

Squirrel Wholesale Funds

Statement of Investment
Policy and Objectives

Managed by Squirrel Money Limited

Effective date: 14/10/2025

Issued by Squirrel Money Limited

A. Description of the managed investment scheme

The Squirrel Wholesale Funds ("Scheme") is a managed investment scheme. The Scheme currently offers one investment fund, the Squirrel Capital Partners Fund ("Fund"). The Fund is designed for investors seeking higher returns and who have a higher risk appetite and the ability to commit their funds for a three to five year investment horizon. The Fund will be investing in a concentrated portfolio of mezzanine loans to experienced property developers to enable them to undertake and complete multi-unit residential, mixed use (residential and commercial), and commercial property developments in New Zealand's metropolitan areas.

The Fund's loan investments will be predominantly secured by registered second ranking mortgages as well as subordinated positions in first ranking mortgages, caveats, guarantees, and general security agreements. In limited circumstances, the Fund's loan investments may be unsecured.

Squirrel will originate and manage these mezzanine loans as well as advising on and arranging the Borrower's total debt funding solution that will typically include senior ranking debt from other lenders and may include Squirrel. As well as mezzanine loans, the Fund will also invest in term investments with Squirrel, and in other Squirrel Wholesale Investment Funds, to maximise returns on funds that have not been deployed to mezzanine loans.

The Fund's loans will be "first in, last out" and will be priced accordingly between the Fund and the borrower.

The Fund's investment objective is to generate an annual return, after fees and before tax, of more than 20.00% per annum over three year rolling periods.

The Fund maintains a reserve provision that is designed to mitigate against a fall in unit price as a result of defaults by borrowers, or other events that may impact investment returns.

B. Roles and responsibilities

Squirrel Money Limited 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 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.

Squirrel P2P Trustee Limited is a related party of the Manager and is the Scheme's trustee ("Trustee"). The Trustee is responsible for 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

As Manager, Squirrel will establish, maintain and actively manage investments in a broad range of loans that are secured by residential and commercial property for the purpose of generating an income stream for the Fund.

The Squirrel Capital Partners Fund will invest in a concentrated portfolio of specialist loans to enable experienced property developers (borrowers) to acquire land for development and undertake the planned development. The Fund's investment universe is limited and opportunistic with loans secured predominantly by second ranking mortgages subordinated to senior lender/s. In limited circumstances, the Fund's loan investments may be unsecured. The Fund leverages Squirrel's network of experienced property developers who require additional capital to unlock and undertake the developments opportunities they have identified and refined. The Fund aims to provide investors with significantly higher returns by providing the development capital to unlock these opportunities – these loans will be "first in" and "last out" and will be priced accordingly between the Fund and the borrower.

D. Fund investment objectives and strategies

The investment objective and strategy for the Fund is:

Squirrel Capital Partners Fund

Objective

The Fund's investment objective is to provide investors with a return, after fees and before taxes, of more than 20.00% per annum on a 3-year rolling basis.

Investment strategy

The Fund's investment strategy is to provide mezzanine loans to predominantly residential property developers to enable them to undertake and complete multi-unit developments in NZ's metropolitan areas. The Fund may also make mezzanine loans to fund the development of mixed use (i.e. residential and commercial) and commercial property developments. The Fund's loan investments will be predominantly secured by registered second ranking mortgages as well as subordinated positions in first ranking mortgages, caveats, guarantees, and general security agreements. In limited circumstances, the Fund's loan investments may be unsecured.

The Fund will manage any capital not invested in its target investments via Squirrel's other wholesale investment funds, term investments and on-call accounts. These investments may take the form of fractional investments, alongside other investors through Squirrel's investment platform.

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

- Lending to Property Developers, i.e. business/es and or person/s, to develop residential properties for sale.
- Developers will predominantly be undertaking multi-unit residential developments comprising of up to 40 units including standalone houses, duplexes and terraced houses and may include commercial or mixed residential and commercial developments.
- Lending to Property Developers, i.e. business/es and or person/s, to develop mixed use (residential and commercial) properties for sale
- Lending to Property Developers, i.e. business/es and or person/s, to develop Commercial development for sale
- Lending to Developers, i.e. business/es and or person/s, to acquire property including the payment of deposits and consent required to undertake the planned development.
- Developments will be predominantly in metropolitan locations.
- Terms ranging from 6 months to 36 months; and
- Investor returns will comprise of a combination of fixed and floating interest rates and fees.

Benchmark index

- Not applicable

Benchmark asset allocation

- 100% New Zealand income assets (including loans)

Asset allocation ranges

- 0% to 100% in Squirrel Specialist Loans secured predominantly by second ranking mortgages as well as subordinated positions in loans secured by first ranking mortgages.
- 0% to 20% in unsecured loans, including (but not limited to) unsecured loans where the borrower has consented to the registration of a second ranking mortgage.

