Dimensional Investment Funds

Statement of Investment Policy and Objectives

Investment Management by DFA Australia Limited

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

- Dimensional Global Sustainability PIE Fund
- Dimensional Global Sustainability PIE Fund (NZD Hedged)
- Dimensional Australian Sustainability PIE Fund
- Dimensional Two-Year Sustainability Fixed Interest PIE Fund
- Dimensional Five-Year Diversified Fixed Interest PIE Fund
- Dimensional Global Bond Sustainability PIE Fund

Effective date: 12 November 2024
Issued by FundRock NZ Limited

A. Description of the managed investment scheme

The Dimensional Investment Funds ('Scheme') is a managed investment scheme. The Scheme has on offer six single sector investment funds ('Funds') which provide investors with exposure to international equities (hedged and unhedged), Australian equities and international fixed interest (hedged).

The Funds may invest in direct securities (including derivatives) or through other managed investment schemes.

B. Roles and responsibilities

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.

DFA Australia Limited ('Dimensional') is the Scheme's investment manager and is responsible for making recommendations and decisions about what the Funds invest in.

Dimensional is a wholly owned subsidiary of US-based Dimensional Fund Advisors LP. Dimensional and its affiliated entities manage funds on behalf of investors around the world and have offices in the United States, Canada, the UK, Europe, Asia and Australia. For more than four decades, Dimensional Fund Advisors LP and its subsidiaries and affiliates ('Dimensional Group') have been combining rigorous academic research with practical experience to deliver real-world investment solutions. Using this approach, Dimensional seeks to deliver investment solutions that add value through careful design, implementation and execution. Dimensional established its Australian office in 1994 and began offering investment solutions to local investors with the launch of the first Dimensional Wholesale Trusts in 1999.

Members of the Dimensional Group will generally undertake the day-to-day trading of the securities, and on occasion may also make investment decisions under delegated authority from Dimensional.

The Funds are invested in accordance with this SIPO and Dimensional's investment philosophy and process. Dimensional also participates in reviewing this SIPO.

BNP Paribas Fund Services Australasia Pty Limited ('BNP') is the custodian and administration manager. Apex Investment Administration (NZ) Limited is the registrar.

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

- acting on behalf of the Scheme'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 Funds.

C. Investment philosophy

The Funds' investment philosophy is based on dimensions of expected returns that have been identified by academic research.

For equities, this includes:

1. The overall market - stocks have higher expected returns than bonds.
2. Company size - small company stocks have higher expected returns than large company stocks.
3. Relative price - low relative price or 'value' stocks have higher expected returns than high relative price stocks.
4. Profitability - stocks with higher profitability have higher expected returns than stocks with lower profitability.

For fixed interest, this includes:

1. Bond maturity - bonds that mature further in the future are subject to higher risk of unexpected changes in interest rates. Extending bond maturities generally increases potential returns.
2. Credit quality - bonds with lower credit quality are subject to higher risk of default. Reducing credit quality generally increases potential returns.

Subject to portfolio constraints, including controls on portfolio maturity, security maturity, credit quality, diversification and within the universe of eligible securities, the Funds emphasise investment in securities with a higher expected return considering the dimensions described above.

Sustainability

In addition to emphasising securities with higher expected returns, the Dimensional Global Sustainability PIE Fund, the Dimensional Global Sustainability PIE Fund (NZD Hedged), the Dimensional Australian Sustainability PIE Fund, the Dimensional Two-Year Sustainability Fixed Interest PIE Fund and the Dimensional Global Bond Sustainability Fixed Interest PIE Fund (the 'Sustainability Funds') also take into account certain non-financial sustainability considerations when selecting, retaining or realising investments ('Sustainability Considerations').

Sustainability Considerations taken into account for the Sustainability Funds are based on available data, either actual or estimated, and Dimensional's interpretation of the data. Definitions of the metrics 'revenue', 'carbon intensity', 'potential emissions from reserves' and 'greenhouse gas emissions per GDP' used as part of applying the Sustainability Considerations are outlined below under the heading 'Data definitions'.

The Sustainability Considerations are subject to ongoing reviews and, where appropriate, amendment by Dimensional. Dimensional may periodically modify, add, or remove Sustainability Considerations.

