GOVERNMENT SUPERANNUATION FUND AUTHORITY

PNYX recommendation		GSFA response
High Priority		
01	**Align the SIPSP and Internal Policies** Continue developing the policy hierarchy to ensure that there is consistency between the SIPSP and other core documents and establish explicit cross-references from the SIPSP to subordinate documents.	• **We agree** • A comprehensive review of the SIPSP is planned for the second half of 2026 and this recommendation will be captured in that review.
02	**Revisit the Fund-of-Funds (FoF) Implementation of Global Private Equity** Revisit the exclusive FoF implementation of Global PE. Gradually increase direct investment in PE funds, co-investments, and club deals, selected to align with GSFA's investment identity and long-term objectives – with a fraction of the FoF budget, GSFA could internalise manager selection and PE portfolio construction, supported by a small number of senior private market specialists. This would optimise cost, as no additional fees would be paid on top of the underlying funds fees, and would thus improve performance over time.	• **We do not agree** • Private equity allocations are long-term and illiquid. GSF's total allocation to private equity will be decreasing gradually over the next 10 years, as the Fund shrinks and more allocation is made to other asset classes. • A directly managed, well-diversified, Global PE program requires deep resources beyond the capacity of GSFA / Annuitas. • Accordingly, the Board considers the current FoF structure to be the most efficient implementation route for the Fund's purposes.
03	**Explore the Inclusion of New Asset Classes in the Target Asset Allocation** Explore the potential inclusion of new asset classes within the Target Asset Allocation. This assessment should explicitly consider expected risk adjusted returns, diversification benefits, liquidity implications, governance requirements, and consistency with GSFA's investment beliefs, risk appetite, and sustainability objectives.	• **We agree** • Annuitas will provide a review of the infrastructure (listed and unlisted) asset class, to the GSFA Board during H2 2026. • Following this, Annuitas will investigate the real estate (listed and unlisted) asset class.

<table>
<tr><td>04</td><td>Reduce Manager Selection Concentration in Global Private Equity

Introduce additional Global PE managers to reduce manager selection concentration risk.</td><td>• We do not agree
• Private equity allocations are long-term and illiquid. GSF’s total allocation to private equity will be decreasing gradually over the next 10 years, as the Fund shrinks and more allocation is made to other asset classes. The combination of these would make it very difficult to allocate a meaningful size to a different FoF manager.
• We note the overlap between this and recommendation 02 above.</td></tr>
<tr><td>05</td><td>Align all asset classes funded by fixed income with the funding source benchmark

Align all asset classes funded by fixed income with the funding source benchmark, (Bloomberg Barclays Global Aggregate Index hedged to NZD). to enable a more consistent assessment of risk-adjusted returns and to better highlight the value added by Target Portfolio choices relative to the funding sources of the Reference Portfolio.</td><td>• We agree
• All asset classes will be aligned with funding sources, and we will investigate the extent to which additional risk premia need to be accounted for as part of this.</td></tr>
<tr><td colspan="3">Medium Priority</td></tr>
<tr><td>06</td><td>Strengthen the Board’s Investment Technical Capability