- 0% to 100% in other Squirrel Wholesale Investment Funds, including (as at the date of this SIPO) the Squirrel Wholesale Construction Loan Fund and the Squirrel Specialised Income Fund, and Squirrel Term Investments including Squirrel Construction Loans.
- 0% to 30% in cash and cash equivalents including a Squirrel On-Call account.

Permitted investments

- Up to 100% in loans to New Zealand based borrowers for the purpose of developing residential properties in New Zealand for sale; the loans will be secured predominantly by second- ranking mortgages as well as subordinated positions in loans secured by first ranking mortgages, caveats, guarantees and general security agreements;
- Up to 25% in loans to New Zealand based borrowers for the purpose of developing mixed use (residential and commercial) properties in New Zealand for sale; the loans will be secured predominantly by second- ranking mortgages as well as subordinated positions in loans secured by first ranking mortgages, caveats, guarantees and general security agreements.
- Up to 10% in loans to New Zealand based borrowers for the purpose of developing commercial properties in New Zealand for sale; the loans will be secured predominantly by second- ranking mortgages as well as subordinated positions in loans secured by first ranking mortgages, caveats, guarantees and general security agreements.
- Any facility which invests primarily or wholly in one or more of the investments referred to in the preceding bullet points;
- Up to 100% in Squirrel Wholesale Investment Funds, including (as at the date of this SIPO) the Squirrel Wholesale Construction Loan Fund and the Squirrel Specialised Income Fund, and Squirrel Term Investments including Squirrel Construction Loans.
- 0% to 30% in cash and cash equivalents including a Squirrel On-Call account.
- Cash and cash equivalents; and
- 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.
- The Fund may invest into loans alongside other investors who are co-funding a tranche of the same loan.

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

Counterparty exposure

- Maximum exposure to any single project: \$4 million until the Fund's net asset value (NAV) exceeds \$40 million, thereafter 10% of the Fund's NAV
- Maximum counterparty exposure: \$8 million until the Fund's net asset value exceeds \$40 million, thereafter 20% of the Fund's NAV
- Maximum exposure to any single unsecured loan: \$1 million until the Fund's net asset value exceeds \$40 million, thereafter 5% of the Fund's NAV

Counterparty exposure limits – these counterparty limits apply to the Fund only. Squirrel P2P Trustee Limited may have other lending limits in place with the borrower which are independent of the Fund's limits.

Rebalancing policy

- Exposures will be passively rebalanced using cashflows from maturing loans and subscriptions to the Fund. Should an asset allocation or counterparty exposure move outside its permitted range, the Manager will endeavour to rebalance the portfolio. Investors should note that Manager ability to actively rebalance the portfolio is limited and until the Fund has reached \$20 million the manager will not be bound by counterparty exposure limits.

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 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).

E. Investment policies

Liquidity

Subject to the restrictions set out below, redemptions from the Squirrel Capital Partners Fund are available as at the end of each calendar quarter, specifically 31 March, 30 June, 30 September and 31 December in each year. However, the Manager may decide to allow more frequent redemptions, at its discretion.

Subject to the minimum investment period, investors must give at least 12 months prior notice of a redemption request. Redemption requests will be processed as at the quarter end immediately following expiry of the 12-month notice period.

Unless the Manager agrees otherwise, an investor cannot withdraw any amount from the Fund within the first three years following their initial investment (minimum investment period). Any redemption request submitted during the minimum investment period will be treated as received on the first business day after the minimum investment period has expired.

The redemption price will be calculated according to the Trust Deed, based on the unit price as at the relevant quarter end date (or the last business day of before the quarter end, if the quarter end falls on a non-business day). If the Manager allows more frequent redemptions, the applicable price at that time will be used.

There is a risk that the Fund may not have sufficient liquid assets to meet redemption requests, as a significant proportion of the Fund's investments are in relatively illiquid loans. The Manager may need to delay or suspend withdrawals if there are insufficient liquid assets to meet requests. Investors should review the Funds' maturity profile to evaluate the likely term profile associated with the Funds.

The Funds' central strategy is to invest in loans, which by nature are long term investments, meaning immediate liquidity is unlikely. As a result, the Manager may need to delay or suspend withdrawals if there are insufficient liquid assets to meet withdrawal requests.

To assist liquidity, the Manager has 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.
- Redemption of any investment funds or the sale of any term investments the Fund is holding.
- Use of the secondary market of the Squirrel 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 Policy

The Manager's Conflicts of Interest and Related Party Transaction Policy sets out the principles and procedures relating to the management of conflicts of interest within Squirrel. The policy applies to all of the Manager'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.

