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# Aurellan Investment Funds

## Statement of Investment Policy and Objectives

Investment Management by Aurellan Asset Management Limited

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

- Aurellan Global Shares Fund
- Aurellan Hedged Global Shares Fund

Effective date: 2 December 2025  
Issued by FundRock NZ Limited

## A. Description of the managed investment scheme

The Aurellan Investment Funds ('Scheme') is a managed investment scheme. The Scheme has on offer two single sector investment funds, the Aurellan Global Shares Fund and the Aurellan Hedged Global Shares Fund ('Funds'), which provide investors with exposure to global equities (hedged and unhedged).

The Funds, or any underlying investment portfolios, are actively managed. The Funds may invest directly into equities across various global listed equity markets 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.

Aurellan Asset Management Limited ('Aurellan') is the Scheme's investment manager and is responsible for making recommendations and decisions about how each Fund is invested. Aurellan has engaged a global research partner, who will assist Aurellan with selecting and appointing underlying investment managers. These underlying investment managers will be responsible for making investment decisions within the scope of their investment mandates.

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

Key administration functions, being fund accounting and unit pricing, are currently performed by BNP Paribas Fund Services Australasia Pty Limited. Registry services are provided by Apex Investment Administration (NZ) Limited.

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 Funds' 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 Paribas Fund Services Australasia Pty Ltd has been appointed by the Supervisor as custodian for the Funds.

## C. Investment philosophy

Aurellan's investment philosophy is driven by the following beliefs:

- Aurellan, with its global research partner, can identify active investment managers who can add value above their respective benchmarks.
- Factors like tax and fees are important considerations in constructing funds and portfolios for NZ investors.
- In the case of global shares, diversification across investment managers and styles provides more consistent outcomes.

Aurellan is an independent, NZ owned investment manager who aims to identify underlying investment managers from around the world who can deliver superior investment results. Aurellan, with its global research partner, reviews and monitors these managers in line with its Manager Selection Review process and can change managers when objectives are not being met or confidence in the managers has reduced.

## **D. Fund Investment Objectives and Strategies**

The investment objectives and strategies for each Fund are:

### **Aurellan Global Shares Fund**

#### **Objectives**

The Fund aims to provide exposure to a diversified portfolio of global shares managed using a manager-of-managers approach.

The Fund aims to outperform its benchmark, the MSCI All Country World Net Total Return Index in New Zealand dollars, net of fees and before taxes, over rolling 5 year periods.

The Fund is not hedged back to the New Zealand dollar.

#### **Investment Strategy**

##### *Benchmark*

- MSCI All Country World Net Total Return Index in New Zealand dollars.

##### *Target asset allocation*

- 100% global equities.<sup>1</sup>

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% global equities.
- 0% - 10% cash and cash equivalents.<sup>2</sup>

##### *Permitted investments:*

- Global equities.<sup>1</sup>
- Cash and cash equivalents.
- Managed investment schemes.

##### *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 portfolio of global equities selected by a suite of underlying investment managers appointed by the Investment Manager assisted by its research partner.
- The Fund will aim to hold securities directly.

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<sup>1</sup> Global equities includes international equities, Australasian equities and listed property.

<sup>2</sup> Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range.

- 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).

## Aurellan Hedged Global Shares Fund

### Objectives

The Fund aims to provide exposure to a diversified portfolio of global shares managed using a manager-of-managers approach.

The Fund aims to outperform its benchmark, the MSCI All Country World Net Total Return Index hedged to New Zealand dollars, net of fees and before taxes, over rolling 5 year periods.

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

### Investment Strategy

#### *Benchmark*

- MSCI All Country World Net Total Return Index hedged to New Zealand dollars.

#### *Benchmark asset allocation*

- 100% global equities.<sup>3</sup>

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% global equities.
- 0% - 10% cash and cash equivalents.<sup>4</sup>

#### *Permitted investments:*

- Global equities.<sup>3</sup>
- Cash and cash equivalents.
- Managed investment schemes.
- 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 mitigates currency risk by hedging most major foreign currency exposures to New Zealand dollars.

