Firesuper

Statement of Investment Policy and Objectives

Adopted on 30 June 2026

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1. Introduction

Purpose

The purpose of this Statement of Investment Policy and Objectives (SIPO) is to provide all parties involved in the investment management of FireSuper with guidance on how the assets are to be managed. It sets out the investment governance and management framework, philosophy, strategies, and expectations of FireSuper in accordance with the requirements of the Financial Markets Conduct Act 2013 (the FMCA).

The SIPO is structured as follows:

- introduction,
- governance,
- investment beliefs,
- investment strategy,
- investment expectations,
- implementation,
- risk management, and
- review and monitoring procedures.

A summary of the approach to asset class management and performance benchmarks is set out in appendix 1.

Description

FireSuper commenced on 2 December 1987.

FireSuper is registered under the FMCA as a restricted employer-related and workplace savings scheme and its supervisor is the Financial Markets Authority (the FMA). It is a complying superannuation fund, which allows the Trustee to accept certain contributions under the same rules as would apply to a KiwiSaver scheme.

FireSuper is defined contribution in nature and currently offers four core Member Investment Choice (MIC) options (Growth, Balanced, Conservative and Cash), and the Life Cycle option. The Life Cycle MIC option uses the Growth, Balanced and Conservative options as building blocks to create a structure whereby a member's risk/return profile is reduced progressively over time. The options are designed to deliver a range of investment outcomes, recognising that individuals have different needs and risk tolerances.

The Trustee applies investment earnings to each member's accounts in accordance with its earning rates policy. The most recent version of the earning rates policy is available on the Disclose Register (https://disclose-register.companiesoffice.govt.nz/).

The current Trustee is FireSuper Trustee Limited. The Trustee's board of directors comprises three directors appointed by Fire and Emergency New Zealand, three directors appointed by the New Zealand Professional Firefighters Union Incorporated and one independent director selected by the other directors.

Effective date

This SIPO is adopted by the Trustee with effect from 30 June 2026 and remains effective until the next review date.

2. Governance

The Trustee's powers and discretions are defined in FireSuper's Trust Deed. In particular, the Trustee has responsibility for those functions and duties of a manager under the FMCA and for acting in a manner consistent with the Trusts Act 2019.

In satisfying its responsibilities, the Trustee may delegate decision-making and implementation to other parties as it sees fit. The consequent responsibilities of the various parties currently involved in the management of FireSuper's assets are outlined below.

2.1 Trustee

- Governance
  - (i) Appointing and regularly reviewing all external parties identified in this SIPO, including an ongoing review of their responsibilities;
  - (ii) Reviewing this SIPO on a regular basis; and
  - (iii) Satisfying the reporting requirements under the FMCA.
- Investments
  - (i) Setting and periodically reviewing FireSuper's investment beliefs (philosophy);
  - (ii) Determining and periodically reviewing the strategic asset allocation of each core MIC option, having regard to the levels of risk that the Trustee considers to be appropriate;
  - (iii) Determining, and periodically reviewing, the design of the Life Cycle MIC option;
  - (iv) Setting and periodically reviewing FireSuper's foreign currency strategy;
  - (v) Determining and periodically reviewing the fundamental strategy (such as active or passive management) used for each asset class;
  - (vi) Establishing and periodically reviewing the risk management policies (including the rebalancing policy/ranges and the liquidity policy), and the review and monitoring procedures;
  - (vii) Establishing criteria for the measurement of the performance of FireSuper's assets;
  - (viii) Selecting fund managers and, where applicable, determining how the monies within an asset class are to be distributed between the various fund managers;
  - (ix) Regularly reviewing the investment objectives and constraints adopted by the fund managers;
  - (x) Regularly monitoring the investment results to determine whether the fund managers have performed satisfactorily relative to their objectives;
  - (xi) Performing such audits of the processes and controls of any of the fund managers appointed as it feels is necessary for the Trustee to obtain assurance that FireSuper's assets are being managed appropriately;
  - (xii) Advising the fund managers of any material changes to either or both the design and operation of FireSuper which could affect their role; and
  - (xiii) Establishing and regularly reviewing a workplan addressing the key decisions underlying the investment of FireSuper's assets.

