Squirrel Wholesale Investment Funds

Statement of Investment Policy and Objectives

Investment Management by Squirrel Money Limited

Effective date: 11 May 2026

Issued by FundRock NZ Limited

A. Description of the managed investment scheme

The Squirrel Wholesale Investment Funds ("Scheme") is a managed investment scheme. The Scheme offers three investment funds, the Squirrel Wholesale Construction Loan Fund, the Squirrel Home Loan Fund, and the Squirrel Specialised Income Fund (each a "Fund" and together, the "Funds"). Each of the three funds is designed to provide investors with regular income, generated through investments in a diversified portfolio of loans.

B. Roles and responsibilities

FundRock NZ Limited ("FundRock") is the manager ("Manager") of the Scheme. The Manager's key roles and responsibilities are:

- Preparation and maintaining the Information Memorandum.
- 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:
- Fund administration, and
- Investment management.
- Monitoring investment performance and outcomes.

Squirrel Money Limited ("Squirrel") is the Scheme's investment manager ("Investment Manager") and is responsible for making decisions about what the Scheme invests in, in accordance with this SIPO. The Scheme is invested in accordance with Squirrel's investment philosophy and process as outlined below.

Key fund administration functions, being registry, fund accounting, and unit pricing, are currently performed by Adminis NZ Limited.

Public Trust is the Scheme's independent trustee ("Independent Trustee"). The Independent Trustee 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, the Scheme and each Fund; and
- Ensuring that all Scheme property is held by Squirrel P2P Trustee Limited and Adminis NZ Limited in accordance with applicable legislative requirements.

C. Investment philosophy

Squirrel believes that New Zealand's residential property lending market provides investors who can access it with a well-defined credit and illiquidity premia that can generate stable, income-oriented returns when managed through a disciplined underwriting and risk-management framework.

Squirrel believes that investment outcomes in this market are primarily driven by:

- consistent origination of new loan investment opportunities,
- thorough credit assessment of borrowers and projects,
- appropriate collateral and security structures,
- active monitoring of loan performance,
- active management of borrowers

- diversification across borrowers, geographies, loan types and loan terms.

Direct lending by individual investors often results in concentration risk, insufficient ongoing monitoring and illiquidity. Squirrel believes that investors are better served through a professionally managed, diversified portfolio where credit decisions are applied consistently and supported by institutional-grade processes.

As Investment Manager, Squirrel seeks to construct portfolios of loans secured by mortgages over New Zealand residential property that balance income generation with prudent capital risk management. Squirrel employs a disciplined approach to underwriting, portfolio construction, and monitoring, informed by market cycle awareness and historical default and recovery experience.

Squirrel further believes that the presence of appropriate reserving mechanisms—clearly defined and transparently managed—can help mitigate the impact of loan impairments and enhance the resilience of income distributions, although these mechanisms do not eliminate risk.

D. Fund investment objectives and strategies

The investment objective and strategy for the Funds are:

Squirrel Wholesale Construction Loan Fund

Objective

The Fund aims to provide an annual return, after fees and before tax, that outperforms the 1 Year New Term Deposit Rate (>$10k), by a margin of 2.25%. This is achieved though holding a diversified portfolio of actively managed loans exposed to the NZ businesses involved in the residential construction loan market as chosen and managed by Squirrel.

Investment Strategy

The Fund strategy provides investors exposure to the New Zealand residential property market by investing in a diversified range of New Zealand residential property loans secured by registered first mortgages as chosen and managed by Squirrel. These loans include exposure to residential house construction and residential properties. The Fund may make fractional investments into loans alongside other investors using Squirrel's peer-to-peer ("P2P") platform, and/or hold whole loans also using Squirrel's P2P platform. The Fund may also invest in cash and cash equivalent assets.

The loans have a diverse range of loan features and purposes including:

- Lending to a business or person to build a residential property(ies) for sale on completion;
- Lending to a business or person to bank land for future development;
- A diverse range of borrowers;
- Predominantly in metropolitan locations;
- Range of maturity profiles up to 2 years; and
- Fixed and floating interest rates.