The Sustainability Considerations are taken into account for the Sustainability Funds in the following ways:

Portfolio Carbon Footprint Reduction Goal

Each of the Sustainability Funds has a portfolio carbon footprint reduction goal. Specifically, the Sustainability Funds aim to have a reduction in their weighted average carbon intensity exposure and weighted average potential emissions from reserves exposure relative to a particular benchmark index (the 'Portfolio Carbon Footprint Reduction Goal') as detailed in the table below. There is no guarantee that a Sustainability Fund will meet its Portfolio Carbon Footprint Reduction Goal.

Sustainability Fund	Relevant Benchmark Index	Portfolio Carbon Footprint Reduction Goal	
		Weighted Average Carbon Intensity*	Weighted Average Potential Emissions from Reserves*
Equity Funds			
Dimensional Global Sustainability PIE Fund	MSCI World ex Australia Index	50%	75%
Dimensional Global Sustainability PIE Fund (NZD Hedged)	MSCI World ex Australia Index	50%	75%
Dimensional Australian Sustainability PIE Fund	S&P/ASX 300 Index	25%	75%
Fixed Interest Funds (with respect to holdings of corporate issuers only)			
Dimensional Two-Year Sustainability PIE Fund	Bloomberg Global Aggregate Corporate Index 1-3 Years	50%	75%
Dimensional Global Bond Sustainability PIE Fund	Bloomberg Global Aggregate Corporate Index	50%	75%

*Targeted minimum reduction

The Sustainability Funds assess corporate issuers by considering several factors, including carbon intensity, potential emissions from reserves, land use and biodiversity, toxic spills and releases, operational waste, and water management, with the vast majority of weight placed on carbon intensity (the ‘Sustainability Factors’). Companies are then ranked based on the Sustainability Factors relative to the applicable universe of securities and their sector peers and then excluded, underweighted, overweighted or neutral weighted to seek to achieve or contribute to the Portfolio Carbon Footprint Reduction Goal.

The above process means that individual securities are evaluated relative to the applicable universe of securities and against sector peers rather than against strict individual sustainability targets or a pre-determined threshold, such as absolute maximum emissions criteria. The Sustainability Funds may overweight a security with worse Sustainability Considerations relative to sector peers or other eligible securities where doing so still achieves the Portfolio Carbon Footprint Reduction Goal. For example, in a scenario where a security has worse Sustainability Considerations but has higher expected returns due to exposure to the identified dimensions (for example, size, value, profitability, term and credit), it may be overweighted as a result of its return characteristics.

The Sustainability Funds that are Fixed Interest Funds also assess treasury, sovereign and local authority issuers on their greenhouse gas emissions per GDP and underweight the highest emitters in aggregate, and assess government agency and supranational issuers on their carbon intensity and potential emissions from reserves and seek to exclude securities of such issuers with relatively high (as determined by Dimensional) carbon intensity or potential emissions from reserves.

Company exclusions

The Sustainability Funds seek to exclude companies for involvement in the following business practices based on certain criteria:

Business Practice	*Business Involvement Criteria*
Coal	Ownership of thermal or metallurgical coal reserves or revenue from the mining of thermal coal and its sale to third-parties.
Factory farming	Commercial animal husbandry for the purpose of food production. This criteria does not cover organic or free-range farms or fish and other aquaculture animals.
Palm oil	>10% of revenue from the production or distribution of palm oil. This criteria does not cover products that use palm oil as an ingredient or component, palm oil derivatives, or fractionated

