



CERTIFIED BY RIAA

RESPONSIBLE INVESTMENT CERTIFICATION PROGRAM

GUIDANCE NOTE

P5c Portfolio holdings disclosure

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Purpose of this Guidance Note

The purpose of this Guidance Note to Responsible Investment Standard requirement P5c, is to clarify that those product issuers with a product subject to commercial-in-confidence/privacy arrangements or non-disclosure with an individual client, may still be eligible to have that product certified. This requirement states:

P5c *Publish twice-annually, the details of their product's portfolio holdings (for equities funds, or an equivalent disclosure for other products (e.g. separately managed accounts direct to clients), including fund look-through and derivatives) on the product's webpage with no longer than a 90-day lag*

In New Zealand, there are legislative requirements around the full and regular disclosure of portfolio holdings for registered KiwiSaver products but not for all general investment products.

In Australia, superannuation funds must comply with the portfolio holdings disclosure requirements under the Corporations Regulations 2001 (as amended by the Corporations Amendment (Portfolio Holdings Disclosure) Regulations 2021). There are currently no other requirements for issuers to disclose their full holdings of products marketed and sold – except in certain circumstances such as for listed investment companies, exchange traded funds and other investment vehicles registered and trading on the ASX.

It is important to note that the RI Certification Program fundamental requirement is disclosure of all underlying holdings on a full look-through basis and this goes above and beyond what is required under the relevant legislation.

Who is this Guidance Note relevant to?

This Guidance Note relates to certain assets such as private equity, venture capital, separately managed accounts and any asset class that is deemed by RIAA to have relevant and reasonable privacy and confidentiality issues. These asset classes may be eligible to forgo public disclosure of some holdings.

Eligibility to forgo disclosure of holdings

To determine whether a product is eligible to forgo public disclosure of some holdings, the product provider must apply to RIAA by way of a written statement, as to why the portfolio holdings cannot be disclosed in line with requirement P5c. RIAA will determine if this request is relevant and reasonable. Upon receipt of RIAA certification, this statement must also be publicly disclosed as per item 3 below.

This Guidance Note applies to both single asset products and specific asset classes that form part of multi-asset products.

Disclosure to RIAA and non-disclosure requirements

1. Full holdings, at previous month end, must still be provided to RIAA at the assessment time. There is no exception.
2. At the time of initial application or re-certification, full portfolio holdings must be provided to the RIAA certification team:
 - a. so that the product's constituent holdings can be tested to be in line with the product's RI strategy as provided in the offer documents or relevant public promise; and
 - b. to demonstrate compliance with the Standard.
3. The portfolio holdings disclosed to RIAA for assessment purposes do not need to be published by the product provider and will not be published on RIAA's Responsible Returns website or publicly anywhere else.
4. Any ongoing disclosure requirements, i.e. products or assets without an exemption, must still satisfy the Program's ongoing disclosure requirements – that is on a six-monthly basis with a maximum 90-day lag, provided to RIAA.

RIAA requires a letter of undertaking by the product provider to say that the portfolio holdings shall be monitored on a frequent basis to ensure that they do not breach the product specifications. The letter shall also include a statement containing the reason for non-public disclosure. This statement will be included at Product Details 13A and published on the Responsible Returns product profile. This is to ensure that any users of Responsible Returns are aware of why this information is not published.

Public disclosure requirements for ALL other asset classes, not covered by the above

As a reminder, full portfolio holdings, including a full look-through, is a requirement of the RI Certification Program requirement P5c. If an asset class as determined by the above, is deemed to not be required to disclose some portfolio holdings, **this does not preclude the remainder of the fund's portfolio holdings** being disclosed.

The following can be used as guidance for publicly disclosing portfolio holdings, however this is NOT applicable when providing to RIAA for assessment.

- Equities: full look-through to underlying constituents, including fund-of-fund holdings and indirect assets (mandate or product)
- Hedge funds or fund-of-fund hedge funds: full look-through to underlying constituents
- Direct property: either a list of individual properties or a direct hyperlink to underlying holdings
- ETFs and LICs: either a list of underlying constituents or a direct hyperlink to underlying fund holdings
- Individual holdings should be aggregated with the total exposure to each portfolio constituents shown (if % weight is shown), i.e. removing duplicate holdings, where possible for ease of use by the investor

FAQ

1. What are the expectations of portfolio rebalancing frequency and disclosure for passively managed products?

The RIAA certification exposure revenue threshold is set at effectively 0%, whilst Tobacco Free Portfolio's Stamp of Approval is set at 5% for excluded companies found in holdings.

RIAA's requirement of portfolio holdings disclosure is the same for active and passive strategies i.e., at least twice a year with a lag of not more than 90 days. Reasonable privacy and confidentiality considerations may exempt product providers from portfolio holdings disclosure requirements as outlined in this guidance note.

For financial products that replicate a third-party index, the responsibility for disclosure lies with the product provider. The product provider is required to engage with the index provider for portfolio holdings disclosure. Applications for exemption will be considered against the criteria outlined in this Guidance Note.