranking model consists of 25 criteria that the Investment Manager utilises. A score out of ten is assigned to each criterion (with ten being the maximum and one the minimum) giving each entity a maximum potential total score of 250. ESG factors are captured both explicitly, through the respective scores assigned to the Environmental, Social and Governance criteria, and implicitly, where ESG factors are relevant to the other criteria considered by the Investment Manager (such as the Disruption criterion, which may involve consideration of whether an energy pipeline company faces stranded asset risk,<sup>1</sup> as fossil fuels may be replaced by lower carbon energy sources). The quality scores assigned to each stock are informed and determined by the fundamental research, analysis and engagement carried out by the Investment Manager.

In determining the respective quality scores for the Environmental, Social and Governance criteria, the Investment Manager considers ESG factors it believes may affect an investment's return. These factors include, but are not limited to, the following:

- **Environmental factors:** an entity's carbon emissions; its share of non-renewable energy consumption and production; activities negatively affecting biodiversity-sensitive areas; and emissions to water.
- **Social factors:** an entity's compliance with the UN Global Compact principles, and the OECD's Guidelines for Multinational Enterprises; its record and approach to workplace health and safety; and Board gender diversity levels.
- **Governance factors:** an entity's board structure (which may include factors such as board independence, the separation of chairman and CEO roles and audit and remuneration committee independence) and the protection of minority interests.

The total quality score, combined with the value score (being step 3 of the investment process, which ranks stocks according to the Investment Manager's view on potential mispricing), provides an overall ranking of the stocks. This overall ranking is used to inform stock selection. All else being equal, a lower ranking generally makes it harder for a stock to be selected for inclusion within the portfolio.

It is possible that a stock with low ESG-related quality scores may still be considered eligible for inclusion in the portfolio.

The emphasis placed by the Investment Manager on a particular ESG factor when determining each Environmental, Social and Governance criterion's quality score, is based on the Investment Manager's assessment of the extent to which that factor is likely to have an impact on the returns of the relevant stock over the long-term. As a result, consideration of a particular ESG factor may vary by sector and/or region, as well as being influenced by stock-specific details.

### Other ESG-related parameters

In addition, as part of the Investment Manager's fundamental research, other ESG-related parameters are considered when seeking to gain an understanding of an entity.

- For utilities with material (over 2GW of energy generation capacity) energy generation assets, the Fund seeks to invest in utilities that can demonstrate a declining carbon intensity over retrospective rolling five year periods (as measured by tons of carbon emitted per MWh of electricity generated)<sup>2</sup>; or that can demonstrate carbon intensity of at least 25% below the average of utility companies in the Investment Manager's investment universe.
- The Fund monitors for adherence to the OECD Guidelines for Multinational Enterprises<sup>3</sup> and the UN Global Compact<sup>4</sup>

Any failures to meet the ESG-related parameters considered by the Investment Manager or breaches of the OECD Guidelines for Multinational Enterprises or the UN Global Compact identified are reviewed and assessed by the Investment Manager. Where data sources indicate that thresholds are breached, the Investment Manager will assess the data for accuracy, and validate it. Such failures or breaches do not automatically prevent the Fund from investing in the relevant entity, or lead to divestment from the entity by the Fund. Rather, the Investment Manager will monitor and assess the situation and, where deemed necessary, engage with the entity's management to determine how the entity is responding to the relevant failure or breach. Persistent or systematic failures or breaches may lead to divestment by the Fund, in circumstances where the Investment Manager considers that an entity has not responded adequately to the engagement process.

### Exclusion of certain investments

In addition to the above ESG analysis, the management of the Fund is also subject to the exclusion of investment (either in equity or debt (as applicable)) in entities that:

- derive any gross revenue directly from the manufacture of Controversial Weapons (defined below) or Tobacco Products (defined below); or
- own a 50% or more interest in entities that derive any gross revenue directly from the manufacture of Controversial Weapons or Tobacco Products.

This exclusion is subject to the following qualifications:

- For the purposes of this exclusion, Controversial Weapons means:

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1. 'Stranded asset risk' refers to the risk of assets being devalued or written off before the end of their economic life. This could result from environmental challenges, a changed resources landscape, new government regulations, falling technology costs, evolving social norms, through litigation or changing laws.

2. The measure of carbon intensity over time may be adjusted to take into account circumstances including but not limited to corporate restructurings, such as an entity's acquisition or divestment of energy-generate assets, or changes in capacity factors i.e. how often a power plant is running at maximum power. Carbon intensity statistics are provided by a third party data provider.

3. The OECD Guidelines for Multinational Enterprises are recommendations addressing governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context.

4. The UN Global Compact is an initiative of the UN Secretary-General designed to encourage companies to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment and anti-corruption.

anti-personnel mines, cluster weapons, biological and chemical weapons, depleted uranium, nuclear weapons and white phosphorus munitions.