The Funds may enter into transactions with related parties if consented to by the Trustee.

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

Parties related to the Funds, including the staff of Squirrel and their families may from time to time invest in the Funds provided they qualify as wholesale investors under the FMC Act.

The Manager will report such transactions by related parties to the Trustee.

Trade allocations and transactions

As well as investing fractionally in loans, the Fund may invest in whole loans. A whole loan that is invested in by the Fund 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 Manager. For those whole loans into which the 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 for the Fund.

Squirrel has a full credit policy in place, that is signed off by the Board of Squirrel. Squirrel's credit policy for this Fund focuses on the property development segment.

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.
- **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.
- **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 Capital Partners Fund's investment will be predominantly secured by registered second ranking mortgages as well as subordinated positions in loans secured by first ranking mortgages, caveats, guarantees, and general security agreements. In limited circumstances, the Fund's loan investments may be unsecured.

Loan to Value

Squirrel Capital Partners Fund: Loans will have a maximum loan to value ratio of 75% and a maximum Loan to Cost ratio of 100% and will be secured predominantly by registered second ranking mortgages as well as subordinated positions in first ranking mortgages, caveats, guarantees, and general security agreements. In limited circumstances, the Fund's loan investments may be unsecured.

Portfolio diversification

The Fund's portfolio of the loan investments is diversified with respect to borrower, geographic location, credit quality and term. Diversification can be achieved as the Fund scales.

Loan terms

Specialist Loans (by Squirrel Capital Partners Fund) will have a maximum term of 30 months.

Process

Loans are sourced predominantly via Squirrel's Property Finance Unit, 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 Capital Partners Fund – Reserve Provision:

The Fund maintains a reserve provision that is designed to mitigate against a fall in unit value as a result of defaults by borrowers or other events that may affect investment returns.

The Manager will determine an appropriate reserve levy to apply to each loan, dependent on its specific risk characteristic (Reserve Provision).

The Reserve Provision may be funded by a reserve levy that is capitalised to a loan's initial balance or deducted from income (interest or fees) received by the Fund from a borrower under a term loan agreement.

The Manager may also apply additional amounts to the Reserve Provision, where we consider this to be prudent, by reducing the Fund's income.

Any loan losses will be initially set off against the Reserve Provision. Losses in excess of the Reserve Provision may impact on distributions and on the unit price for the Fund.

The Reserve Provision forms part of the Fund's retained earnings and are part of the assets of the Fund (the reserve is not held separately from the Fund's assets). However, the value of the Reserve Provision is excluded from the calculation of net asset value to determine the unit value and price of the Fund's units.

The value of the Reserve Provision will be published in the Fund's quarterly investor update or in the most recent annual audited financial statements available from the Manager. The value of the Reserve Provision will change after the date of the most recent financial statements. The Reserve Provision will consist mainly of retained earnings and/or income earned from investing the Reserve Provision.

Amounts in the Reserve Provision will be held as cash or cash equivalents with maturity profiles not exceeding 365 days.

The Reserve Provision does not provide a guarantee of any kind against falls in distributions from or unit value of the Fund and is not an insurance product.

Pricing and Asset Valuation Policy

The purpose of this policy is to set out how the Manager manages its unit pricing and asset valuation obligations, and the way in which the Manager exercises its discretions authorised by the Trust Deed and the Funds' establishment documentation.

This policy also links to the Manager's Outsourcing Policy reflecting that it outsources functions including registry, fund administration and unit pricing to third parties. In particular, the policy governs how the Manager selects, monitors and undertakes ongoing due diligence on third party providers.

- Within the bounds of what is reasonable and practical the Manager'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.

F. Investment performance monitoring

The Manager monitors investment performance of the Funds on a quarterly basis. Performance is measured and assessed on the following basis for 3 and 5 year rolling periods:

- Net of fees and gross of tax return.
- Performance relative to the Fund's stated investment objective.

The Manager reports performance to the Trustee, Squirrel's Investment Committee and Board.

The Manager's Investment Committee has responsibility for oversight of investment manager performance including its compliance with the SIPO. The Investment Committee meets at least quarterly.

G. SIPO monitoring and review

Squirrel's Investment Committee is responsible for governance oversight of the SIPO.

The SIPO is reviewed annually by management, including ensuring the investment strategy and asset allocation ranges remain appropriate, with the outcomes of the review reported to the Manager's Board. In addition, management may initiate an ad hoc review, with examples of events that could lead to this being:

- 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 external experts, if required.

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 Trustee. Any changes to the SIPO require Board approval, as well as written approval of the Trustee. The Manager will give notice to 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 Board and Trustee.

This SIPO was approved by the Board on 15th September 2025 and takes effect on 14th October 2025.