Benchmark index

- Not applicable

Benchmark asset allocation

- 100% New Zealand income assets (including loans)

Asset allocation ranges

- 0%-100% in residential construction property loans secured by a first mortgage;
- 0%-30% in cash and cash equivalents;

Permitted investments

- Loans to New Zealand based borrowers secured by first mortgages over residential property in New Zealand;
- Property in New Zealand which comes into the possession, ownership or control of the Independent Trustee by virtue of the exercise of the powers, authorities and discretions vested in the Independent Trustee by a mortgage or mortgage-backed security;
- Any vehicle or facility which invests primarily or wholly in one or more of the investments referred to in the preceding bullet points; and
- Cash and cash equivalents

All of these permitted investments can be made through Squirrel's various financial services, including its P2P investment platform.

Rebalancing policy

- Exposures will be passively rebalanced using cashflows when the actual asset allocation moves more than 5% outside of the stated asset allocation ranges for the Fund. If an asset allocation moves outside its permitted range, the Investment Manager must move back within the range within 20 business days, unless prior approval is obtained from the Independent Trustee for the rebalancing to take a longer period of time.

Hedging policy

- The Fund does not have a hedging policy and it will not use risk management financial instruments.

Other

- The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (for example, to temporarily fund redemptions or pay expenses).

Squirrel Wholesale Home Loan Fund

Objective

The Fund aims to provide an annual return, after fees and before tax, that outperforms the 1 Year New Term Deposit Rate (>$10k), by a margin of 2.00%. This is achieved through holding a diversified portfolio of actively managed loans exposed to the NZ home loan market as chosen and managed by Squirrel.

Investment Strategy

The Fund strategy provides investors exposure to the New Zealand residential property market by investing in a diversified range of New Zealand residential property loans secured by registered first mortgages as chosen and managed by Squirrel. These loans are predominantly for existing residential properties with some exposure to owner occupied residential construction. The Fund may make fractional investments into loans alongside other investors using Squirrel's P2P platform, and/or hold whole loans also using Squirrel's P2P platform. The Fund may also invest in cash and cash equivalent assets.

The loans have a diverse range of loan features and purposes including:

- Home Loans for older borrowers with a clear exit strategy from their property;
- Bridging the purchase of a new home prior to sale of an existing home;
- Residential construction of owner-occupied properties;
- A large range of borrowers;
- Predominantly in metropolitan locations;

- Range of maturity profiles to a maximum of 7 years; and
- Floating and fixed interest rates.

Benchmark index

- Not applicable

Benchmark asset allocation

- 100% New Zealand income assets (including loans)

Asset allocation ranges

- 0%-100% in home loans secured by a first mortgage;
- 0%-30% in cash and cash equivalents;

Permitted investments

- Loans to New Zealand based borrowers secured by first mortgages over residential property in New Zealand;
- Property in New Zealand which comes into the possession, ownership or control of the Independent Trustee by virtue of the exercise of the powers, authorities and discretions vested in the Independent Trustee by a mortgage or mortgage-backed security;
- Any vehicle or facility which invests primarily or wholly in one or more of the investments referred to in the preceding bullet points; and
- Cash and cash equivalents.

All of these permitted investments can be made through Squirrel's various financial services, including its P2P investment platform.

Rebalancing policy

- Exposures will be passively rebalanced using cashflows when the actual asset allocation moves more than 5% outside of the stated asset allocation ranges for the Fund. If an asset allocation moves outside its permitted range, the Investment Manager must move back within the range within 20 business days, unless prior approval is obtained from the Independent Trustee for the rebalancing to take a longer period of time.

Hedging policy

- The Fund does not have a hedging policy and it will not use risk management financial instruments.

Other

- The Fund can borrow up to 10% of the aggregate value of its investments but only for the purposes of providing short-term liquidity (for example, to temporarily fund redemptions or pay expenses).

Squirrel Specialised Income Fund

Objective

The Fund's investment objective is to provide an annual return, after fees and before tax, of more than 9.00% p.a. by investing in a diversified portfolio of New Zealand residential property loans.