- Other

  (i) Establishing and regularly reviewing the earning rates policy of FireSuper.

2.2 Secretary

(i) Communicating the Trustee's decisions to the relevant parties and following up to ensure action items are completed;

(ii) Acting as a conduit for communication from external parties to the Trustee;

(iii) Collating the compliance certificates from the investment consultant and fund managers, and reporting on the same to the Trustee; and

(iv) Collating and filing the reporting required under the FMCA.

The current secretary is Mercer (N.Z.) Limited.

2.3 Investment consultant

- Governance

  (i) Participating with the Trustee in the regular review of this SIPO; and

  (ii) Assisting the Trustee with its reporting requirements under the FMCA.

- Investments

  (i) Advising the Trustee on all matters contained in the Investments section of clause 2.1 above;

  (ii) Providing the Trustee with monthly and quarterly reports relating to FireSuper's investment performance. The quarterly reports shall include assessment of the performance of: FireSuper overall, each core MIC option, and individual fund managers against the agreed performance measurement criteria;

  (iii) Advising the Trustee of any market developments or best practice changes that may affect the way that FireSuper's assets are or should reasonably be invested; and

  (iv) Providing the Trustee with advice on other relevant investment issues.

- Other

  (i) Undertaking procedures with respect to the interim and annual declared earning rates as detailed in FireSuper's earning rates policy;

  (ii) On a monthly basis, determining if any trades are required to maintain the core MIC options within their rebalancing ranges and instructing FireSuper's administrator accordingly; and

  (iii) Furnishing monthly compliance certificates in respect of FireSuper's rebalancing ranges.

The current investment consultant is Russell Investment Group Limited.

2.4 Fund managers

(i) Selecting securities (or sub-managers in the case of multi-manager products), subject to the constraints and guidelines advised in the applicable offer documents;

(ii) Advising the Trustee of any variations that may arise relating to the operation of their products;

(iii) Producing investment reports in advance of regular meetings and, at the Trustee's request, participating in those meetings. The reports shall contain such information and be in such format as agreed with the Trustee; and

(iv) Furnishing monthly/quarterly mandate compliance certificates.

The current fund managers are shown in appendix 1.

3. Investment beliefs

Underpinning both FireSuper's general investment objectives and the specific investment strategies employed are the Trustee's investment beliefs. These investment beliefs represent a set of propositions that, while they cannot be proven, reflect current investment theory and literature, empirical evidence, investment experience and personal judgment.

Governance

A robust governance structure that utilises suitably qualified resources with clear accountabilities will improve FireSuper's effectiveness in managing risk and ultimately providing value to members.

Asset allocation

Asset allocation, including foreign currency exposure, is the key determinant of long-term investment outcomes.

Market efficiency

Market timing is not typically a reliable way of investing, as, in the short term, returns are generally unpredictable.

Risk

Investors are generally compensated for accepting risk by realising higher returns over time.

Diversification

Diversification should improve the risk/return relationship at both the total portfolio and asset class levels. However, diversification has a diminishing marginal impact.

Active management

Although investment markets are highly competitive, securities are not always priced efficiently, and active management can therefore generate excess returns. However, the value added from active management will fluctuate as opportunities are unlikely to be uniformly distributed through time or across asset classes.

Where appropriate, suitable active investment managers can be identified through focused analysis by specialist researchers.

Liquidity

A portfolio's risk/return characteristics can be enhanced through investing in illiquid assets, although these benefits can be time-dependent. However, illiquidity can give rise to unique risks and challenges, including inequity between investors, sub-optimal asset allocation and, in the extreme, an inability to meet obligations.

Responsible investment

Responsible investment can reduce risk and impact returns positively.

Execution

The Trustee should be cognisant of costs (including fees, taxes, transaction expenses and implementation delays) in the investment decisions it makes.

4. Investment strategy

The Trustee sets the investment strategy based on the investment beliefs set down in section 3 and its desire to offer a suitable range of risk/return options to members. The Trustee takes advice from the investment consultant in so doing. For each core MIC option, the fundamental investment strategy is expressed as a strategic asset allocation (SAA).