	products nor the transportation of palm oil from mill and supply base to refineries.
Controversial weapons	Production of controversial weapons, such as cluster munitions, landmines, biological weapons, chemical weapons or depleted uranium weapons, or key intended components of such controversial weapons.
Nuclear weapons	Production of nuclear weapons, key intended components of nuclear weapons or delivery platforms capable of deploying nuclear weapons, or providing support services related to nuclear weapons, such as the repair and maintenance of nuclear weapons.
Tobacco	Production of tobacco products or nicotine-containing products or, >10% of revenue from the distribution or retail of key tobacco products and services. This criteria does not cover products designed as an aid to quit smoking.
Child labour	Involvement in severe child labour controversies. Factors that may be considered for determining severity include, but are not limited to, a history of involvement in child labour-related legal cases, widespread or egregious instances of child labour, resistance to improved practices, and criticism by NGOs and/or other third-party observers.
Alcohol	>10% of revenue from the production, distribution or retail of alcoholic beverages as an intoxicating agent. This criteria does not cover packaging such as bottles, cans, corks or caps.
Gambling	>10% of revenue from the ownership or operation of gambling facilities.
Adult entertainment	>10% of revenue from the production, distribution or retail of pornographic products. This criteria does not cover companies that offer content sharing platforms that are not pornography focused but allow third-party users to upload pornographic content.
Personal firearms	Production of firearms (i.e. using an explosive charge as a propellant) intended for civilian use and ammunition for such products, or >20% of revenue from the retail of such firearms and ammunition.
Private prisons	Operation or management of, or provision of staffing services to, for-profit correctional and/or detention facilities. This criteria does not cover provision of maintenance or non-management services (including staffing for such services).

These exclusions of certain securities based on the specific criteria as outlined in the table above are applied at a company level. To implement these exclusions, the Sustainability Funds seek to (a) avoid purchasing and (b) divest from companies which are directly involved in the above business practices. Indirect involvement, for example through ownership structures or franchising, may not lead to exclusion. Where Dimensional has no indication of involvement, Dimensional will deem there to be no involvement. Should 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, Dimensional normally expects to divest within three months. However, there may be circumstances, such as suspension, delisting or low liquidity, that may cause divesting to take longer.

Dimensional may also exclude, underweight or overweight specific companies for other reasons, including factors believed to be important to investors interested in sustainability such as excluding companies associated with significant environmental controversies (for example a company involved in a severe fraud relating to environmental standards).

<u>Derivatives</u>

The Sustainability Funds are permitted to invest in derivative instruments, which may include futures. These instruments may cause indirect exposure to securities that would typically be excluded or underweighted through the processes described above. These instruments are generally only used on a temporary basis for managing large cashflows. These instruments are not included when calculating progress against each Sustainability Fund's Portfolio Carbon Footprint Reduction Goal.

Use of sustainability data

Depending on each Sustainability Consideration, Dimensional may engage one or more third-party service providers (including MSCI ESG Research and ISS) to provide research and/or ratings information related to the Sustainability Considerations with respect to securities in the Sustainability Fund's eligible universe, where information is available from such providers. Although these providers obtain information from sources they consider reliable, none of the providers warrant or guarantee the accuracy and/or completeness of the data. Dimensional's service providers generally seek to prioritise reported data. For issuers where data is not available, Dimensional's service providers may estimate values based on defined estimation and modelling methodologies. This information may be cross-referenced and supplemented by Dimensional in order to create a proprietary data set. Alternatively, data may be created and maintained internally by Dimensional, using reported data or sector information, among others. In such cases, Dimensional may still invest in these issuers. Securities for which data may not be available are typically issued by very small companies, private corporate debt issuers or government-related entities that fall outside the coverage universe of third-party service providers and for which relevant public information is hard to identify manually. From time to time, research and/or ratings data may be incomplete or inaccurate, resulting in certain investments being incorrectly included, excluded or weighted in a Sustainability Fund. Should Dimensional form the view that existing holdings are incorrect, they will be appropriately adjusted within a reasonable period of time considering turnover, liquidity and associated trading costs. In most circumstances, Dimensional normally expects to divest or appropriately adjust weightings within three months. However, there may be circumstances, such as suspension, delisting or low liquidity, that may cause divesting or adjusting to take longer.

Monitoring and reporting

Sustainability Considerations are generally reviewed in accordance with updates from third-party service providers where these are used, typically on at least an annual basis where updated data is available. When, upon review, an investment no longer complies with the investment guidelines, Dimensional will generally either divest or make appropriate changes to weightings within a reasonable period of time considering turnover, liquidity, and associated trading costs. In most circumstances, Dimensional normally expects to divest or appropriately adjust weightings within three months. However, there may be circumstances, such as suspension, delisting, or low liquidity, that may cause divesting or adjusting to take longer.

