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## Schroder Investment Funds

### Statement of Investment Policy and Objectives

Investment Management by Schroder Investment  
Management Australia Limited

This is the Statement of Investment Policy and Objectives for the:

- Schroder Sustainable Global Core PIE Fund
- Schroder Sustainable Global Core PIE Fund (Hedged)

Effective date: 27 October 2023

Issued by FundRock NZ Limited

## A. Description of the managed investment scheme

The Schroder Investment Funds ('Scheme') is a managed investment scheme. The Scheme has on offer two funds ('Funds') which provide investors with exposure to highly diversified international equities (hedged and unhedged).

The Funds may invest across a wide range of global assets including but not limited to equities, cash and cash equivalents, property trusts, exchange traded funds, futures, currency derivatives, options and listed equity market derivatives.

The Funds are invested in accordance with this SIPO and Schroders' investment philosophy and process.

## B. Roles and responsibilities

### The licensed manager

FundRock NZ Limited ('FundRock') 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').
- the ongoing management and oversight of the Funds. This includes appointing, managing and monitoring specialist providers for:
  - administration management, and
  - investment management.
- monitoring investment performance and outcomes.

### The investment manager

Schroder Investment Management Australia Limited ('Schroders' or 'Investment Manager') is the Scheme's investment manager and is responsible for making recommendations and decisions about what the Funds invest in.

Established in 1964, Schroders in Australia is a wholly owned subsidiary of UK-listed Schroders plc, founded over 200 years ago and active in 38 locations globally. Based in Sydney, Schroders Australia manages assets for institutional and wholesale clients across Australian equities, fixed income, private equity, multi-asset and global equities.

Schroders believes in the potential to gain a competitive advantage from in-house global research and that rigorous research can translate into superior investment performance. Schroders also believes that internal analysis of investment securities and markets is paramount when identifying attractive investment opportunities. Proprietary research provides a key foundation of their investment process and their worldwide network of analysts is one of the most comprehensive research resources dedicated to funds management.

Schroders also participates in reviewing this SIPO.

### Other service providers

Trustees Executors Limited is the custodian and the custodian has appointed JP Morgan Securities Australia Limited ('JPM') as sub-custodian for each Fund.

Apex Investment Administration (NZ) Limited is the administration manager and registrar.

Trustees Executors Limited is the Scheme's supervisor ('Supervisor'). The Supervisor is responsible for supervision of the Manager and the Scheme, including:

- acting on behalf of the Funds' 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. JPM has been appointed by the Supervisor (and custodian of the Funds) as sub-custodian for each Fund.

### C. Investment philosophy

Schroders' investment philosophy is comprised of a combination of 'value' and 'quality' strategies.

The 'value' strategy means that the value of a security is analysed using a wide variety of metrics, including dividends, cashflows, earnings and assets, both on an absolute and relative basis to identify securities which Schroders believes have been undervalued by the market. The 'quality' strategy involves analysing companies with regard to profitability, stability, financial strength, governance and potential for structural growth.

The combination of the value and quality strategies tend to outperform at different stages of the economic cycle, and therefore Schroders believes this combination offers investors the potential for outperformance across a broad range of market environments.

#### Sustainable investment framework

Schroders determines a fund to be a sustainable investment fund where, at a minimum there is:

- a robust, consistent application of specific environmental, social and governance (**ESG**) criteria by the relevant investment team across all the funds' assets which guides them when considering ESG-related factors, which fits within the core parts of the team's investment process and is applied across the team's investment decisions (**Sustainable Investment Framework**); and
- a process in place to ensure that the Sustainable Investment Framework is applied consistently, improved on and updated from time to time as the investment team sees fit.

Schroders may use one or more of Schroders' proprietary tools that are designed to help Schroders analysts, fund managers and clients identify and assess ESG considerations to help ensure they are reflected in investment decisions and security valuations. The sources of information used by Schroders to assess a company's ESG credentials using its proprietary tools include quantitative information such as fundamental accounting data and third-party ESG data as well as qualitative information gained from Schroders' active ownership activities described below.