4.1 Asset classes

The core MIC options currently comprise, in varying proportions, the following asset classes:

- Australasian equities
- International equities
- International listed property
- International listed infrastructure
- NZ fixed interest
- International fixed interest
- NZ cash and cash equivalents

The Trustee will review the suitability of the above asset classes from time to time.

4.2 Asset class benchmarks

The Trustee has adopted the asset class benchmarks set out in appendix 1.

4.3 Strategic asset allocation

The core MIC options have the following SAAs. These exclude any operational cash held by FireSuper's administrator.

Asset class	Growth %	Balanced %	Conservative %	Cash %
Australasian equities	12.5	10	5	-
International equities	57.5	40	15	-
Intl. listed property	7.5	5	-	-
Intl. listed infrastructure	7.5	5	-	-
Total growth assets	**85**	**60**	**20**	**-**
NZ fixed interest	2.5	7.5	20	-
Intl. fixed interest	10	30	35	-
NZ cash and equivalents	2.5	2.5	25	100
Total income assets	**15**	**40**	**80**	**100**

4.4 Foreign currency strategy

For each diversified core MIC option, the target foreign currency exposure is equal to approximately 50% of the international equities exposure. Foreign currency exposure is not actively managed at a strategic level. However, at an asset class and sub-asset class level, both market movements and, where applicable, active positions taken by the underlying fund managers can result in deviations away from the target level. The resultant foreign currency exposure would normally be expected to sit within a range of 40-60% of the international equities exposure.

4.5 Taxation

In determining the SAAs of the core MIC options, the following tax treatment has been assumed:

- Australasian equities: taxed on dividends only after allowance for imputation credits.
- International equities, international listed property, and international listed infrastructure: taxed under the fair dividend rate regime.
- NZ fixed interest, international fixed interest, and NZ cash and equivalents: taxed on a comparative value basis.
- Currency hedging contracts: taxed on a comparative value basis in respect of Australasian equities and international fixed interest, and under the fair dividend rate regime in respect of international equities, international listed infrastructure and international listed property.

4.6 Life Cycle Member Investment Choice option

The underlying principle of the Life Cycle MIC option is to reduce a member's risk/return profile progressively over time using the Growth, Balanced and Conservative options as building blocks. The allocations to each of the core MIC options are based on the age attained at 1 February each year according to the following table:

Age attained	Growth %	Balanced %	Conservative %
under 45	100	-	-
45	88	12	-
46	75	25	-
47	63	37	-
48	51	49	-
49	39	61	-
50	26	74	-
51	14	86	-
52	2	98	-
53	-	93	7
54	-	84	16
55	-	76	24
56	-	68	32
57	-	59	41
58	-	51	49
59	-	42	58
60	-	34	66
61	-	25	75
62	-	17	83
63	-	8	92
64 and over	-	-	100

5. Investment expectations

Based on the underlying asset allocation of each core MIC option, the Trustee currently has the following investment expectations:

- **Growth option**: As a guide to members, the Growth option is constructed with an expectation of providing a long-term (10 years plus) return after tax and investment expenses of approximately 3.5-4% p.a. above inflation. There is a reasonably small risk (approximately 1 in 100 years) of a member losing more than 25% after inflation in any year, with a likelihood of a negative return of (currently) 1 year in every 4.

- **Balanced option**: As a guide to members, the Balanced option is constructed with an expectation of providing a long-term (10 years plus) return after tax and investment expenses of approximately 3-3.5% p.a. above inflation. There is a reasonably small risk (approximately 1 in 100 years) of a member losing more than 20% after inflation in any year, with a likelihood of a negative return of (currently) 1 year in every 4.

- **Conservative option**: As a guide to members, the Conservative option is constructed with a focus on there being a reasonably small risk (approximately 1 in 100 years) of a member losing more than 10% after inflation in any year, with a likelihood of a negative return of (currently) 1 year in every 7. The option is expected to provide a long-term (10 years plus) return after tax and investment expenses of approximately 1.5-2% p.a. above inflation.

- **Cash option**: As a guide to members, the Cash option is constructed with a focus on there being a low risk of a member incurring a loss in any year. The option is expected to provide a return after tax and investment expenses broadly in line with the after-tax movement of the Bloomberg NZBond Bank Bill Index.