Dimensional may also refer portfolio companies exposed to particular Sustainability Considerations (most commonly for governance-related matters) to its Investment Stewardship Group for engagement where appropriate for a particular investment strategy. The information learned during engagements and a portfolio company's actions post-engagement may be used as the basis for potential escalation of Dimensional's stewardship activities, including proxy voting. For instance, in cases where a portfolio company's board or management is unresponsive to concerns Dimensional have raised, they may vote against, or withhold voting for, individual directors, committee members, or the entire board. However, there is no guarantee any engagement activities undertaken by Dimensional will achieve their desired outcome.

The implementation and management of the portfolio described above is protected by U.S. Patent Nos. 7,596,525 B1, 7,599,874 B1 and 8,438,092 B2.

Data definitions:

'Revenue' is generally the total annual sales and revenue from normal operating activities before the deduction of costs and taxes, with a preference placed on audited financial statements. When a breakdown of revenue by business activity is not available, estimates or derivations may be applied by the data provider based on ancillary information such as the company structure, business model, supply chain characteristics, and company financials. If revenue is not disclosed and cannot be estimated (e.g., there are no available financial statements), then revenue will be deemed to be zero.

'Carbon intensity' means a company's most recently reported or estimated Scope 1 (direct) + Scope 2 (indirect) greenhouse gas emissions in carbon dioxide equivalents (CO_2e) normalised by sales (metric tons CO_2e per USD million sales). Greenhouse gases included are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and Nitrogen trifluoride (NF_3).

'Potential emissions from reserves' means an estimate of carbon dioxide produced if a company's reserves of oil, gas, and coal were converted to energy, given estimated carbon and energy densities of the respective reserves. If potential emissions from reserves cannot be estimated (e.g., there is no information available on a company's reserves of oil, gas, or coal), then potential emissions from reserves will be deemed to be zero.

'Greenhouse gas emissions per GDP' means an issuer's most recently reported sovereign-level United Nations Framework Convention on Climate Change (UNFCCC) production-based greenhouse gas emissions excluding land use, land-use change and forestry (LULUCF) normalised by the issuer's sovereign-level purchasing power parity (PPP)-adjusted gross domestic product (GDP).

D. Fund Investment Objectives and Strategies

The investment objectives and strategies for each-Fund are:

Dimensional Global Sustainability PIE Fund

Objectives

The Fund invests in a diversified portfolio of securities listed on global developed markets (excluding Australia) with the potential for long-term capital growth with increased emphasis on higher expected return securities.

The Fund also takes into account certain non-financial Sustainability Considerations when making investment decisions. The Fund has a Portfolio Carbon Footprint Reduction Goal and seeks to exclude companies involved in particular business practices.[1]

The Fund is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Fund with a broad measure of market performance, reference may be made to the MSCI World ex Australia Index (net div.) in NZ dollars.

Investment Strategy

Benchmark asset allocation

- 100% international equities[2].

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[2].
- 0% - 10% cash and cash equivalents.

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[1] Portfolio Carbon Footprint Reduction Goal and the Sustainability Considerations are all described in Section C above.
[2] International equities includes investments in New Zealand equities and listed property securities and global listed property securities.

Permitted investments:

- Equities (including listed property securities).
- Cash and cash equivalents.
- Other managed investment schemes, collective investment vehicles, or exchange-traded funds.
- Derivative instruments.
- Securities received in connection with corporate actions (for example warrants, convertible debt securities, options).

Rebalancing policy:

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

Currency policy:

- The Fund targets a position of being unhedged (to New Zealand dollars).

Other:

- Ordinarily, the Fund will invest in a diversified market-wide portfolio of securities associated with approved developed markets (excluding Australia).
- The Fund may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates.
- Eligible securities for the strategy include securities of companies and Real Estate Investment Trusts (REITs) and REIT-like entities listed on approved developed markets excluding Australia ('listed property securities').
- The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).
- The Fund may lend securities for the purpose of generating additional income for the Fund. Securities lending is limited to 50% of the Fund's Net Asset Value and the borrower is required to deliver approved cash or non-cash (bill, bonds or notes issued by approved governments) collateral to the Fund.

