

# MB / FUNDS

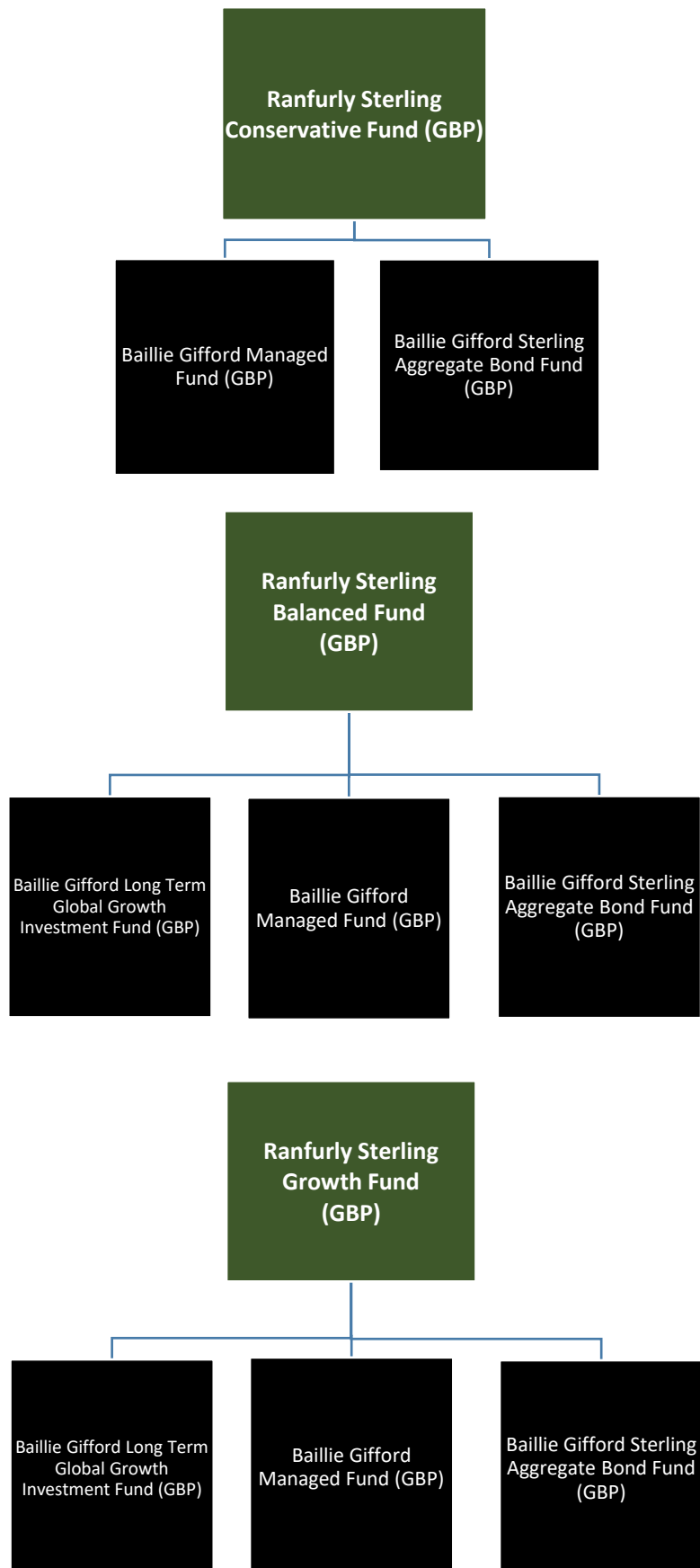
## Ranfurly Superannuation Scheme Other Material Information – Funds in the Scheme