- For the purposes of this exclusion, Tobacco Products means: traditional cigarettes and other tobacco products, such as cigars and chewing tobacco, vaping and e-cigarette products.
- This exclusion does not apply to investments in entities with minority investments (i.e. less than 50% interest in the entity) in other entities or joint ventures that are involved in the manufacture of Controversial Weapons or Tobacco Products.
- The implementation of this exclusion is dependent on information relating to either reported revenues or revenue estimates provided by reputable third-party research providers. Where such information turns out to be inaccurate or there are delays in accessing such information, the implementation of this exclusion may in turn be delayed, particularly where there has been material changes in the nature of certain investments.

If any existing investment is subsequently assessed to be captured by the above exclusion, the relevant investment team will generally seek an orderly sale of that investment within three months, but this timeframe may vary on a case-by-case basis.

## E. Fund investment objectives and strategies

### First Sentier Global Listed Infrastructure Fund

The investment objectives and strategy of the Fund are:

#### Investment Objectives<sup>5</sup>

The Fund aims to deliver capital growth and inflation-protected income by investing in a globally diversified portfolio of infrastructure securities. The Fund aims to outperform the FTSE Global Core Infrastructure 50/50 Index (Net TR, NZD hedged), before fees and taxes, over rolling three-year periods.

#### Investment Strategy

The Fund invests in the shares of infrastructure companies from around the world. The infrastructure sector includes operating assets from the transport, utilities, energy and communications sectors. The strategy is based on active, bottom-up security selection which seeks to identify mispricing. The Fund seeks to minimise risk through on-the-ground research, focus on quality, and sensible portfolio construction. The Fund takes into account ESG considerations in relation to selection, retention and realisation of investments.

Currency exposure will be hedged back into New Zealand dollars using forward currency contract derivatives.

#### Benchmark index

FTSE Global Core Infrastructure 50/50 Index (Net TR, NZD hedged)<sup>6</sup>

#### Target investment mix

- 2% Cash and cash equivalents
- 98% International equities (listed infrastructure securities)

#### Asset allocation ranges:<sup>7</sup>

- 0%-10% Cash and cash equivalents
- 90%-100% International equities (listed infrastructure securities)

#### Appointed investment manager:

- First Sentier Investors (Australia) IM Ltd

#### Permitted investments:

- Cash and cash equivalents
- Equities listed on recognised international securities exchanges, including ordinary shares, preference shares, American depositary receipts (ADRs), real estate investment trusts (REITs), Master Limited Partnerships (MLPs), stapled securities
- IPOs, Reg S securities and 144A securities
- Forward currency contract derivatives (for the purposes of currency hedging)

#### Rebalancing policy:

- There is no rebalancing policy.

#### Currency policy:

- The Fund is hedged to New Zealand dollars using forward currency contract derivatives.

#### Other

- No holding may exceed 10% of the Fund's net asset value (NAV)
- The number of stocks to be held by the portfolio must be greater than 20 stocks
- The Fund will not acquire more than 5% of the issued capital of any one company
- The Fund is not permitted to purchase in stocks with a market capitalisation of less than US\$500 million
- The Fund invests in infrastructure companies. These companies are typically included in, but not limited to, the following sectors: oil and gas storage and transportation, airport services, highways and rail tracks, rail transportation, waste management, mobile towers and data centres, and multi/electric/gas/water utilities
- The Fund may invest in companies located anywhere in the world. The Fund's exposure in aggregate to countries not in the OECD must not exceed 20%
- The Fund's holdings of unlisted securities must not exceed 10% of the Fund (including IPO's which are expected to be listed within 12 months)
- The Fund may utilise FX forwards and Non-Deliverable Forwards for the purpose of currency hedging
- Short selling is not permitted
- The Fund can borrow up to 10% of the aggregate value of its investments for operational purposes including the provision of short-term liquidity (for example, to temporarily fund redemptions, settle securities trades or pay expenses)

5. The investment objective is not intended to be a forecast. It is merely an indication of what the Fund aims to achieve over the longer term on the assumption that equity markets remain relatively stable throughout the investment term. The Fund may not be successful in meeting this objective. Returns are not guaranteed.

6. The benchmark is not used to limit or constrain how the Fund's portfolio is constructed.

7. The asset allocation is a range. Actual allocations can change within the ranges significantly and sometimes quickly.

## F. Investment policies

### Taxation policy

The Fund has elected to be a Portfolio Investment Entity (**PIE**) and is therefore taxed under the PIE regime.

At the date of this document, the Fund calculates the taxable income accruing from investments in global shares listed outside of New Zealand and Australia, and forward currency contracts used for the purposes of currency hedging, using the Fair Dividend Rate (**FDR**) method.

