



SuperLife Superannuation Master Trust

Other Material Information

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Smartshares Limited (**Smartshares**) has prepared this document to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 and clause 52 of schedule 4 of the Financial Markets Conduct Regulations 2014.

This document supplements the Product Disclosure Statement for the SuperLife Superannuation Master Trust (**Scheme**) and sets out important information about the Scheme. The document should be read alongside the Product Disclosure Statement for the Scheme and the

employee booklet for your employer's plan (**your Plan**). You can get a copy of your employee booklet and the admission deed for your Plan free of charge, on request from your employer or by contacting us.

The information in this document could change in the future. Please check the offer register at disclose-register.companiesoffice.govt.nz for any updates.

Risks

This section sets out a summary of the risks that we believe to be the most important, but there may be other risks that are relevant to your investment in the Scheme. You should seek advice from a financial adviser before investing in the Scheme.

A. Risks described in the Product Disclosure Statement

We consider that the risks set out below could be material to your investment. These risks are summarised in the Product Disclosure Statement for the Scheme.

Market risk

Market risk is the risk that there is a decline in the value of a market, or a sector of a market (such as a particular industry), which negatively affects the value of the financial products held by the Scheme, or the amount or frequency of distributions we receive from the issuers of those financial products.

Market risk can change for many reasons, including changes in investor confidence or perceptions of a market, changes in economic conditions, government regulations, natural disasters, and local and international political events.

Individual financial product risk

Individual financial product risk is the risk that a specific issuer is affected by adverse circumstances which causes a decline in the value of its financial products which are held by the Scheme, or the issuer's ability to pay distributions in relation to those financial products.

Liquidity risk

Liquidity risk is the risk that, due to market demand and supply factors, we are unable to buy or sell financial products for the Scheme in a timely manner or at fair value. Liquidity risk may negatively impact the value of the Scheme's investments, which could prevent the funds from meeting their investment objectives or could prevent us from being able to redeem your investment in the Scheme.

Currency risk

Currency risk is the risk that a change in exchange rates causes a reduction in value of certain investments held by the Scheme. The value of international investments (including those held by the Scheme) will fall if the New Zealand dollar increases against the currency in which international investments are denominated.

Currency risk can occur when we apply New Zealand dollars to acquire foreign currency denominated financial products and then convert the value of those investments back into New Zealand currency. In addition, as some funds receive foreign currency denominated distributions, these will be exposed to currency risk based on movements in the exchange rate between the foreign currency and New Zealand dollar.

Currency risk is only relevant for the funds in the Scheme that invest in international assets. We currently hedge currency exposures in some funds to mitigate currency risk – see the Statement of Investment Policy and Objectives for the Scheme for further information.

Credit risk

Credit risk is the risk that issuers of cash and cash equivalents, and New Zealand and international fixed interest assets do not pay interest and/or capital repayments when these are due.

Credit risk is only relevant for the funds in the Scheme that invest in cash and cash equivalents, and New Zealand and international fixed interest assets.

Interest rate risk

Interest rate risk is the risk that interest rates rise and the value of investments (in particular, cash and cash equivalents, and New Zealand and international fixed interest assets) reduce. Generally, as interest rates rise, the market value of cash and cash equivalents, and New Zealand and international fixed interest assets tends to decrease, and vice versa. If interest rates rise, cash and cash equivalents, and New Zealand and international fixed interest assets will become less valuable as higher alternative interest rate products become available in the market.

In addition, for the funds that hold financial products that have floating interest rates, floating interest rates can change due to general market conditions or conditions specific to a particular industry sector or issuer. Any such changes could affect future returns from such products.

Interest rate risk is most relevant for the funds in the Scheme that invest in cash and cash equivalents, and New Zealand and international fixed interest assets.

B. Other risks

You should also be aware of the risks set out below which are not described in either the Product Disclosure Statement for the Scheme, or in the fund updates for the sector funds.

Concentration risk

Concentration risk is the risk that a fund's value may fluctuate more frequently and with greater intensity as its diversification decreases. Diversification decreases when a fund's investments are concentrated in a particular country, market, sector, asset class or asset.

ESG risk

Environmental, social and governance (**ESG**) risk is the risk a company or financial sector is negatively affected for ESG reasons. For example, a company's assets may become stranded as a result of climate change or due to regulatory action that limits the company's activities.

ESG risk is most relevant for funds in the Scheme that invest in equities and fixed interest assets.

This risk is managed through Smartshares' Responsible Investment Policy. Please read the policy at superlife.co.nz/responsible-investing-home for more information on how Smartshares manages ESG risk.