Dimensional Global Sustainability PIE Fund (NZD Hedged)

Objectives

The Fund invests in a diversified portfolio of securities listed on global developed markets (excluding Australia) with the potential for long-term capital growth with increased emphasis on higher expected return securities.

The Fund also takes into account certain non-financial Sustainability Considerations when making investment decisions. The Fund has a Portfolio Carbon Footprint Reduction Goal and seeks to exclude companies involved in particular business practices.[3]

The Fund mitigates currency risk by hedging most major foreign currency exposures to New Zealand dollars.

The Fund is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Fund with a broad measure of market performance, reference may be made to the MSCI World ex Australia Index (net div., hedged to NZD).

[3] Portfolio Carbon Footprint Reduction Goal and the Sustainability Considerations are all described in Section C above.

Investment Strategy

Benchmark asset allocation

- 100% international equities[4].

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[4].
- 0% - 10% cash and cash equivalents.

Permitted investments:

- Equities (including listed property securities).
- Cash and cash equivalents.
- Other managed investment schemes, collective investment vehicles, or exchange-traded funds.
- Derivative instruments including currency hedging instruments.
- Securities received in connection with corporate actions (for example warrants, convertible debt securities, options).

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 foreign currency exposure is either partially hedged using one of the major currencies that is in Dimensional's view correlated with the relevant currency (as a proxy), or not hedged depending on what Dimensional deems to be cost-efficient.

Other:

- Ordinarily, the Fund will invest in a diversified market-wide portfolio of securities associated with approved developed markets (excluding Australia).
- The Fund may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates.
- Eligible securities for the strategy include securities of companies and Real Estate Investment Trusts (REITs) and REIT-like entities listed on approved developed markets excluding Australia ('listed property securities').
- The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).
- The Fund may lend securities for the purpose of generating additional income for the Fund. Securities lending is limited to 50% of the Fund's Net Asset Value and the borrower is required to deliver approved cash or non-cash (bill, bonds or notes issued by approved governments) collateral to the Fund.

Dimensional Australian Sustainability PIE Fund

Objectives

The Fund invests in a diversified portfolio of securities listed in Australia with the potential for long-term capital growth with increased emphasis on higher expected return securities.

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[4] International equities includes investments in New Zealand equities and listed property securities and global listed property securities

The Fund also takes into account certain non-financial Sustainability Considerations when making investment decisions. The Fund has a Portfolio Carbon Footprint Reduction Goal and seeks to exclude companies involved in particular business practices.[5]

The Fund is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Fund with a broad measure of market performance, reference may be made to the S&P/ASX 300 Index (Total Return) in NZ dollars.

Investment Strategy

Benchmark asset allocation

- 100% Australian equities.

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% Australian equities.
- 0% - 10% cash and cash equivalents.

Permitted investments:

- Equities (including listed property securities).
- Cash and cash equivalents.
- Other managed investment schemes, collective investment vehicles, or exchange-traded funds.
- Derivative instruments.
- Securities received in connection with corporate actions (for example warrants, convertible debt securities, options).

Rebalancing policy:

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

Currency policy:

- The Fund does not hedge foreign currency exposure.

Other:

- Ordinarily, the Fund will invest in a diversified market-wide portfolio of Australian listed securities.
- The Fund may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates.
- Eligible securities for the strategy include securities of companies and Real Estate Investment Trusts (REITs) and REIT-like entities listed in Australia.
- The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).
- The Fund may lend securities for the purpose of generating additional income for the Fund. Securities lending is limited to 50% of the Fund's Net Asset Value and the borrower is required to deliver approved cash or non-cash (bill, bonds or notes issued by approved governments) collateral to the Fund.

[5] Portfolio Carbon Footprint Reduction Goal and the Sustainability Considerations are all described in Section C above.

Dimensional Two-Year Sustainability Fixed Interest PIE Fund

Objectives

The Fund is managed to gain exposure to a broadly diversified portfolio of eligible short-term, Investment Grade global fixed interest and money market securities. Within portfolio constraints, including controls on portfolio maturity, security maturity, credit quality and diversification, the objective of the Fund is to maximise the return of the portfolio.