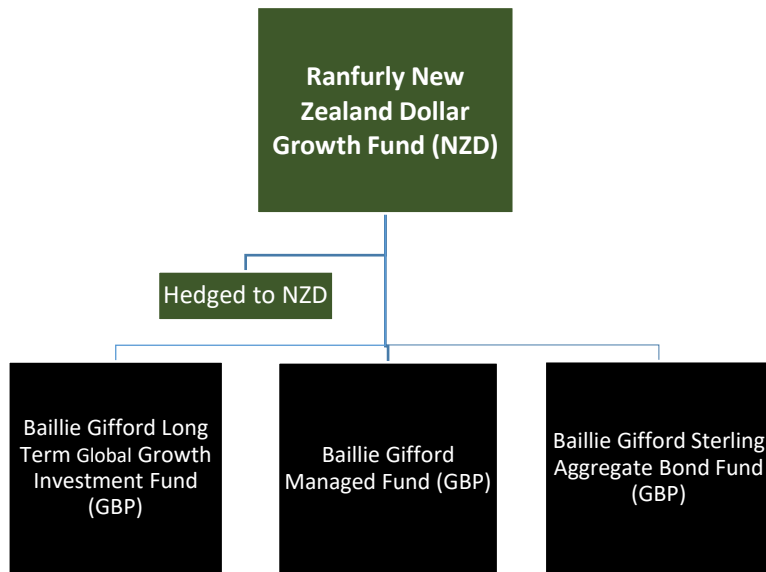
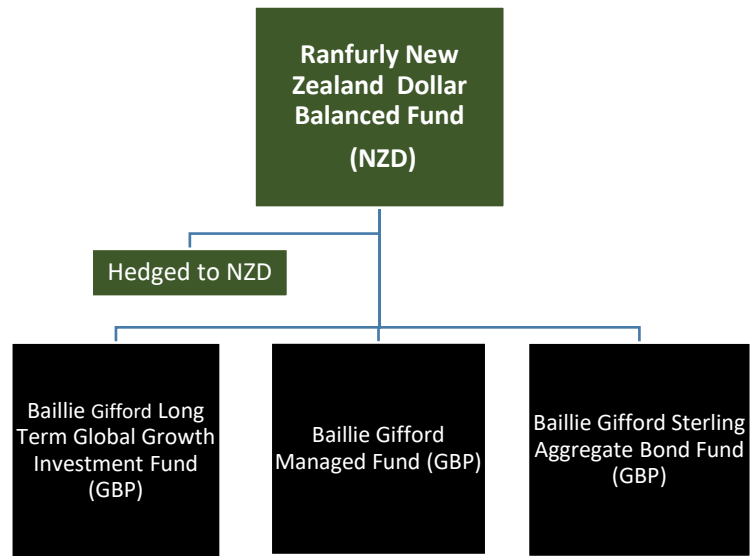
Dated: 05 September 2024

This document contains important information relating to the offer of membership in the Ranfurly Superannuation Scheme that is not contained in the Product Disclosure Statement for the Scheme or the other documents within the Scheme's entry on the register of offers of financial products at <https://disclose-register.companiesoffice.govt.nz>. It should be read together with those documents. It replaces the Other Material Information Funds in the Scheme document for the Ranfurly Superannuation Scheme dated 19 January 2024. **The Information in this document could change in the future. Please check the offer register at <https://disclose-register.companiesoffice.govt.nz> for any updates.**

## General

The Scheme's Funds invest directly into selected underlying investment funds. The underlying manager and the underlying investment funds we currently use are summarised below.





## Baillie Gifford UK

Baillie Gifford, founded in Edinburgh in 1908, is one of the UK's largest independent investment management firms and is 100% owned by the current partners, all of whom work full-time for the firm. They believe their independence provides stability for their clients and employees, as well as motivation for their investment professionals and alignment of interests with their clients. Staff turnover is very low across the whole organisation. Their investment philosophy focuses on growth. Accordingly, they believe that fundamental analysis and proprietary research are core to a successful, long-term, bottom-up investment approach. The result is a successful business that continues to grow organically. They now manage and advise GBP230bn (31 March 2024) in specialist equity, fixed income and multi-asset portfolios for a global client base.

Baillie Gifford is an active investor. Aiming to deliver superior, long-term returns through building portfolios with high conviction investment ideas. In equities, their belief is that sustainable earnings growth outperforms the markets over time. In bonds, they offer a differentiated investment approach focusing on fundamentals. Central to their process is rigorous fundamental analysis and proprietary research. A history of long-term global investing has shaped their views and honed their belief that distance lends perspective. A rigorous process of fundamental analysis and proprietary research combined with a depth of expertise, allows them to exploit, over the long term, a global opportunity set.

### Baillie Gifford Managed Fund (GBP)

#### **Objective & Investment Philosophy**

The objective is to produce attractive returns over the long term by investing worldwide in transferable securities, whether directly or via collective investment schemes, in any economic sector, but with the ability also to invest up to (but no more than) 10% in value of the Fund in deposits. The Fund will be diversified by exposure to different asset classes (e.g. in most circumstances fixed interest stocks as well as equities), by international exposure and by exposure to companies operating in a wide range of industries. This portfolio is suitable for investors with a long-term investment horizon of at least 5 years.

The portfolio will generally also have exposure to some medium and smaller sized companies as well as the largest 'blue chips'. Derivatives may be used from time to time in keeping with the Fund's objective with the intention of either protecting or enhancing the return on the Fund.