Operational risk

Operational risk is the risk that operational errors, including business interruptions arising through key personnel changes, human error, technology or infrastructure failure, and other external events, fraud or misconduct, may adversely impact on the operation and performance of the Scheme or a fund within the Scheme. We mitigate this risk through internal policies, procedures and controls, including a compliance programme. We also outsource some aspects of our operations to third-party providers and maintain insurance, subject to normal commercial insurance excesses.

Third party risk

The Scheme relies on a number of outsource providers to provide services. The failure of a service provider to deliver such services (because of business interruption, external factors or otherwise) may adversely affect the operation and performance of the Scheme. We mitigate this risk through an outsource provider policy which requires us to conduct due diligence in relation to the selection of outsource providers and to monitor their performance on an on-going basis.

Regulatory and legal risk

Regulatory risk is the risk that the Scheme or its investments may be adversely affected by future changes in applicable laws, an incorrect interpretation of laws or regulations, or by decisions taken by regulatory enforcement agencies. Legal risk is the risk that we do not correctly document or comply with our legal obligations.

Underlying funds risk

Where our funds invest in funds managed by other managers there is a risk that the underlying fund does not perform as we expect and therefore a fund is not able to fulfil its investment objectives. We do not have control or direct oversight over the functions or performance of any external underlying fund manager through which the Scheme invests. The manager of an underlying fund has no direct legal obligation to you.

Tax risk

There is a risk that tax laws that apply to your interest in the Scheme, or the application, or interpretation of those laws could have an adverse effect on your returns or the value of your interest in the Scheme.

In particular, there is a PIE tax status risk, which is the risk that the Scheme may lose its portfolio investment entity (**PIE**) status, which would likely affect the after-tax returns that you receive. We mitigate this risk by implementing processes that are designed to ensure that the Scheme complies with the PIE requirements. Please note that we have broad powers to take actions to ensure the funds remain eligible to be multi-rate PIEs. This includes, for example, the ability to refuse investment or to compulsorily withdraw all or part of your interest where continued investment may prejudice a fund's multi-rate PIE eligibility.

Material contracts

This section sets out the contracts that we consider to be material in relation to the Scheme.

Administration Services Agreement – BNP Paribas

There is an Administration Services Agreement between Smartshares and BNP Paribas Fund Services Australasia Pty Limited (**BNP Paribas**).

BNP Paribas is the Scheme's administration manager.

The Administration Services Agreement sets out the administration services that BNP Paribas has agreed to provide Smartshares, together with the performance standards BNP Paribas must comply with in providing the services.

Administration Services Agreement - NZX

There is an Administration Services Agreement between Smartshares and NZX Limited (**NZX**).

NZX is Smartshares' parent company.

The Administration Services Agreement sets out the administration services that NZX has

agreed to provide Smartshares, together with the performance standards NZX must comply with in providing the services.

Manager Reporting Agreement

There is a Manager Reporting Agreement between Smartshares and Public Trust.

Public Trust is the Scheme's supervisor.

The Manager Reporting Agreement sets out the arrangements between Smartshares and Public Trust in relation to certain reporting and other operational matters (including disclosure documents and the operation of bank accounts) relating to the Scheme.

Trust Deed

The Scheme is governed by the Trust Deed between Smartshares and Public Trust. A copy of the Trust Deed is available on the scheme register at disclose-register.companiesoffice.govt.nz.

Market indices

Schedule 1 sets out where further information about the market indices referred to in the fund updates and Statement of Investment Policy and Objectives for the Scheme may be obtained.

Conflicts of interest

This section sets out the conflicts of interest that currently exist or are likely to arise in the future in respect of the Scheme. In particular, it sets out:

- the nature of the conflict of interest;
- the funds that are or may be affected by the conflict of interest;
- the circumstances in which, and how, the conflict of interest would, or could reasonably be expected to, materially influence the investment decisions of Smartshares or the investment manager (or both) in respect of the Scheme; and
- the measures that have been, or will be, taken to manage the conflict of interest.

Nature of the conflict	Smartshares may invest in other funds managed by it.
Funds affected by the conflict	All
How the conflict materially influences investment decisions	Smartshares may be influenced to invest in other funds managed by it, rather than financial products issued by third parties.
Measures taken to manage the conflict	Smartshares monitors the performance of the funds offered within the Scheme via its Investment Oversight Committee which considers, amongst other matters, whether the fund is performing as expected against its benchmark, and the relative performance of other managers in the market. Where the fee level for investing in Smartshares funds exceed the applicable Scheme fee, Smartshares rebates a proportion of the fee.

Forfeit account

Smartshares may set up a forfeit account under your Plan. If a member leaves employment, they may not receive the total value of their contribution accounts. Any amounts that remain in the Plan after a member has left employment and been paid their entitlement, will be paid to a forfeit account for your Plan. Amounts in the forfeit account will be invested in the SuperLife SMT Balanced Fund, or any other fund chosen by Smartshares after discussing it with your employer.