Investment Strategy

The Fund's investment strategy is to invest in a diversified portfolio of higher yielding loans originated and managed by Squirrel. Loans will be predominantly secured by first- or second-ranking mortgages. Unsecured loans with the consent of the borrower to register a second

ranking mortgage are also permitted. Investments may also include an allocation to Squirrel controlled facilities that support the settlement and funding of these loans. The Fund may also invest in cash and cash equivalent assets. The Fund can borrow up to 30% of Net Asset Value (NAV) to utilise leverage[1].

The Fund may make fractional investments into loans alongside other investors using Squirrel's P2P platform, and/or hold whole loans also using Squirrel's P2P platform.

The loans will have a diverse range of features and purposes including:

- Lending to business/es or person/s to build a residential property(ies) for sale on completion;
- Lending to a business/es or person/s to bank land for future development;
- A diverse range of borrowers;
- Predominantly in metropolitan locations;
- Range of maturity profiles up to 2 years; and
- Floating and fixed interest rates.

Benchmark index

- Not applicable

Benchmark asset allocation

- 100% New Zealand income assets (including loans)

Asset allocation ranges

- 0%-100% in residential home and construction property loans secured by a registered first mortgage;
- 0%-30% in residential home and construction property loans secured by a registered second ranking mortgages. This includes any unsecured loans where the borrower has consented to the registration of a second ranking mortgage;
- 0%-30% in unsecured loan facilities supporting the settlement and funding of loans issued by Squirrel (across personal, home and construction loans) that will either be held to maturity or passed to P2P investors
- 0%-30% in cash and cash equivalents.

Permitted investments

- Loans to New Zealand based borrowers secured by first mortgages over residential property in New Zealand;
- Property in New Zealand which comes into the possession, ownership or control of the Independent Trustee by virtue of the exercise of the powers, authorities and discretions vested in the Independent Trustee by a mortgage or mortgage-backed security;
- Squirrel's settlement facility(ies) which has funding from a major trading bank and may take a first loss position in loans invested (but not always);
- Any vehicle or facility which invests primarily or wholly in one or more of the investments referred to in the preceding bullet points; and
- Cash and cash equivalents.

Counterparty exposure

- Maximum exposure to a single security: 7.5%
- Maximum counterparty exposure: 10%

[1] Please see the "*Other*" section in p 7 below.

- Maximum exposure to unsecured loan facilities supporting the settlement and funding of loans issued by Squirrel: 30%

All of these permitted investments can be made through Squirrel's various financial services, including its P2P investment platform.

Rebalancing policy

- Exposures will be passively rebalanced using cashflows when the actual asset allocation moves more than 5% outside of the stated asset allocation ranges for the Fund. If an asset allocation moves outside its permitted range, the Investment Manager must move back within the range within 90 business days, unless prior approval is obtained from the Independent Trustee for the rebalancing to take a longer period of time.

Hedging policy

- The Fund does not have a hedging policy, and it will not use risk management financial instruments.

Other

- Total borrowing is limited to 30% of the aggregate value of the Fund's investments and comprises:
- up to 10% of the aggregate value of its investments for the purposes of providing short-term liquidity (for example, to temporarily fund redemptions or distributions or pay expenses).
- up to 30% of the aggregate value of its investments for the purpose of acquiring further Permitted Investments for the Fund.

E. Investment policies

Liquidity

The liquidity risk of each Fund is assessed with reference to liquidity of the underlying assets and securities. The Manager establishes an appropriate application and redemption frequency for each Fund as a function of the underlying assets' liquidity.

The Funds' central strategy is to invest in loans, which by nature are long term investments. While the Manager will endeavour to match your request against other cashflows, immediate liquidity cannot be guaranteed. As a result, FundRock may need to delay or suspend withdrawals if there are insufficient liquid assets to meet withdrawal requests.