### Baillie Gifford Long Term Global Growth Investment Fund (GBP)

#### **Objective & Investment Philosophy**

The objective of the strategy is to provide good absolute returns over the long term by investing in a relatively concentrated, but well-diversified portfolio of global companies with strong long-term growth prospects, without reference to benchmark constraints. This portfolio is suitable for investors with a long-term investment horizon of at least 5-10 years.

The Long Term Global Growth Investment Fund strategy evolved from a belief that markets underappreciate exponential growth and the value of compounding returns. Baillie Gifford takes robust positions in high-conviction ideas, unconstrained by index comparisons.

## Baillie Gifford Sterling Aggregate Bond Fund (GBP)

### **Investment Objective & Policy**

The objective is to produce a total return, before charges and expenses payable out of the Fund, in excess of the combined total return of 50% of the FTSE Actuaries UK Conventional Gilts All Stock Index and of the 50% Bank of America Merrill Lynch Sterling non-Gilt Index or any successor or substitute indices, by 1% per annum over rolling 3-year periods. There is no guarantee that a positive return will be achieved over rolling 3-year periods or any time period and capital may be at risk.

The Fund will mainly be invested in a diversified portfolio of government, quasi-government and non-government, investment grade bonds. The Fund may also be invested in other assets including sub-investment grade bonds and foreign currencies. The Fund may invest in transferable securities, money market instruments, collective investment schemes, deposits, cash and near cash. Currency forwards and derivatives will be used, in keeping with the Fund's objective, with the intention of either protecting or enhancing the return on the Fund. No more than 10% in the value of the property of the Fund will be invested in units of other collective investment schemes.

### **Governance and Sustainability**

Baillie Gifford believe that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of kilter with changing societal expectations. They consider a number of potential adverse impacts in the context of their overall focus on long-term investment performance. Baillie Gifford expect all holdings to operate in accordance with the principles and standards set out in the United Nations Global Compact. When a company's performance on any material issues is significantly below what is expected, making it a material risk to the long-term performance of its business, and potentially society, they will engage with management. They expect that all investment holdings will operate their businesses in a way that considers all relevant legal and regulatory guidelines, and which is supportive of good stakeholder relations. They believe it is important that companies are seen to be operating with integrity and in a way that respects the interests of wider society. Relevant areas of practice might include responsible marketing, governance of data privacy and security, responsible taxation approaches and how the company manages product and service issues, such as product quality and integrity, complaint handling, safety recalls and compensation. Baillie Gifford's bottom-up research process focuses on understanding each company, the sector it operates in and their approach to material or likely to be material issues. The most material or likely to be material issues will vary from company to company and will change as the business develops. Baillie Gifford regularly engage with companies on a wide range of issues, including their impact on the environment and wider society. Each investment strategy may take a different approach to reach the same goal of properly assessing and weighing up governance and sustainability matters (including principal adverse impact indicators) within its investment process. Financially material governance and sustainability issues, including potential adverse impact of a holding, are routinely considered throughout the investment process.

Baillie Gifford are deeply aware that much of what they do as a firm is ultimately in pursuit of delivering sustainable investment returns that will help their clients to enjoy financial security decades into the future. If this future is compromised by climate change, then this becomes an increasingly problematic task. For Baillie Gifford, it is imperative that they use their position as investors to support the new technologies and business models that will help with this challenge. Indeed, Baillie Gifford's principal purpose as investors is to assist beneficial, transformation change by allocating capital at scale to companies that will make a positive difference. If they do this effectively, then they know from experience the results for shareholders will look after themselves. At Baillie Gifford they have been incorporating climate change considerations into their overall approach to investment for many years.

Their investment portfolios are typically way below their relevant benchmarks in terms of carbon intensity. Even more fundamentally, a central tenet of their investment approach is a firmwide belief in the importance of anticipating and understanding transitions in the economy, and more broadly in society.

Baillie Gifford have an Environmental, Social and Governance (ESG) in-house team which regularly produce specialist reports on emerging themes to supplement research work on specific companies. The focus of their work evolves and adapts over time as new themes emerge, but the projects focus on the following key areas:

- Governance for Growth
- Climate Change
- Sustainable Production
- Modern Living

More information on Baillie Gifford's Governance and Sustainability can be found on their website <https://www.bailliegifford.com/en/uk/institutional-investor/governance-sustainability/>

## Changes to Underlying Investment Managers

Underlying investment managers are regularly monitored. These managers may be added to or removed with the agreement of the Supervisor. We will provide prior notice to you when we change or add an underlying investment manager. This means the identity and number of underlying investment managers for the funds may vary from time to time.