The Fund also takes into account certain non-financial Sustainability Considerations when making investment decisions. The Fund has a Portfolio Carbon Footprint Reduction Goal and seeks to exclude companies involved in particular business practices.[6]

The Fund is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Fund with a broad measure of market performance, reference may be made to the Bloomberg Global Aggregate Bond Index 1-3 Years (hedged to NZD).

Investment Strategy

Ordinarily the Fund gets exposure to a diverse portfolio of Investment Grade corporate and government global fixed interest securities, with an overall maximum weighted average duration of two years, and for any individual security, a maximum maturity of three years from the date of settlement. Dimensional generally changes the portfolio's exposure to term risk and credit risk in response to changes in security prices.

The Fund intends to achieve this exposure by investing in funds and/or directly in fixed interest securities. The Fund may also hold cash or cash equivalent securities, and currency hedging instruments.

Benchmark asset allocation

- 100% international fixed interest.

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 fixed interest.
- 0% - 10% cash and cash equivalents.

Investment Manager strategy:

- Ordinarily, the Fund invests in the Dimensional Two-Year Sustainability Fixed Interest Trust (AUD Class).

Permitted investments:

- Other managed investment schemes, collective investment vehicles, or exchange-traded funds.
- Global corporate and government fixed interest securities.
- Cash and cash equivalents.
- Derivative instruments including currency hedging instruments.

Rebalancing policy:

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

Currency policy:

- The Fund targets a position of being fully hedged back to New Zealand dollars. However, Dimensional may not adjust the hedge for slight changes in foreign currency exposure if Dimensional deems that it is more cost-efficient not to do so.

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[6] Portfolio Carbon Footprint Reduction Goal and the Sustainability Considerations are all described in Section C above.

Other:

- The Fund may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates.
- The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).
- The Fund or the underlying fund into which the Fund invests may lend securities for the purpose of generating additional income for the Fund. Securities lending is limited to 50% of the Fund's Net Asset Value and the borrower is required to deliver approved cash or non-cash (bill, bonds or notes issued by approved governments) collateral to the Fund.

Dimensional Five-Year Diversified Fixed Interest PIE Fund

Objectives

The Fund is managed to gain exposure to a broadly diversified portfolio of eligible short to intermediate-term, high credit quality global fixed interest and money market securities. Within portfolio constraints, including controls on portfolio maturity, security maturity, credit quality and diversification, the objective of the Fund is to maximise the return of the portfolio.

The Fund is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Fund with a broad measure of market performance, reference may be made to the Bloomberg Global Aggregate Treasury Bond Index 1-5 Year (hedged to NZD).

Investment Strategy

Ordinarily the Fund gets exposure to a diverse portfolio of high credit quality corporate and government global fixed interest securities, with a maximum maturity of five years from the date of settlement. Dimensional generally changes the portfolio's exposure to term risk in response to changes in security prices.

The Fund intends to achieve this exposure by investing in funds and/or directly in fixed interest securities. The Fund may also hold cash or cash equivalent securities, and currency hedging instruments.

Benchmark asset allocation

- 100% international fixed interest.

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 fixed interest.
- 0% - 10% cash and cash equivalents.

Investment Manager strategy:

- Ordinarily, the Fund invests in the Dimensional Five-Year Diversified Fixed Interest Trust (AUD Class).

Permitted investments:

- Other managed investment schemes, collective investment vehicles, or exchange-traded funds.
- Global corporate and government fixed interest securities.
- Cash and cash equivalents.
- Derivative instruments including currency hedging instruments.

Rebalancing policy:

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

Currency policy:

- The Fund targets a position of being fully hedged back to New Zealand dollars. However, Dimensional may not adjust the hedge for slight changes in foreign currency exposure if Dimensional deems that it is more cost-efficient not to do so.

Other:

- The Fund may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates.
- The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).
- The Fund or the underlying fund into which the Fund invests may lend securities for the purpose of generating additional income for the Fund. Securities lending is limited to 50% of the Fund's Net Asset Value and the borrower is required to deliver approved cash or non-cash (bill, bonds or notes issued by approved governments) collateral to the Fund.

