ASPIRING
ASSET MANAGEMENT LTD

Statement of Investment Policy and Objectives



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1 / Description of the Fund

The Aspiring Fund (the *Fund*) is a unitised managed investment scheme which is registered under the Financial Markets Conduct Act 2013 (the *Act*).

The Fund principally invests in equities, although it may invest in any asset class (including investments in unlisted entities, underwriting arrangements, debt securities, and property). The investment objectives and policy set out in this SIPO are broadly drafted so as to vest the manager of the Fund, Aspiring Asset Management Limited (referred to as '*we*', '*our*', and '*us*' in this SIPO), with significant discretion in relation to the investments that can be made by the Fund.

The Fund is the single product we manage. We are 100% owned by the management team. Our investment team is comprised of our directors (Murray Doyle, Campbell Stuart, Peter Wright and David Lane) and Tom Davidson (Research Analyst). We are significant long-term investors in the Fund on the same basis as all other unit holders. Our directors have in excess of 100 years' combined experience in financial markets and have been active market participants during a number of economic and market cycles.

The supervisor of the Fund is The New Zealand Guardian Trust Company Limited (the *Supervisor*).

The commencement date for this SIPO is **24 September 2025**.

The most current version of the SIPO is available on the schemes register (*Disclose*):
www.disclose-register.companiesoffice.govt.nz

2 / Investment Objectives

The principal objective of the Fund is to achieve positive absolute returns averaging at least 4% over inflation (after fees and expenses but before tax – see below) over the long term.

Fund return performance is readily available on our website – ***www.aaml.co.nz***. We have also included return data across a number of markets in which the Fund invests, including New Zealand, Australia, and Global equities.

Fund return performance is reported alongside the following market indices:

- NZ50 Gross Index – New Zealand equities
- ASX All Ordinaries Accumulation Index – Australian equities
- MSCI World Accumulation Index – Global equities

We believe it is reasonable for investors to judge the Fund's long term performance against those broad measures of individual market performance for similar time frames but, as investments are made on a completely index-unaware basis, there will be significant divergence in short term performance. However we believe comparison of long-term performance is relevant because we do not deserve investor support unless our long-term performance justifies it.

While the Fund principally invests in equities, it has a broad mandate that allows the investment team to seek other opportunities in times when they believe equities do not offer the rewards for the risk taken in owning them, as noted in the Investment Strategy section below. Equities markets are where the bulk of the Fund's assets have historically been invested. Since inception the Fund's asset allocation to these markets have averaged in excess of 65%.

We have and will always report returns to investors on an after fees and expenses basis.

There are three key components to the Fund's fee/expense structure – management and administration (including custody, registry, accounting, supervisor and audit), performance fees and transaction fees. Because the Fund is a Portfolio Investment Entity *(PIE)* and individual Prescribed Investor Rates *(PIR's)* vary it is not possible to report returns to investors on an individual after tax basis. However, the Fund's quarterly fund updates will contain worked examples of returns over each quarter after fees, expenses, and tax at 0% and 28% PIRs. 28% is the highest PIR.

More detailed information about the fees associated with the Fund is contained in the Fund's Product Disclosure Statement (*PDS*). You can obtain a copy from the Fund's register entry at ***https://disclose-register.companiesoffice.govt.nz***

3 / Investment Philosophy

The directors have in excess of 100 years' combined experience in financial markets and have been active market participants during a number of economic and market cycles. That experience has led our directors to conclude that markets are inefficient and that it is possible to add value consistently by investing on that basis.

We are completely agnostic about where the best risk-adjusted returns are likely to be found. Historically the bulk of Fund investments have been in Australasian debt and equity markets, reflecting our experience in and accessibility to these markets, and the benefits of New Zealand's imputation regime to local investors. However, in recent years the Fund has increased its exposure to markets outside Australasia as these markets provide the opportunity for greater diversification by industry and geography, higher growth potential and greater liquidity. We expect the Fund's weighting in non-Australasian markets to remain significant.

We have no particular style (e.g. value, growth, momentum) to our investment approach as we have frequently seen examples where a specific market bias has led to over valuation in both value and growth stocks.