Schroders will consider sustainability considerations alongside traditional financial analysis and returns for the Funds. For the avoidance of doubt, Schroders is not required to prioritise the sustainability investment requirements over financial returns in the Funds.

#### Carbon Intensity Reduction Goal

Schroders' goal is that the Weighted Average Carbon Intensity of each Fund will be lower relative to the MSCI World ex Tobacco Index Weighted Average Carbon Intensity. This will be achieved by selecting companies using Schroders' own proprietary tools to identify and assess a company's environmental characteristics. More specifically, companies in the investment universe are assessed on their environmental profile including climate change related risks alongside broader environmental impacts and opportunities. The environmental characteristics of a company will impact the eligibility of the company for inclusion in the portfolio and sizing of its position in each Fund.

#### ESG considerations

Schroders also takes into account labour standards and ESG considerations as part of its investment process for both Funds when selecting, retaining and realising a Fund's investments by applying revenue exclusion screens (referred to as 'Negative Screens') and

assessing companies on ESG characteristics. This is described in the Assessment of ESG characteristics below.

Schroders recognises that different asset classes, strategies, and investment time horizons require its investment teams to adopt different perspectives pertaining to ESG to strengthen effective decision making. The analysis of ESG considerations often relates to issues such as climate change, environmental performance, labour standards and board composition.

### **Assessment of ESG characteristics**

Companies in the investment universe are assessed on their governance, environmental and social profile. The characteristics of a company will impact the eligibility of the company for inclusion in the portfolio and sizing of its position in each Fund. Within governance, criteria assessed include risk to shareholders, business oversight, accounting risk and dividend policy. Environmental considerations include climate change related risks alongside broader environmental impact and opportunities such as environmental policy and strategy, water and waste management, carbon strategy, and land management. Social criteria reflects areas such as business involvement, safety, employee welfare, supply chain management and data privacy. Companies will be given a rating depending on whether the Schroders investment team considers the relevant criteria to be positive (for example, implementing good governance policies) or negative (poor supply chain management), and the rating will determine eligibility for inclusion and position sizing in the Funds.

Schroders uses its own proprietary tools to identify and assess a company's ESG characteristics. The sources of information used by Schroders to assess a company's ESG characteristics using its proprietary tools include quantitative information such as fundamental accounting data and third-party ESG data as well as qualitative information gained from our Active Ownership activities described below.

Schroders does not implement a weighting system for taking into account ESG considerations. Where Schroders has delegated investment management for a Fund to another member of the Schroders Group, these ESG considerations are taken into account by the investment manager for the purposes of selecting, retaining or realising investments of each Fund.

Practically, ESG integration into the investment process is implemented in three important ways: **negative screens**, **monitoring** and **active ownership**.

#### ***Negative screens***

All funds managed by Schroders are subject to Schroders' Excluded Securities Policy, which is available at: <https://api.schroders.com/document-store/id/ae57ee43-89d7-4bf2-aa51-02fe23c987ef> (Negative Screens).

These Negative Screens do not apply to funds or portfolios managed by third party investment firms, or those in which Schroders do not have discretion over security selection. In particular, where the Funds invest in market indices, externally managed investments including ETFs and other managed funds, these exclusion criteria will not apply. These screens do not apply to derivatives (e.g. futures and options) which may be held by the Funds. Generally, exposure to externally managed investments is not expected to be material (less than 5%), however, in certain circumstances, such as initial Fund establishment, it may exceed this amount for an interim period not expected to last longer than 6 months.

In applying the Negative Screens the revenue of a company will be based on information provided by third party data providers such as, but not limited to, MSCI.