The quantitative analysis of the investment consultant is used as a basis for setting and reviewing these investment expectations on a regular basis. However, given that returns ultimately cannot be forecast with any precision, and can themselves be highly volatile, the Trustee will also use its judgement in assessing whether a revision of either the investment strategy and/or these investment expectations is necessary.

Other than where the Life Cycle MIC option has been chosen, a member is able to tailor their own risk/return profile through investing in more than one core option.

The Trustee's investment expectations for the Life Cycle MIC option are a function of its investment expectations for the underlying Growth, Balanced and Conservative options.

6. Implementation

This section sets out general principles for implementing FireSuper's investment strategy.

Internal versus outsourced management

The Trustee has outsourced the investment of FireSuper's assets to external fund managers.

Active versus passive asset class management

Active management (as opposed to passive management) is pursued in all asset classes except for the developed markets component of international equities.

In adopting an active approach to asset class management, the Trustee has (where applicable) established minimum excess return and maximum tracking error expectations, as set out in appendix 1, in order to:

- justify the added expense of active management; and
- preserve the broad characteristics of the chosen asset class benchmarks and, in turn, the integrity of the strategic asset allocation process.

These expectations serve as a guide in assessing, *ex ante*, a fund manager's proposed management of an asset class.

Responsible investment

To the extent feasible, FireSuper will not invest in any company materially involved in activities that are contrary to New Zealand law. However, the directors have determined that investing through commingled funds offered by professional managers is the most practicable and efficient way of delivering desired outcomes to members. Accordingly, the directors have no direct influence over the individual securities held, or the responsible investment policies, voting decisions and engagement activities of the investment managers. Nonetheless, the directors expect the investment managers to consider and incorporate appropriate responsible investment practices into their processes and will regularly question the investment managers in this regard.

7. Risk management

Rebalancing

Asset allocations will drift over time as a result of differences in asset class returns and cashflows, while rebalancing typically incurs transaction costs. Defining rebalancing ranges within which actual asset allocations must be maintained is therefore a trade-off between these factors. The following rebalancing ranges apply to the diversified core MIC options:

	Growth %	Balanced %	Conservative %
Australasian equities	±2.5	±2.5	±2.5
Intl. equities	±5	±5	±2.5
Intl. listed property	±2.5	±2.5	-
Intl. listed infrastructure	±2.5	±2.5	-
Total growth assets	**± 5**	**± 5**	**± 2.5**
NZ fixed interest	±2.5	±2.5	±2.5
Intl. fixed interest	±2.5	±5	±5
NZ cash and equivalents	±2.5	±2.5	±5
Total income assets	**± 5**	**± 5**	**± 2.5**

For each diversified core MIC option, the actual asset allocation will be compared to the SAA no less frequently than monthly. In the event that one or more of the exposures fall outside of the rebalancing ranges, or if the investment consultant determines that it is plausible that this will be the case at month-end, the breached exposures will be adjusted through the reallocation of assets between the diversified core MIC options or through external trades. If external trades are undertaken, the aim will be to bring the relevant exposure(s) back towards the SAA. The investment consultant will take into account transaction costs, out-of-market exposure and any impact on the earning rates calculation when determining what trades to undertake.

A breach of a rebalancing range resulting from market movements, which is corrected as soon as is practicable, will not be deemed to be material for the purposes of the limit break reporting requirements under the FMCA.

Leverage

FireSuper does not borrow at a total portfolio level. Leverage may, however, apply within the underlying investments.

Lending and credit

The assets of FireSuper are not to be used for the purposes of lending nor for backing the credit position of other parties.

Derivatives

Derivative contracts may only be employed by the fund managers:

- as a hedge to manage exposure to foreign currency or other investment risks; and
- to reduce transaction costs and improve liquidity in taking a position which would otherwise have been taken by buying or selling physical securities.

Diversification

An appropriate level of diversification across securities, sectors, asset classes and countries will be maintained.

Liquidity

Liquidity will be considered and maintained at an appropriate level in accordance with the Trustee's liquidity policy.