If we have one overriding philosophy, it is to avoid losses. Our experience and the laws of compounding have convinced us that long-term out-performance is difficult to achieve if significant amounts of capital are destroyed in market downturns.

The Fund has widespread exposure to many liquid large cap stocks but we have found value investing in smaller, less liquid companies, which inevitably attract less coverage from both brokers and larger institutions. Research and discussion with management and competitors has in the past produced some excellent investment opportunities in companies with no broker research coverage.

We have also invested in corporate debt when we believed that offered attractive risk-adjusted returns. This underscores our objective to produce above average returns with below average risks.

We are very conscious of the liquidity constraints in equity markets. While liquidity can be a risk it can also present investment opportunities, especially for an index-unaware manager. We deliberately seek to capitalise on this by providing liquidity at times when it is scarce.

Historically this has meant that we have maintained a core of long-term investments in the Fund but have also traded actively around those core holdings. The Fund's equity weightings can also move around a lot due to trading (as distinct from investing) activity. When we believe we have found an opportunity with asymmetric risk/reward characteristics we can and do seek to profit from the opportunity, frequently over a very short time frame.

Potential investors should be aware that the Fund's historic returns incorporate the net effect of all of these asset allocation, investment and trading decisions.

Risk is managed by keeping individual positions relatively small – it is rare for the Fund to hold any position greater than 5% of the Fund's aggregate value unless that position was cash or a close proxy for cash.

We retain an asset allocation which enables us to make decisions instantly on new investment opportunities and to give effect to redemption requests without affecting the Fund's underlying liquidity or asset allocation post-redemptions. In practice this has meant retaining a cash / near cash buffer.

The Fund mandate allows for access to a broad range of risk management tools. Historically we have used options, short sales and index futures as well as outright sale and purchase of securities to manage risk.

The trust deed for the Fund does allow "gearing" (through instruments like futures or options, or borrowing up to 20% of the Fund's gross asset value), and should an opportunity arise to gear the Fund in keeping with our philosophy, strategy and objectives, we may do so without giving prior notice to investors. However, investors should be aware that we have not done so historically, and cannot conceive of a circumstance where we would be tempted to gear the Fund.

4 / Investment Strategy

There are no limits on the nature or type of investments that may be made by the Fund, or on the proportions of each type of asset invested in.

The Fund invests mostly in listed securities but may invest in any asset class. This may include investments in unlisted entities, underwriting arrangements, debt securities and exchange traded funds. There will be times when we consider the risk of the New Zealand and Australian or broader equity markets to be high and we may use derivatives to reduce this risk. Similarly, we may consider the New Zealand dollar to be over-valued or under-valued against other currencies and may enter into foreign exchange contracts to reduce or increase the Fund's exposure to the New Zealand dollar. These are only examples of situations where derivatives and foreign exchange contracts may be used. However, their use is not limited to these instances.

Given the broad mandate of the Fund, there are no benchmark (or 'target') asset allocations, benchmark asset allocation ranges, or benchmark indices for the Fund. In practice, since the inception of the Fund, our investment team has used the discretion afforded by this mandate to make significant changes in asset allocation as they thought appropriate.

We measure performance against these indexes for the purposes of reporting to investors, but as noted under 'Investment Objectives', we are completely index-unaware. The specific returns of the Fund and the indexes since inception are disclosed in the Fund's register entry (see above).

5 / Investment Policies

Set out below is an outline of the key investment policies that we follow in investing the Fund's assets and otherwise carrying out our functions as manager of the Fund.

Liquidity and cash flow management policy

- The overarching principle in liquidity management for the Fund is that the Fund's assets and asset allocation should always be structured so that the Fund can meet any reasonable level of outflows, based on the Directors' assessment, without affecting the interests of the residual investors. The need to achieve this objective is explicitly considered in all Investment Committee meetings.

- We expect to retain a cash / near cash buffer and closely monitor the overall liquidity of the Fund's equity exposures at all times, but particularly when they exceed 80% of Fund assets.

- We also keep positions relatively small and maintain a widespread exposure to liquid large cap stocks.

Trade allocation and execution policy

- All Directors are authorised to transact on behalf of the Fund.