Dimensional Global Bond Sustainability PIE Fund

Objectives

The Fund is managed to gain exposure to a broadly diversified portfolio of eligible intermediate term, Investment Grade global fixed interest and money market securities. Within portfolio constraints, including controls on portfolio maturity, security maturity, credit quality and diversification, the objective of the Fund is to maximise the return of the portfolio.

The Fund also takes into account certain non-financial Sustainability Considerations when making investment decisions. The Fund has a Portfolio Carbon Footprint Reduction Goal and seeks to exclude companies involved in particular business practices.[7]

The Fund is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Fund with a broad measure of market performance, reference may be made to the Bloomberg Global Aggregate Bond Index (hedged to NZD).

Investment Strategy

Ordinarily the Fund gets exposure to a diverse portfolio of Investment Grade corporate and government global fixed interest securities, with a maximum maturity of twenty years from the date of settlement. Dimensional generally changes the portfolio's exposure to term risk and credit risk in response to changes in security prices, while keeping the portfolio's overall weighted average duration similar to the overall weighted average duration of the global bond market.

The Fund intends to achieve this exposure by investing in funds and/or directly in fixed interest securities. The Fund may also hold cash or cash equivalent securities, and currency hedging instruments.

Benchmark asset allocation

- 100% international fixed interest.

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 fixed interest.
- 0% - 10% cash and cash equivalents.

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[7] Portfolio Carbon Footprint Reduction Goal and the Sustainability Considerations are all described in Section C above.

Investment Manager strategy:

- Ordinarily, the Fund invests in the Dimensional Global Bond Sustainability Trust (AUD Class).

Permitted investments:

- Other managed investment schemes, collective investment vehicles, or exchange-traded funds.
- Global corporate and government fixed interest securities.
- Cash and cash equivalents.
- Derivative instruments including currency hedging instruments.

Rebalancing policy:

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

Currency policy:

- The Fund targets a position of being fully hedged back to New Zealand dollars. However, Dimensional may not adjust the hedge for slight changes in foreign currency exposure if Dimensional deems that it is more cost-efficient not to do so.

Other:

- The Fund may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates.
- The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (i.e. to temporarily fund redemptions, settle securities trades or pay expenses).
- The Fund or the underlying fund into which the Fund invests may lend securities for the purpose of generating additional income for the Fund. Securities lending is limited to 50% of the Fund's Net Asset Value and the borrower is required to deliver approved cash or non-cash (bill, bonds or notes issued by approved governments) collateral to the Fund.

E. Investment Policies

Taxation

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

At the date of this document, the Dimensional Global Sustainability PIE Fund, the Dimensional Global Sustainability PIE Fund (NZD Hedged), and the Dimensional Australian Sustainability PIE Fund calculate the taxable income accruing from investments in global shares listed outside of New Zealand and Australia using the Fair Dividend Rate ('FDR') method.

At the date of this document, gains derived from the Dimensional Two-Year Sustainability Fixed Interest PIE Fund, the Dimensional Five-Year Diversified Fixed Interest PIE Fund and the Dimensional Global Bond Sustainability PIE Fund will be taxed on an accruals basis.

Whether the Funds invest directly 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

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 another Dimensional fund;
- a related party of the Investment Manager being appointed to provide research and investment related services for the Funds; or,
- parties related to the Funds, including the staff and directors of Dimensional 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.

Responsible investment statement

The Investment Manager's Responsible Investment Statement which describes Dimensional's approach to responsible investing can be found at https://au.dimensional.com/about-us/investment-stewardship.

Trade allocations and transactions

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 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 governing documents, offer documents and the law.