The main groups of securities that are excluded by the Funds include companies that:

- **derive any revenue** from the manufacture, sale or distribution of cluster munitions, anti-personnel mines, biological and chemical weapons as assessed by Schroders

plc and applied to all investments globally for the Schroders Group. The Schroders Group fully supports the international conventions on cluster munitions and anti-personnel mines, biological and chemical weapons and Schroders will not knowingly hold any security that will derive any revenue from these sources;

- **derive 5% or more of gross revenue from nuclear weaponry manufacture.** Schroders has identified a list of securities that derive 5% or more of revenue from the manufacture of nuclear weaponry. This list is updated from time to time and is available on the Schroders website. This exclusion does not apply to companies generating revenue from the sale and distribution of nuclear weaponry;
- **derive 10%<sup>1</sup> or more of gross revenue from thermal coal mining.** The exclusion does not include companies operating in other areas of the thermal coal mining industry, for example equipment suppliers or electric utilities;
- **derive more than 30% of gross revenue from thermal coal power generation;**
- **are tobacco manufacturers<sup>2</sup>, being companies that derive any revenue from the manufacture of tobacco products.** This exclusion does not apply to companies generating revenue from the sale and distribution of tobacco products, such as supermarkets.
- **derive more than 25% of gross revenue from the sale and distribution of tobacco products.**

### **Monitoring**

Schroders does not employ a bespoke approach for monitoring and reviewing ESG considerations relevant to the Funds. Schroders monitors the Negative Screens implemented for the Funds as part of the automated daily pre-and post-compliance checks for the Funds' investments. Generally, if an investment guideline is no longer met, the relevant asset is divested by the Funds in an orderly manner as described below.

The exclusion of certain securities based on the specific criteria as outlined above are applied at a company level. To implement these exclusions, the Funds generally avoid purchase and divest from companies which, are involved in the above activities. Indirect involvement, for example through ownership structures, may also lead to exclusion. Should Schroders' form the view that existing holdings, eligible at the time of purchase, subsequently become ineligible, they will be divested within a reasonable period of time considering turnover, liquidity and associated trading costs. In most circumstances, Schroders' normally expects to divest within three months. However there may be circumstances beyond their control, such as suspension, delisting or low liquidity, that may cause divesting to take longer.

The following will be disclosed in the Schroders Quarterly Sustainable Report available on the FundRock website under <https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/>:

- If investments are held in companies that are excluded securities, the reasons for the exception and for maintaining the holding.
- The percentage of the Funds' assets that are not subject to Negative Screens

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<sup>1</sup> All funds directly managed by Schroders globally are required to exclude companies that generate more than 20% of their gross revenue from thermal coal mining. The Funds have a tighter threshold of 10%.

<sup>2</sup> Tobacco securities as defined by GICS Sector 302030 – Tobacco being those securities issued by companies that manufacture tobacco products.

### **Active ownership**

Schroders' active ownership philosophy entails three key pillars: dialogue, engagement and voting. Schroders will partake in any or all three of these actions as and when it sees fit. Active ownership can also be referred to as 'active stewardship'. Details about the three key pillars are available at: <https://api.schroders.com/document-store/id/9c8fb97b-7e95-4eda-b147-069b38e5f4a1>.

### **Dialogue and engagement**

Dialogue and engagement may enable Schroders to gain insight into companies' practices and future plans relating to ESG, raising ESG-related concerns with company management, and influencing them towards behaviour Schroders considers to be more favourable through various forms of communication such as phone calls and meetings as and when Schroders deems necessary. Schroders may engage with companies on various ESG-related topics it deems to be important. Examples of company engagements include reducing carbon emission output or the responsible treatment of employees and customers.

### **Voting**

Schroders uses voting as one of the key ways to communicate Schroders' views and positively influence how a company is run. Schroders votes on a variety of resolutions many of which are corporate governance-related, such as the approval of directors and accepting reports and accounts. Schroders seeks to vote on all resolutions at all shareholder meetings globally except where there are restrictions that make it onerous or expensive to vote compared with the benefits of doing so. For example, Schroders may not vote in markets where share-blocking is allowed, as this could restrict the trading of shares which are to be voted upon. Further information on Schroders' voting policy and practices can be found in Schroders' Environmental, Social and Governance Policy for Listed Assets and monthly disclosure of Schroders' global voting can be found here: <https://vds.issgovernance.com/vds#/MTAwMzE=>.