#### *Other:*

- Ordinarily, the Fund will invest in a diversified portfolio of global equities selected by a suite of underlying investment managers appointed by the Investment Manager assisted by its research partner.
- The Fund will aim to hold securities directly.
- 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).

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<sup>3</sup> Global equities includes international equities, Australasian equities and listed property.

<sup>4</sup> Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range.

## **E. Investment Policies**

### **Taxation**

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

At the date of this document, the Funds calculate the taxable income accruing from investments in global shares listed outside of New Zealand and Australia using the Fair Dividend Rate ('FDR') method.

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 the Funds 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 (and the manager certifies to this effect) or consented to by the Supervisor under section 173(2)(a). Examples of such transactions include:

- a Fund investing in another Aurellan fund; or,
- parties related to a Fund, including the staff and directors of Aurellan and their families, and the staff of FundRock and their families from time to time investing in that Fund.

The Manager will report such transactions by related parties to its Supervisor in accordance with section 173(2) of the FMC Act.

### **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 the Funds;
- 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; and
- how these are managed.

#### *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.

#### *Aurellan Manager Selection Review*

This document sets out Aurellan's processes in relation to appointing and monitoring underlying investment managers in consultation with their global research partner. The following are considerations when selecting underlying investment managers:

- the strength and stability of the underlying investment manager and their investment process – including organisational stability, depth of the investment team, clarity and repeatability of their research and forecasting approach, robustness of portfolio construction, and discipline around risk management and implementation;
- evidence of persistent, skill-based returns – assessed through detailed quantitative analysis of risk-adjusted performance, attribution (stock selection versus unintended bets), consistency through different market environments, and alignment of the strategy to the style-neutral, diversified return profile sought for each Fund; and
- practical suitability for New Zealand investors – including accessing the underlying investment manager in a manner which considers tax efficiency, ESG integration and exclusions, and overall compatibility with Aurellan's objectives, constraints, and long-term investment philosophy.

## **F. Investment 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 (before fees and before tax);
- net return (after fees and before tax);
- benchmark return;
- performance relative to benchmark;
- annualised standard deviation of fund returns (based on monthly returns);
- annualised standard deviation of benchmark returns (based on monthly returns); and
- annualised Tracking Error (based on monthly returns).

FundRock reports investment performance 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.

## **G. Investment strategy review**

The Aurellan Global Shares Fund is expected to be fully invested in global equities with a portion allocated to cash and cash equivalents for liquidity purposes.

The Aurellan Hedged Global Shares Fund is expected to be fully invested in global equities with a portion allocated to cash and cash equivalents for liquidity purposes, as well as holding investments in hedging instruments to hedge the Fund's foreign currency exposure back to the New Zealand dollar.

FundRock does not intend to amend the Funds' investment strategies, although amendments may be made following recommendations by the Investment Manager. Changes to underlying investment managers will be made in accordance with Aurellan's Manager Selection Review process referenced above.

## **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;
- a change in roles and responsibilities of key persons of the Manager or key service providers; and
- permanent change in risk and return characteristics of the relevant market.

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. The Manager will give notice to all investors in the Funds before implementing any material SIPO changes.

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](http://www.companiesoffice.govt.nz/disclose).

This SIPO was approved by the FundRock Due Diligence Committee, under delegation from the FundRock Board on 2 December 2025 and takes effect on 2 December 2025.

## Glossary

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

**Benchmark** means the financial index or indices against which a Fund's performance is measured.

**Aurellan** or **Investment Manager** means Aurellan Asset Management Limited.

**ESG** means Environmental, Social, and Governance.

**Funds** means the managed investment funds offered within the Scheme, being the Aurellan Global Shares Fund and the Aurellan Hedged Global Shares Fund.

**Manager** or **FundRock** means FundRock NZ Limited.

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

**Scheme** means the Aurellan Investment Funds, a managed investment scheme established under a trust deed dated 1 December 2016, a scheme establishment deed dated 29 September 2025, and a Fund Establishment Deed dated 29 September 2025.

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

**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.