Conflicts of Interest and Related Party Transactions Policy

FundRock's Conflicts of Interest and Related Party Transactions 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; 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.'*

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 Sustainability Funds' performance against the Portfolio Carbon Footprint Reduction Goal on a quarterly basis. If the Sustainability Funds consistently fail to meet their Portfolio Carbon Footprint Reduction Goal, FundRock will review the Sustainability 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 and achievement of the sustainability goals to the Supervisor and to the FundRock Board. 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 sustainability goals, a Quarterly Sustainability Report is made available at www.fundrock.com for each Sustainability Fund. The reports contain information about the Sustainability Funds' performance against the Portfolio Carbon Footprint Reduction Goal. Further, investors can obtain a full list of holdings for the Funds from the Disclose website 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 Dimensional Global Sustainability PIE Fund, Dimensional Global Sustainability PIE Fund (NZD Hedged) and Dimensional Australian Sustainability PIE Fund are expected to be fully invested in international and Australian equities with a portion allocated to cash and cash equivalents for liquidity purposes. The Dimensional Two-Year Sustainability Fixed Interest PIE Fund, Dimensional Five-Year Diversified Fixed Interest PIE Fund and Dimensional Global Bond Sustainability PIE Fund are all single sector funds that get exposure to international fixed interest securities through underlying funds or through direct securities, 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.

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 Fund 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.

This SIPO was approved by the FundRock Board on 11 November 2024 and takes effect on 12 November 2024.

Glossary

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

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) greenhouse gas emissions in carbon dioxide equivalents (CO2e) normalised by sales (metric tons CO2e per USD million sales). Greenhouse gases included are carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6), and Nitrogen trifluoride (NF3).

Dimensional means DFA Australia Limited.

Funds means the managed investment funds offered with the Scheme, being the Dimensional Global Sustainability PIE Fund, Dimensional Global Sustainability PIE Fund (NZD Hedged), Dimensional Australian Sustainability PIE Fund, Dimensional Two-Year Sustainability Fixed Interest PIE Fund, Dimensional Five-Year Diversified Fixed Interest PIE Fund and Dimensional Global Bond Sustainability PIE Fund.

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

Greenhouse gas emissions per GDP means an issuer's most recently reported sovereign-level United Nations Framework Convention on Climate Change (UNFCCC) production-based greenhouse gas emissions excluding land use, land-use change and forestry (LULUCF) normalised by the issuer's sovereign-level purchasing power parity (PPP)-adjusted gross domestic product (GDP).

Investment Grade means a credit rating of BBB- or higher by S&P Global Ratings or Fitch Ratings, or Baa3 or higher by Moody's Investor's Service.

Investment Manager means Dimensional.

Land use and biodiversity means an assessment of a company's history of disturbing large and/or fragile ecosystems and whether they have adequate policies and programs designed to protect biodiversity.

Manager means FundRock.

Operational waste means an assessment of a company's history of involvement in non-hazardous waste-related legal cases, criticisms by NGOs around non-hazardous waste practices, resistance to improvement practices and direct impact due to non-hazardous waste.

Potential emissions from reserves means an estimate of carbon dioxide produced if a company's reserves of oil, gas, and coal were converted to energy, given estimated carbon and energy densities of the respective reserves. If potential emissions from reserves cannot be estimated (e.g., there is no information available on a company's reserves of oil, gas, or coal), then potential emissions from reserves will be deemed to be zero.

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

Revenue is generally the total annual sales and revenue from normal operating activities before the deduction of costs and taxes, with a preference placed on audited financial statements. When a breakdown of revenue by business activity is not available, estimates or derivations may be applied by the data provider based on ancillary information such as the company structure, business model, supply chain characteristics, and company financials. If revenue is not disclosed and cannot be estimated (e.g., there are no available financial statements), then revenue will be deemed to be zero

Scheme means the Dimensional Investment Funds, a managed investment scheme established under a trust deed dated 1 December 2016 and a scheme establishment deed dated 13 April 2022 and offered in accordance with the Act.

Securities lending means the transfer of securities, such as shares, to another borrowing party, usually via a securities lending agent. The party lending the securities retains exposure to the investment performance of those securities via movements in the share price and any dividends or interest accrued. The borrower pays a fee to the lender of the securities and is contractually obligated to return the securities if requested.

Supervisor means the supervisor of the Scheme, which is Public Trust.

Toxic spills and releases means an assessment of a company's involvement in non-greenhouse gas-related legal cases, criticisms by NGOs around non-GHG emission practices, resistance to improvement practices, and direct impact due to non-GHG emissions.

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.

Water management means an assessment of a company's history of involvement in water-related legal cases, criticisms by NGOs around water practices, resistance to improvement practices and direct impact due to water pollution.