Your employer may use the forfeit account in any of the ways set out in the admission deed for your Plan. This may include paying fees and expenses for your Plan or paying contributions.

Trading costs

An underlying fund may incur trading costs. Trading costs are the costs of buying and selling investments of the fund. Trading costs are incurred in the underlying funds, which will indirectly affect the value of your investment.

Trade allocation policy

This section sets out Smartshares' trade allocation practices for the Scheme.

Smartshares will ensure that no investor receives preferential treatment when allocating trades.

Smartshares will allocate trades applying the following principles:

- all proposed trades must be pre-allocated;
- actual allocation must follow the pre-trade allocation;

- in the event that a trade is not fully allocated, actual allocation must be pro-rated based on the pre-trade allocation; and
- no fund will receive preferential allocation treatment over another.

Smartshares will consider an external investment manager's trade allocation policy prior to appointing the external investment manager and at least annually after that.

Trade execution policy

This section sets out Smartshares' trade execution practices for the Scheme.

Smartshares will act in the best interests of investors and take reasonable steps to achieve the best possible results when executing trades.

Smartshares will execute trades using the following criteria:

- price;
- transaction cost;
- speed of execution;
- liquidity;
- size and nature of the trade;
- counterparty credit rating and quality;
- any other relevant considerations; and
- legal and regulatory restrictions.

Smartshares will select intermediaries to its broker panel and counterparties for derivatives and foreign exchange transactions in accordance with its Broker and Counterparty Selection Policy.

Smartshares will consider an external investment manager's trade execution policy prior to appointing the external investment manager and at least annually after that.

Voting policy

This section sets out how Smartshares may exercise its voting rights in respect of voting securities held by the managed investment funds within the Scheme (Funds).

Smartshares intends to demonstrate principles of good corporate stewardship and, in respect of Fund securities that are NZX-listed, comply with the Corporate Governance Code published by NZX Limited and the associated NZX Environmental, Social and Governance (ESG) Note.

In general, Smartshares will exercise its voting power in respect of Fund securities with the broad aim of enhancing long-term shareholder value, supporting voting rights for shareholders and promoting responsible corporate behaviour. Smartshares' decisions as to whether to vote for or against a proposal, or abstain, will ultimately be

based on its considered and informed assessment of what is in the best interests of investors in the relevant Fund.

Smartshares may engage proxy research and voting advisers (Voting Advisers) when formulating voting and engagement strategies, deciding how to exercise specific voting rights, and in the actual execution of such voting rights, including the application of ESG principles to voting decisions.

Smartshares may in certain circumstances exercise its voting rights in a way contrary to a Voting Adviser's or relevant entity's voting recommendation. In deciding whether to vote against a recommendation or abstain, the Chief Investment Officer considers a range of factors including Voting Advisers' recommendations and the best interests of Fund investors.

Asset valuation and pricing methodology

This section describes the asset valuation and unit pricing methodology applied to the Scheme.

The value of the assets held by the Scheme and the net asset value of each fund will be determined in accordance with the Scheme's governing documents and on a consistently applied basis.

Asset valuation

The assets held by each fund are valued on each business day based on their fair value.

Fair value is determined using:

- in the case of financial products that are actively quoted on a financial product market, the End of Day (EOD) close price of that product is used;
- in the case of funds that are not quoted on a financial product market, the redemption value as advised by the scheme's manager; and
- in the case of other assets, valuation techniques, including using recent comparable arm's length market transactions, reference to the current market value of another similar asset, discounted cash flow analysis and valuation models.

Inputs to valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. Judgements include consideration of various factors used in the inputs to the valuation models. Changes in assumptions about these factors could affect the reported fair value of assets.

Unit Pricing

The unit price for each fund is calculated for each business day by dividing the net asset value of the fund by the number of units then on issue in that fund.

The net asset value of each fund is determined for each business day using the formula set out in the Scheme's governing documents.

Unit prices are rounded down to nine decimal places.

Liquidity risk management policy

This section sets out the liquidity management tools that Smartshares may apply in relation to the Scheme.

The consideration of the liquidity of individual assets and asset classes and of a fund's portfolio is an integral and routine part of Smartshares' investment management process. Fund liquidity is monitored daily, and may be monitored more frequently in times of extreme market uncertainty or volatility.

Smartshares has liquidity management tools in place that can be deployed for contingent use should liquidity become an issue for a given fund or funds. They are designed to maintain equity between all investors in the funds and are permitted under the Scheme's Trust Deed.