Schroders' Engagement Blueprint sets out the long-term outcomes Schroders desires to see from companies in areas of climate change, natural capital and biodiversity, human rights, human capital management, diversity and inclusion and corporate governance. The Engagement Blueprint can be accessed here: <https://mybrand.schroders.com/m/20fba650f070c4c9/original/Schroders-Australia-Engagement-Blueprint-2023.pdf>.

In the event Schroders is undertaking significant active ownership activities, Schroders will provide regular updates to investors of any outcomes Schroders considers significant.

## **D. Fund Investment Objectives and Strategies**

The investment objectives and strategies for each Fund are:

### **Schroder Sustainable Global Core PIE Fund**

#### **Objectives**

The Fund aims to provide exposure to global listed equities and is an actively managed strategy designed to target outperformance relative to the benchmark index with limited risk relative to the index. This strategy provides the benefits of index-based investing from a risk and cost perspective with the advantage of relative performance upside potential.

The Fund also targets a weighted average carbon intensity lower than the benchmark index as set out in Part C of this SIPO.

#### **Investment Strategy**

##### *Benchmark index*

- MSCI World ex Tobacco Index (net dividends reinvested) NZD.

#### *Benchmark asset allocation*

- 100% international equities<sup>3</sup>.

The Fund is expected to be fully invested. A portion of the portfolio may be allocated to cash and cash equivalents for liquidity purposes.

#### *Asset allocation ranges:*

- 90% - 100% international equities<sup>2</sup>.
- 0% - 10% cash and cash equivalents.

#### *Permitted investments:*<sup>3</sup>

- Equities (both Australasian and international equities).
- Cash and cash equivalents<sup>4</sup>
- Property trusts.
- Other managed investment schemes, collective investment vehicles, or exchange-traded funds.
- Derivative instruments including futures, currency derivatives, options and listed equity market derivatives.

#### *Rebalancing policy:*

- As a single-sector fund, there is no need for a rebalancing policy.

#### *Currency policy:*

- The Fund does not hedge (to New Zealand dollars) currency risk.

#### *Other:*

- Individual stock weightings may not exceed +/- 0.75% of benchmark weighting<sup>5</sup>.

### **Schroder Sustainable Global Core PIE Fund (Hedged)**

The Schroder Sustainable Global Core PIE Fund (Hedged) invests into the Schroder Sustainable Global Core PIE Fund.

#### **Objectives**

The Fund aims to provide exposure to global listed equities and is an actively managed strategy designed to target outperformance relative to the benchmark index with limited risk relative to the index. This strategy provides the benefits of index-based investing from a risk and cost perspective with the advantage of relative performance upside potential.

The Fund also targets a weighted average carbon intensity lower than the benchmark index as set out in Part C of this SIPO.

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<sup>3</sup> International equities includes investments in Australasian equities and listed property securities.

<sup>3</sup> Subject to the ESG considerations set out in Section C.

<sup>4</sup> Cash equivalents are defined as short-dated (91 days or less) deposits/bills etc with registered banks or deposit taking entity rated A-1 or higher, US Treasury or other Government issuers rated AA or higher or a custodian's short-term investment/money market fund.

<sup>5</sup> Market movements may result in individual stock weighting ranges exceeding stated ranges. The Investment Manager will remedy this within a reasonable period of time as market opportunities present themselves providing that the manager believes this to be in the best interests of investors.



## Investment Strategy

### *Benchmark index*

- MSCI World ex Tobacco Index (net dividends reinvested) NZD (Hedged).

### *Benchmark asset allocation*

- 100% international equities.<sup>6</sup>

The Fund is expected to be fully invested. A portion of the portfolio may be allocated to cash and cash equivalents for liquidity purposes.

### *Asset allocation ranges:*

- 90% - 100% international equities<sup>7</sup>
- 0% - 10% cash and cash equivalents.

### *Permitted investments for the underlying fund:<sup>8</sup>*

- Equities (both Australasian and international equities).
- Cash and cash equivalents<sup>9</sup>
- Property trusts.
- Other managed investment schemes, collective investment vehicles, or exchange-traded funds.
- Derivative instruments including futures, currency derivatives, options and listed equity market derivatives.