(i) Prioritise appointment of at least one member with direct CIO or multi-asset class portfolio management experience at the next Board rotation.
(ii) Implement a structured investment education programme covering PE, derivatives, and DAA especially.
(iii) Consider appointing an external IC member with investment execution experience. Any adjustment of IC authority (Recommendation 12) should inform this decision.</td><td>• We agree with qualifications
• We note that (i) is ultimately a decision for the Minister of Finance, on the advice of Treasury.
• The Board has an education programme in place. It has asked Annuitas to report back on a timetable for further sessions on private equity, derivatives and dynamic asset allocation.
• The Board is considering appointment of an external IC member. In addition, it has requested more from the Board’s Investment Consultant in relation to challenge and assurance.</td></tr>
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07	**Ensure Internal Consistency of Investment Beliefs and Board Values** Either (i) relocate these [belief] statements to more appropriate sections (e.g., ethical/responsible beliefs moved to the Responsible Investment section) and/or rephrase to align with the stated definition; or (ii) clarify upfront the dual purpose of the investment beliefs section, distinguishing return/risk beliefs from broader Board principles (similar to how it's set up in the Investment Framework).	• **We agree** • A comprehensive review of the SIPSP is planned for the second half of 2026 and this recommendation will be captured in that review.
08	**Optimise Cost Further** Address the overall investment cost level of approximately 100bps (excluding the look-through costs of PE FoF), which is largely driven by the PE allocation. Addressing this issue could involve reorienting the Global PE structure, which could contribute meaningfully to overall cost reduction while maintaining portfolio efficiency.	• **We agree with qualifications** • Optimising cost is an ongoing focus for the Board. We measure our cost efficiency through annual participation in cost benchmarking undertaken by CEM Benchmarking. • We note that a significant part (~33bps) of the fee quoted in the recommendation is driven by performance fees paid to managers. This fee is only paid if they have generated outperformance over a specified benchmark hurdle. • We note our earlier comments in relation to recommendations 2 & 4 (concerning private equity).
09	**Refine the Board's Role in Setting Objectives and Constraints** Resolve this ambiguity explicitly in the SIPSP. Define the Board's role in setting objectives/risk limits, and document how performance against these will be tracked.	• **We agree** • A comprehensive review of the SIPSP is planned for the second half of 2026 and this recommendation will be captured in that review.
10	**Continue Developing the Policy-Standard-Procedure Architecture** Rigorously define the terms "Policy", "Standard", and "Procedure" at the onset of the SIPSP, which will enable a mutually exclusive and collectively exhaustive implementation of the Policy-Standard-Procedure architecture. In particular, each Procedures section could benefit from having (implicitly or explicitly) a sub-section on governance. A structured delegation map (visual or tabular) showing who decides, recommends, implements, and reviews at each stage of the investment process would support this (similar to NPF).	• **We agree** • A comprehensive review of the SIPSP is planned for the second half of 2026 and this recommendation will be captured in that review.

11	**Include CVaR Among GSFA's Core Risk Measures** Include CVaR (Expected Tail Loss) in the SIPSP and Board reporting framework to improve transparency around tail-risk exposure and support clearer Board-level risk-appetite discussions across asset classes and the total portfolio.	• **We agree** • CvaR will be added as part of the core reported metrics (and, accordingly included in the SIPSP review). • We will investigate using it as part of the portfolio building optimisation processes.
Low Priority		
12	**Consider Strengthening and Further Delegating Powers to the IC** To further solidify the IC's distinct role from the Board, the following measures could be taken: 1. Consider appointing an independent member with institutional multi-asset investment skills to the IC 2. Expand the responsibilities delegated to the IC, continuing the evolution already underway. We recommend expanding to the limit of the current statutory limitations, and potentially exploring if the current limits remain aligned with emerging practice for institutions of this nature and complexity. Ultimately, we believe the IC would be best suited to have some investment related decision-making authority to better support the Board.	• **We agree with qualifications** • We have addressed the issue of an independent member of IC in our response to recommendation 06 above. • The Board already delegates as much as practicable to the IC. The key items it retains to itself (with respect to investment of the Fund) are policy setting, risk appetite and manager selection (and termination. • Board retention of policy setting and risk appetite is consistent with best practice governance. • GSFA's governing legislation does not allow the Board to delegate the appointment of Fund managers.
13	**Refine the DAA Nomenclature** Either rename the programme to more accurately reflect its mechanics or define it explicitly at the SIPSP level to avoid inappropriate comparisons.	• **We agree** • The programme will be renamed accordingly.
14	**Define Valuation Risk as a Standalone Risk Category** Add Valuation Risk as an explicit, named risk category within the Fund's risk framework, with reference to the proportion of assets subject to model-based or non-observable valuations (e.g. Level 3 assets under a fair-value hierarchy). This should be cross-referenced to existing independent valuation, assurance and governance processes, rather than creating new valuation requirements.	• **We agree** • A comprehensive review of the SIPSP is planned for the second half of 2026 and this recommendation will be captured in that review.