- While some investment team members have specific responsibility for managing components of the Fund's investment portfolio – e.g. NZ equities, Australian equities, Global equities – they do not operate in 'silos'. All trade confirmations are required to be circulated to all Directors before the Fund's custodian settles the transactions. This ensures a very effective "no surprises" policy.

- The trading policy differentiates between 'risk-on' (increasing risk) and 'risk-off' (decreasing risk) transactions:

  - Risk-on transactions – no single member of the investment team authorised to transact can commit the Fund to a transaction of more than 3% of the total Fund value. For transactions beyond 3% of the total Fund value, a minimum of 3 investment team members who are each authorised to transact are required to approve the transaction.

  - Risk-off transactions – there are no restrictions in a capital value sense for de-risking the portfolio, e.g. exiting an investment on a time critical basis when going to cash.

Pricing / Valuation policy

- The Fund administrator, Apex Investment Administration (NZ) Limited *(APEX)*, manages the pricing and valuations of all Fund assets and calculating the Net Asset Value (*NAV*) of the Fund.

- We internally value all Fund assets and the NAV and reconcile this to the APEX valuations on a monthly basis.

- We also have an established process for investigating, reporting, and resolving any pricing errors or non-compliance with pricing methodologies by APEX.

Settlement risk management policy

We have adopted a settlement process, in combination with the Fund's custodian, Public Trust, and APEX, to ensure all settlements occur per agreed contracts:

- On a daily basis, Public Trust and APEX each reconcile our submitted trade sheets to the contract notes received from the brokers used by the Fund.

- Once reconciled, Public Trust approves the relevant transactions, and sends a Bank and Asset Reconciliation to us, which we reconcile to our internally maintained Fund records.

5 / Investment Policies – *continued*

Conflicts of interest / related party transactions policy

We have adopted a conflicts of interest / related party transactions policy which sets out how we endeavour to identify and deal with conflicts of interest and potential related party transactions appropriately. This is complemented by the restrictions we place on ourselves, our Directors, and our staff when trading on our or their own account.

- Our guiding principle is that we cannot use information obtained through our respective positions, or use those positions, to gain an improper advantage or cause detriment to investors in the Fund.

- Transactions with related parties of us or the Supervisor are permitted only where permitted by the Fund's trust deed and the Act. Examples of permitted transactions are those consented to by the Supervisor on the basis they are in the best interests of investors or have been approved by investors, and those entered into on ordinary commercial arm's-length terms.

6 / Investment Performance Monitoring

Internal Performance Monitoring

Fund performance (net of fees and expenses) is monitored on a daily basis through an internally managed Fund portfolio file. The file sets out the Fund's current holdings and is reconciled against our administrator and custodian's data (see above).

We monitor the Fund's total risk, and longer-term performance including annualised returns and volatility.

We group return performance of Fund investments by geography and track these returns alongside related market indices.

Reporting to Unit Holders

Monthly newsletters are made available to investors which provide a commentary on Fund investments, return performance and current asset allocation including top 10 holdings.

In addition, a full history of monthly Fund returns are available on the website – *www.aaml.co.nz/performance*

Quarterly fund updates are publicly available on the disclose website – *www.disclose-register.companiesoffice.govt.nz*

7 / Investment Strategy Review

The Investment team (including the Directors and members of the research team) holds a formal investment strategy review on a weekly basis, and informal reviews on a daily basis or as required. The formal review includes an assessment of the Fund's portfolio of investments with regard to the market environment, Fund objectives and strategy, and agreement on and execution of the strategy moving forward.

8 / SIPO Review

Our Board is responsible for the SIPO. Accordingly, the Board will review the operation of the Fund against the SIPO throughout the investment cycle, and during that process consider whether any changes are required. In doing so, the Board will assess whether any further resources are needed in order to implement and manage the SIPO.

The SIPO as a whole is to be reviewed and agreed on an annual basis by us. The review will take into account the factors listed under 'Investment Strategy review', as well as any other factors we consider necessary.

Where a change to the SIPO is requested by a member of the Management team, unanimous agreement from all Directors must be reached before a change can be completed.

We will give the Supervisor prior written notice of any changes to the SIPO. We will not implement any material changes until we have given investors at least one months prior notice of those changes and any redemption requests received during that period have been actioned.