Prohibited investments

Management of FireSuper's assets is through a series of pooled products offered by the fund managers. In approving the various products, it is recognised that the Trustee has no direct control of the underlying investment mandates.

8. Review and monitoring procedures

8.1 SIPO

The SIPO will be reviewed no less frequently than annually, or sooner if appropriate due to events including but not limited to material changes in: investment strategy, relevant Government policy, FireSuper's governance model, the parties included in this SIPO, or market conditions.

Any changes to the SIPO must be approved via resolution by the Trustee.

The most recent version of the SIPO is available on the Disclose Register (https://disclose-register.companiesoffice.govt.nz/).

8.2 Investment strategy

The SAAs are to be reviewed every three years, or more frequently if there are significant changes to the economic and commercial environment, or as the Trustee sees fit.

The Life Cycle MIC option design, and other strategic matters, such as the use of active or passive approaches to asset class management, will also be reviewed periodically.

8.3 External parties

The Trustee will monitor and review on a regular basis the performance of the following external parties:

(i) Investment consultant

The efficacy of the advice provided by the investment consultant will be regularly assessed.

(ii) Fund managers

The Trustee's excess return and tracking error expectations and, unless otherwise agreed between the parties, the benchmarks adopted by the Trustee will serve as a guide in assessing each fund manager's rolling three-year performance.

The performance of each fund manager will also be regularly assessed on a peer-relative basis.

8.4 Performance report

The investment consultant will prepare a performance report for the attention of the Trustee and discussion at a meeting shortly after each financial quarter-end. This report will consolidate asset values and performance at both asset class and total portfolio levels for each core MIC option.

Investment returns should be considered net of taxes and expenses. Expenses can be direct or indirect and include fees, implementation delays, transaction costs, commissions, and market impact costs.

Appendix 1 – Asset class management and performance benchmarks

Asset class	Approach	Benchmark	Min. excess return exp. % p.a. (gross of fees)	Max. tracking error exp. % p.a.	Fund
Australasian equities	Active, multi-manager[1]	S&P/NZX 50	1	5	Salt Core NZ Shares Fund[2]; Harbour Australasian Equity Fund[3]
Intl. equities	Mix of passive, single-manager and active, single-manager	MSCI World ex Tobacco, Controversial and Nuclear Weapons*; MSCI Emerging Markets	0	0.5	Mercer Overseas Shares Index Portfolio[4]; Mercer Hedged Overseas Shares Index Portfolio[4]; Mercer Emerging Markets Portfolio[4]
Intl. listed property	Active, single-manager	FTSE EPRA/NAREIT Developed*	1	5	Resolution Capital Global Property Securities PIE Fund[5]
Intl. listed infrastructure	Active, single-manager	FTSE Global Core Infrastructure 50-50*	1	5	First Sentier Global Listed Infrastructure Fund[5]
NZ fixed interest	Active, single-manager	Bloomberg NZBond Composite 0+ Yr	0.5	2.5	Harbour NZ Core Fixed Interest Fund[3]
Intl. fixed interest	Active, multi-manager	Bloomberg Global Aggregate*	0.5	2.5	Russell Investments Global Fixed Interest Fund[5]
NZ cash and equivalents	Active, single-manager	Bloomberg NZBond Bank Bill	-	0.5	BNZ Wholesale NZ Cash Fund[6]

* Indices are in $NZ hedged terms consistent with the Trustee's strategy, as set out in section 4.4, which targets a foreign currency exposure of approximately 50%, with a typical range of 40-60%, of the international equities exposure.

[1] The policy weights are 50% to each fund. There are no rebalancing ranges.
[2] Issued by Salt Investment Funds Limited
[3] Issued by Harbour Asset Management Limited
[4] Issued by Mercer (New Zealand) Limited. The policy weights and rebalancing ranges are:
a) Mercer Hedged Overseas Shares Index Portfolio - 50%, ±5%,
b) Mercer Emerging Markets Portfolio - Emerging Markets allocation in the MSCI ACWI index (to the nearer 0.5%), ±2%,
c) Mercer Overseas Shares Index Portfolio - remainder, ±7%
[5] Issued by FundRock NZ Limited
[6] Issued by BNZ Investment Services Limited