To assist liquidity, the Manager and Investment Manager have a number of tools available. These include:

- The notice period(s) applicable to the Fund to provide visibility of withdrawal and to aid reinvestment decisions.
- Staggered maturity profile of the pool of loans within the respective Funds.
- Use of the secondary market of Squirrel's Peer to Peer platform that supports the sale of loan investments where investment demand from other investors exists and is a qualifying investment.
- Holding cash.

Refer to the Information Memorandum, "How can you get your money out?" for more information about the redemption terms.

Conflicts of Interest and Related Party Transactions Policies

FundRock's Conflicts of Interest and Related Party Transaction policies set out the principles and procedures relating to the management of conflicts of interest within FundRock. The policy applies to all of FundRock's directors, relevant officers, senior management and employees.

The policy provides guidance on:

- what is meant by a conflict of interest;
- what constitutes a related party transaction; and
- how these are managed.

The Funds may enter into transactions with associated persons if consented to by the Independent Trustee.

The Investment Manager intends to invest the assets of the Funds via the Squirrel P2P platform.

The Squirrel Specialised Income Fund may invest into loans issued by Squirrel controlled loan facilities. These loan facilities support the settlement and funding of loans issued by Squirrel (across personal, home and construction loans) that may either be held to maturity or passed to P2P investors. Exposure to these facilities will not exceed 30% of the Fund's assets in aggregate.

Persons associated with the Funds, including the staff of Squirrel and their families, and the staff of FundRock and their families may from time to time invest in the Funds.

The Manager will report such transactions by associated persons to the Independent Trustee.

Trade allocations and transactions

As well as investing fractionally in loans, the Funds may invest in whole loans. A whole loan that is invested in by any of the Funds would not be available for fractional investment by any other investors on Squirrel's P2P platform unless that loan is made available for transfer on Squirrel's secondary market by the Investment Manager. For those whole loans into which the Investment Manager invests, they have policies and procedures covering trade allocation and arms-length transactions.

Other relevant policies

Summaries of the key relevant policies are set out below.

Credit and Lending Policy

The purpose of this policy is to outline the credit policy, procedures and rules that Squirrel applies when originating new loans from the Funds.

Squirrel has a full credit policy in place, that is signed off by the Board of Squirrel. Squirrel's credit policy focuses on home-owners, in which they have deep specialist knowledge. Squirrel's lending products target niches within the home-owner market, covering secured and unsecured situations.

Credit decisioning process

Lending decisions are based on Squirrel's credit policy and structured credit processes and include the following steps:

- **Identity verification**

Squirrel verifies the identities of applicants online using a New Zealand driver's licence or passport and runs checks to ensure potential borrowers are not on a watchlist or have a registered stolen identification.

- **Credit checks**

Squirrel uses recognised credit bureaus to provide them with a summary of a potential borrower's prior credit history and ensure there are no registered credit defaults. Squirrel participates in comprehensive credit reporting which means they share and receive a borrower's monthly repayment information with all other subscribing credit providers including banks, finance companies and utilities providers (e.g. phone and power companies). Essentially, this means if an applicant has missed current or past repayments, it should be listed on their credit file and reflected in their credit score.

- **Credit risk modelling**

In combination with the credit check, the credit bureaus provide Squirrel with a credit score which indicates the likelihood of a borrower meeting their repayment obligations based on their previous credit history. Squirrel applies these scores to their internally developed credit risk model to estimate the borrower's probability of default.

- **Debt servicing ability**

A borrower's income and expense information are verified against their last 3 months of bank statement activity or relevant business financial information to ensure they meet minimum debt servicing requirements and have satisfactory bank account conduct.

- **Risk rating**

Approved borrowers are allocated a Borrower Risk Rating based on their strength across each of the criteria outlined above. The Borrower Risk Rating will help determine the level of Reserve Levy (if any) that will apply to the loan and therefore contributes to the overall Borrower Interest Rate.

- **Quality of security offered**

Any security provided by the borrower is assessed to ensure it is of acceptable quality to meet the requirements of the loan. This may include the requirement to provide a registered valuation or other professional inspections to determine the securities' current condition and value.

Security

The Squirrel Wholesale Construction Loan Fund and Squirrel Wholesale Home Loan Funds' investments will be secured by way of registered first mortgages.