The taxation implications of an investment method, such as holding assets directly or investing in a managed investment scheme, are taken into account when determining the most appropriate approach for the Fund. Note that taxation is not the sole consideration when choosing an investment method; other factors taken into account include cost and implementation feasibility.

### Liquidity policy

The liquidity risk of the Fund is assessed with reference to liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for the Fund. The Fund invests in liquid investments and hence has daily applications and redemptions. Market conditions can, however, change resulting in some assets becoming difficult to sell. Hence if the Fund were to experience liquidity problems the Manager may suspend redemptions for a period of time.

### Related-party transactions

Related-party transactions, other than the types permitted under the Financial Markets Conduct Act 2013 (**FMC Act**) are prohibited.

The Fund may enter into transactions with related parties if permitted under section 174 of the FMC Act or consented to by the Supervisor under section 173(2)(a). Examples of such transactions include:

- the Fund investing in a First Sentier fund offshore; or,
- a related party of the Investment Manager being appointed to provide investment services for the Fund; or,
- parties related to the Fund, including the staff and directors of First Sentier Investors and their families, and the staff of FundRock and their families from time to time investing in the Fund.

### Trade allocations and transactions

As the Fund invests directly in securities, and the Investment Manager trades the same securities for other portfolios it manages which have a similar investment philosophy, the Investment Manager has best execution and brokerage processes governing their investment management activity on behalf of the Fund.

## Other relevant policies

Summaries of the other key relevant policies are set out below.

### Pricing and Asset Valuation Policy

The purpose of this policy is to set out how FundRock manages its pricing and asset valuation obligations, and the way in which FundRock exercises its discretions authorised by the Trust Deed.

This policy also links to FundRock's Outsourcing Policy reflecting that it outsources functions including registry, fund administration and unit pricing to third parties. In particular, the policy governs how FundRock selects, monitors and undertakes ongoing due diligence on third party providers.

Within the bounds of what is reasonable and practical, our goals are to:

- have unit prices that reflect fair, realisable value of underlying assets and liabilities;
- ensure equitable treatment of investors entering, exiting or remaining in the Fund;
- have a consistent and objective process for determining unit prices; and
- comply with our governing documents, offer documents and the law.

### Conflicts of Interest and Related Party Transactions Policies

The Conflicts of Interest and Related Party Transaction Policies set out the principles and procedures relating to the management of conflicts of interest within FundRock. The policies apply to all of FundRock's directors, relevant officers, senior management and employees.

The policies provide guidance on:

- what is meant by a conflict of interest;
- what constitutes a related party transaction; and
- how these are managed.

### Investment Management Policy

This document sets out FundRock's policies and procedures in relation to appointing and monitoring investment managers. In particular the policy covers:

- investment management governance;
- investment manager selection and appointment; and
- investment manager monitoring and compliance.

## G. Performance monitoring

FundRock monitors investment performance of the Fund on a monthly basis. Performance is measured and assessed on the following basis for 1, 3 and 5 year periods:

- gross return (before fees and before tax);
- net return (after fees and before tax);
- benchmark index return;
- performance relative to benchmark;
- annualised standard deviation of gross return;<sup>8</sup>
- annualised standard deviation of benchmark index return;<sup>8</sup> and
- annualised tracking error.<sup>8</sup>

FundRock reports investment performance to the Supervisor and to the FundRock Board.

## H. SIPO monitoring and review

The FundRock Board is responsible for governance oversight of the SIPO.

The Manager's compliance processes include periodic policy reviews. SIPOs are reviewed annually by FundRock management, including ensuring the investment strategy and asset allocation ranges remain appropriate, with the outcomes of the review reported to the FundRock Board. In addition, FundRock management may initiate an ad hoc review, with examples of events that could lead to this being:

- the investment manager recommending changes to the SIPO;
- a change in roles and responsibilities; and
- a permanent change in risk and return characteristics of the relevant market.

SIPO reviews take into account the views of FundRock and the Investment Manager and if required the views of external experts.

The Manager can make changes to the SIPO at any time in accordance with the Trust Deed and the FMC Act. Before making changes to the SIPO, the Manager will consider if the changes are in the best interests of investors and consult with the Supervisor. Any changes to the SIPO require FundRock Board approval.

The Manager is responsible for monitoring adherence to the SIPO and reporting any breaches to the FundRock Board and the Supervisor.

This SIPO was approved by the FundRock Due Diligence Committee by delegation from the FundRock Board on 30 March 2026 and takes effect on 1 April 2026.

This SIPO is subject to change from time to time without notice to investors (provided written notice is given to the Supervisor). The Manager will give notice to Fund investors before implementing any material SIPO changes and all SIPO changes will be advised in the annual report for the Scheme. The most current version of this SIPO is available on the Disclose Register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

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8. Standard deviations and tracking error calculated based on monthly returns.