Smartshares has two primary liquidity management tools for the Scheme:

Deferral of benefit payments

Smartshares may defer processing all or some withdrawal requests for a period of time, if Smartshares determines that it would not be practicable to process those requests or that it would be in the general interests of all members to do so.

Side-pocketing

Smartshares may quarantine particular investments in a fund if it considers that to do so is in the best interests of all investors. Smartshares must also obtain the prior written consent of the Supervisor. If Smartshares side-pockets a particular investment or liability, members will be issued fund units that relate to the side-pocketed investment or liability on a pro rata basis. This process does not create a new fund.



Schedule 1 – Market indices information

A. Diversified Funds

The Diversified Funds use a composite market index to compare their performance to. It combines a portion of each asset classes' index return, based on:

- The composition of individual securities within a given asset class; and
- The proportion of each asset class within the fund.

The table below shows the current market indices by asset class.

Asset Class	Market Index Description	More information
Cash and cash equivalents	S&P/NZX Bank Bills 90-Day Total Return Index	spglobal.com/spdji/en/indices/fixed-income/sp-nzx-bank-bills-90-day-index/
New Zealand fixed interest	S&P/NZX NZ Government Bond Total Return Index	spindices.com/indices/fixed-income/sp-nzx-nz-government-bond-index
	S&P/NZX A-Grade Corporate Bond Total Return Index	spindices.com/indices/fixed-income/sp-nzx-a-grade-corporate-bond-index
International fixed interest	Bloomberg Global Aggregate Total Return Index Hedged NZD	bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/
Australasian equities	S&P/NZX 50 Gross with Imputation Index	spindices.com/indices/equity/sp-nzx-50-index
	S&P/ASX 200 Fossil Fuel Screened Total Return Index	spglobal.com/spdji/en/indices/esg/sp-asx-200-fossil-fuel-screened-index/
	S&P/ASX 200 Fossil Fuel Screened NZD Hedged Total Return Index	spglobal.com/spdji/en/indices/esg/sp-asx-200-fossil-fuel-screened-index/
International equities	MSCI World ex Australia Custom ESG Leaders Net Total Return Index (50% NZD Hedged)	msci.com/msci-esg-leaders-indexes
	MSCI EM IMI ESG Screened Net Total Return Index	msci.com/esg-screened-indexes
Listed property	FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged)	research.ftserussell.com/vanguard/home/Indices*
Commodities (Gold)	Refinitiv Gold Price in NZD	refinitiv.com/en/financial-data/commodities-data/metals-commodities-pricing
Other (Listed infrastructure)	FTSE Developed Core Infrastructure 50/50 Net Tax Index (100% NZD Hedged)	ftserussell.com/products/indices/infra

*This website will be decommissioned on 30 September 2024. After this date, FTSE Russell index materials will be made available at lseg.com/en/ftse-russell.

B. Single Sector funds

The Single Sector Funds utilize a composite market index based on each Funds' asset allocation.

Fund	Market Index Description	More information
SuperLife SMT NZ Cash Fund	S&P/NZX Bank Bills 90-Day Total Return Index	spglobal.com/spdji/en/indices/fixed-income/sp-nzx-bank-bills-90-day-index/
SuperLife SMT NZ Fixed Interest Fund	S&P/NZX NZ Government Bond Total Return Index	spindices.com/indices/fixed-income/sp-nzx-nz-government-bond-index
	S&P/NZX A-Grade Corporate Bond Total Return Index	spindices.com/indices/fixed-income/sp-nzx-a-grade-corporate-bond-index
SuperLife SMT World Fixed Interest Fund	Bloomberg Global Aggregate Treasuries (Scaled) Total Return Index (100% hedged to the New Zealand dollar)	bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/
SuperLife SMT Australasian Shares Fund	S&P/NZX 50 Gross with Imputation Index	spindices.com/indices/equity/sp-nzx-50-index
	S&P/ASX 200 Fossil Fuel Screened Total Return Index	spglobal.com/spdji/en/indices/esg/sp-asx-200-fossil-fuel-screened-index/
	S&P/ASX 200 Fossil Fuel Screened NZD Hedged Total Return Index	spglobal.com/spdji/en/indices/esg/sp-asx-200-fossil-fuel-screened-index/
SuperLife SMT World Shares Fund	MSCI World ex Australia Custom ESG Leaders Net Total Return Index (50% NZD Hedged)	msci.com/msci-esg-leaders-indexes
SuperLife SMT Global Property Shares Fund	FTSE EPRA Nareit Developed ex Aus Rental Net Tax Index (100% NZD Hedged)	research.ftserussell.com/vanguard/home/Indices*

*This website will be decommissioned on 30 September 2024. After this date, FTSE Russell index materials will be made available at [lseg.com/en/ftse-russell](https://www.ftserussell.com/en/ftse-russell).



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