The Squirrel Specialised Income Fund's investments will be secured by registered first and second ranking mortgages or unsecured but with the consent of the borrower to register a second ranking mortgage. Loans to Squirrel controlled settlement facilities will be unsecured.

Loan to Value

- **Squirrel Wholesale Home Loan Fund:** Loans to be secured by way of a registered first mortgage with a maximum loan to value ratio of 80%.

- **Squirrel Wholesale Construction Loan Fund:** Loans to be secured by way of a registered first mortgage with a maximum Loan to value ratio of 80%.

- **Squirrel Specialised Income Fund:** Loans have a maximum loan to value ratio is 90% and are either secured by registered first or second ranking mortgages or unsecured but with the consent of the borrower to register a second ranking mortgage.

Portfolio diversification

Each Fund's portfolio of the loan investments is diversified with respect to borrower, geographic location, credit quality and term.

Loan terms

Construction Loans have a maximum term of 2 years.

Home Loans have a maximum term of 7 years.

Process

Loans are predominantly sourced via Squirrel's mortgage advisers; however other origination sources may be used.

All loans submitted follow a designated approval path that may vary between products. Controls are in place to ensure accuracy of loan documentation, loan conditions are met, and the appropriate financial controls are in place relating to the movement of funds. Squirrel uses a small number of solicitors to support their mortgage related activity.

Arrears and default management is described in Squirrel's Credit Policy. Appropriate processes are in place to support customers that are in arrears to get their loan back to a current state. Squirrel has specialist support in place to manage stubborn arrears and loans in default.

Squirrel Reserve Funds

The Funds themselves do not have a Reserve Fund, rather they may benefit from the Squirrel P2P platform's Reserve Funds where the Funds are invested in fractional loans or whole loans taken with reserve fund cover. Squirrel offers four investment classes through the Squirrel P2P platform. Each class has its own Reserve Fund. A Reserve Fund is a trust fund, for the benefit of investors in loans covered by that Reserve Fund, that helps meet missed payments or losses from defaulting borrowers. Reserve Funds are held by Squirrel P2P Trustee Limited as bare trustee for investors and are funded by a reserve levy ranging from 0.15% to 4.75%.

The Reserve Fund model effectively socialises lending losses, by investment class, across the entire portfolio of loans that have reserve fund support and are paying a reserve fund levy. This means that individual investors do not bear the full credit risk of the individual loan or borrower to which they are matched. The existence of a Reserve Fund does not provide investors a guarantee nor is it an insurance product.

Pricing and Asset Valuation Policy

The purpose of this policy is to set out how FundRock manages its unit 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 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 a Fund.
- Have a consistent and objective process for determining unit prices.
- Comply with the Scheme's governing documents, offer documents and the law.

FundRock Investment Management Policy

FundRock's Investment Management Policy 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.

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:

- Net of fees and gross of tax return.
- Performance relative to the 1 Year New Term Deposit Rate (>$10k) (plus the applicable margin), or the Fund's stated investment objective.
- Annualised standard deviation of net of fees and gross of tax return.

FundRock reports performance to the Independent Trustee and to the FundRock Board.

The FundRock Board has responsibility for oversight of investment manager performance including its compliance with the SIPO. The FundRock Board aims to meet at least quarterly.

G. Investment Strategy Review

The FundRock Board has responsibility for oversight of the Investment Manager's performance and aims to meet at least quarterly. The Funds are expected to be invested according to the provisions of this document. FundRock does not intend to amend the Funds' investment strategies, although amendments may be made following recommendations by the Investment Manager.

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.
- A 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. Before making changes to the SIPO, the Manager will consider if the changes are in the best interests of investors and consult with the Independent Trustee. Any changes to the SIPO require Board approval, as well as written approval of the Independent Trustee. The Manager will give notice to a Fund's investors 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 Independent Trustee.

This SIPO was approved by the FundRock Due Diligence Committee, under delegation from the FundRock Board, on 7 May 2026 and takes effect on 11 May 2026.