### *Rebalancing policy:*

- As a single-sector fund, there is no need for a rebalancing policy.

### *Currency policy:*

- The Fund mitigates currency risk by hedging most major foreign currency exposures to the New Zealand dollar.

### *Other:*

- Individual stock weightings may not exceed +/- 0.75% of benchmark weighting<sup>10</sup>.

## E. Investment Policies

### Currency hedging

Currency hedging seeks to mitigate foreign currency risk in cases where a Fund's investments are denominated in a currency other than the NZ dollar (NZD).

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<sup>6</sup> International equities includes investments in Australasian equities and listed property securities.

<sup>7</sup> International equities includes investments in Australasian equities and listed property securities.

<sup>8</sup> Subject to the ESG considerations set out in Section C.

<sup>9</sup> Cash equivalents are defined as short-dated (91 days or less) deposits/bills etc with registered banks or deposit taking entity rated A-1 or higher, US Treasury or other Government issuers rated AA or higher or a custodian's short-term investment/money market fund.

<sup>10</sup> Market movements may result in individual stock weighting ranges exceeding stated ranges. The Investment Manager will remedy this within a reasonable period of time as market opportunities present themselves providing that the manager believes this to be in the best interests of investors.



The Schroder Sustainable Global Core PIE Fund does not hedge against foreign currency exposure.

The policy of the Schroder Sustainable Global Core PIE Fund (Hedged) is to hedge against currency risk by hedging most major foreign currency exposures to the New Zealand dollar. Other foreign currency exposure is either partially hedged using one of the major currencies that is in Schroders' view correlated with the relevant currency (as a proxy), or not hedged depending on what Schroders deems to be cost-efficient. While Schroders will seek to hedge, and mitigate, against foreign currency risk, this does not mean that foreign currency risk is eliminated.

The Schroder Sustainable Global Core PIE Fund (Hedged) may not necessarily outperform the unhedged Fund over any period of time.

### **Taxation policy**

The Funds have each elected to be Portfolio Investment Entities ('PIE') and are therefore taxed under the PIE regime.

At the date of this document, the Funds calculate the taxable income accruing from investments in global shares listed outside of New Zealand and Australia using the Fair Dividend Rate ('FDR') method.

Whether the Funds invest directly in equities or via a managed investment scheme may have tax implications for investors. In determining which approach to use, tax may be considered, alongside other factors such as cost and implementation feasibility.

### **Liquidity policy**

The liquidity risk of the Funds is assessed with reference to liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for each Fund. The Funds invest predominantly in liquid investments and hence have daily applications and redemptions. Market conditions and other factors can, however, change resulting in some assets becoming difficult to sell. Hence if a Fund were to experience liquidity problems or if major markets were closed, the Manager may defer or suspend redemptions for a period of time.

### **Related-party transactions**

Related-party transactions, other than the types permitted under the FMC Act, are prohibited.

The Funds 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:

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

The Manager will report such transactions by related parties to its Supervisor in accordance with section 173(2) of the FMC Act.

## Trade allocations and transactions

As the Funds are permitted to invest 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 appropriate trade allocation, best execution, and brokerage policies and processes governing their investment management activity on behalf of the Funds.

## 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 and the Funds' establishment documentation.

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 Outsourcing Policy governs how FundRock selects, monitors and undertakes ongoing due diligence on third party providers.

Within the bounds of what is reasonable and practical FundRock's 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 a 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 Policy*

FundRock's Conflicts of Interest and Related Party Transactions Policy sets out the principles and procedures relating to the management of conflicts of interest within FundRock. The policy applies to all of FundRock's directors, relevant officers, senior management and employees.

The Conflicts of Interest and Related Party Transactions Policy provides guidance on:

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

The core policy statement is:

*'As a licensed manager of Managed Investment Schemes, FundRock must act honestly and in the best interests of the Scheme participants. FundRock recognises that in order to satisfy this duty, it and its staff members must put the interests of Scheme participants ahead of those of itself or staff members.'*

Further, Schroders maintains a conflicts of interest policy, including in relation to the underlying funds into which the Funds invest, to ensure that all conflicts of interest (actual or perceived) are identified and appropriately managed. In the context of the Funds, this may arise where Schroders, one of its agents or service providers, or their respective directors or employees, has a personal interest that is inconsistent with the best interests of investors, or if Schroders is required to make decisions which may affect different investors with competing interests.

### *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.

## F. Performance monitoring

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

- gross return;
- net return;
- net of fees and gross of tax at an assumed 28% prescribed investor rate ('PIR');
- benchmark index return;
- performance relative to benchmark;
- annualised standard deviation of fund returns (based on monthly returns);
- annualised standard deviation of benchmark index returns (based on monthly returns); and
- annualised Tracking Error (based on monthly returns).

FundRock monitors the Funds' performance against the carbon intensity reduction goal on a quarterly basis. If the Funds fail to meet this goal for two consecutive quarters, FundRock will review the Funds' sustainability label to determine if it remains appropriate. If FundRock determines that the sustainability label is no longer appropriate, then the sustainability label will be removed.

FundRock reports investment performance to the Supervisor monthly and achievement of the carbon intensity reduction goal to the Supervisor quarterly. Both investment performance and achievement of the carbon intensity reduction goal are reported to the FundRock Board quarterly. The FundRock Board has responsibility for oversight of Investment Manager performance. The FundRock Board aims to meet at least quarterly.

To help investors monitor the carbon intensity reduction goal, a quarterly sustainable report is made available at <https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/>. The report contains information about the Funds' performance against the carbon intensity reduction goal. Further, investors can obtain a full list of holdings for the Funds from the Disclose website [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose), which is updated every six months.

## G. Investment strategy review

The FundRock Board has responsibility for oversight of the Investment Manager's performance and aims to meet at least quarterly. The Funds are expected to be fully invested in international equities with a portion allocated to cash and cash equivalents for liquidity purposes. FundRock does not intend to amend the Funds' investment strategies, although amendments may be made following recommendations by the Investment Manager.

In addition, investors can obtain a full list of holdings for the Funds from the Disclose website [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose), which is updated every six months.

## 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. The SIPO is 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; and
- a change in roles and responsibilities of key persons of the Manager or key service providers.

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 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 Board approval, as well as written approval of the Supervisor. The Manager will give notice to Funds' investors before implementing any material SIPO changes and all SIPO changes will be advised in the annual report for the Scheme.

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

The current version of this SIPO, and other useful information about the Funds, is available on [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose)

This SIPO was approved by the FundRock Board on 25 October 2023 and takes effect on 27 October 2023.

## Glossary

**Benchmark index** means the financial index or indices against which a Fund's performance is measured.

**Carbon Intensity** means a company's most recently reported or estimated Scope 1 (direct) + Scope 2 (indirect) GHG emissions in carbon dioxide equivalents (CO<sub>2</sub>e) normalised by sales (metric tons CO<sub>2</sub>e per USD million sales).

**FMC Act** means the Financial Markets Conduct Act 2013.

**Funds** mean the managed investment funds offered within the Scheme, being the Schroder Sustainable Global Core PIE Fund and Schroder Sustainable Global Core PIE Fund (Hedged).

**FundRock** means FundRock NZ Limited, the Manager of the Scheme.

**Investment Manager** means Schroder Investment Management Australia Limited.

**Manager** means FundRock NZ Limited.

**Prescribed Investor Rate (PIR)** means the rate used to calculate how much tax you'll pay on your portfolio investment entity (PIE) taxable income.

**Scheme** means the Schroder Investment Funds, a managed investment scheme established under a trust deed dated 18 January 2022 and a scheme establishment deed dated 21 August 2023 and offered in accordance with the FMC Act.

**Schroders** means Schroder Investment Management Australia Limited.

**Supervisor** means the supervisor of the Scheme, which is Trustees Executors Limited.

**Tracking Error** means the annualised standard deviation of the difference between the returns of a Fund and the benchmark against which its performance is measured.