
Raise Investment Funds

Statement of Investment Policy and Objectives

Investment Management by Raise Investments Limited

Effective date: 6 May 2025
Issued by FundRock NZ Limited



A. Description of the managed investment scheme

The Raise Investment Funds (formerly known as the Vault Digital Funds) (**Scheme**) is a managed investment scheme. The Scheme offers one single sector investment fund, the Bitcoin ETF PIE Fund (formerly known as the Vault International Bitcoin Fund) (**Fund**), which provides investors with exposure to Bitcoin. This is achieved by investing in one or more underlying offshore domiciled funds listed on foreign share markets (**Underlying Funds**).

This is a highly speculative investment. Bitcoin is a highly volatile asset. This means the Fund will not be appropriate for all investors.

B. Roles and responsibilities

FundRock NZ Limited (**FundRock, we, us, our**) 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 Fund. This includes appointing, managing and monitoring specialist providers for:
 - administration management, and
 - investment management.
- Monitoring investment performance and outcomes.

Raise Investments Limited (**Raise**) is the Fund's investment manager and is responsible for making recommendations and decisions about what the Fund invests in, in accordance with this SIPO. The Fund is invested in accordance with Raise's investment policy. The Fund invests in Underlying Funds.

Raise also participates in reviewing this SIPO.

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

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 Fund's 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. Adminis has been appointed by the Supervisor as Custodian for the Fund.

C. Investment philosophy and approach

The Fund's investment philosophy is to provide passive exposure to Bitcoin. This is achieved by investing in Underlying Funds listed on foreign share markets, which are managed by external sector specialist investment managers.

Raise is responsible for identifying investment vehicles that best achieve investment strategies (i.e. Underlying Funds). Raise must also ensure the vehicles continue to achieve investment strategies over time and consider whether any other vehicles are preferable.

In selecting the Underlying Funds, Raise analyses and compares several available vehicles for suitability. Analysis and comparison include consideration of the following:

- reputation of underlying fund manager;

- funds under management;
- fees charged;
- fund liquidity and ease of execution;
- correlation to assets;
- tax claimed within underlying fund;
- inception date and performance history;
- custody of assets and reputation of custodian; and
- auditor and audit findings.

D. Fund investment objectives and strategies

The investment objectives and strategies for the Fund are:

Objectives

The investment objective of the Fund is to provide investors with exposure to Bitcoin. The target of the Fund is to provide a return before fees and tax that broadly tracks the benchmark.

Investment Strategy

Benchmark index:

- S&P Bitcoin Index in New Zealand dollars

Benchmark asset allocation:

- 100% Other (interests in Underlying Funds which provide Bitcoin exposure)

Asset allocation ranges:

- 95%-105% Other (interests in Underlying Funds which provide Bitcoin exposure)
- -5%-5% Cash and cash equivalents¹ to be held in a funding account.

Appointed investment manager:

- Raise Investments Limited

Investment Manager strategy:

- Raise selects Underlying Funds and/or appoints investment managers.
- The Fund invests in one or more offshore domiciled funds listed on foreign share markets.

Permitted investments:

- Cash and cash equivalents.
- Managed investment schemes.

Funding account:

- The purpose of the funding account is to manage non-investment related liquidity amounts primarily attributable to fund expenses and investor contributions or withdrawals. Large investor contributions or withdrawals may result in the funding account exposure temporarily being outside the -5% to 5% range.

¹ Accrued fund expenses and other fund liabilities are not deducted from cash and cash equivalents for this range. Excludes any cash held by the Underlying Funds.

- FundRock manages the funding account and aims to have a balance of less than \$NZ100,000. The funding account balance is monitored daily and where required cash is invested in the Underlying Funds. FundRock makes no active investment decisions in relation to the funding account cash holding.

Other:

- The Fund can borrow up to 5% 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).

E. Investment policies

Taxation

The Fund has elected to be a Portfolio Investment Entity (**PIE**) and therefore is taxed under the PIE regime. The Fund is taxed under the Fair Dividend Rate (**FDR**) regime. This is achieved by investing in one or more offshore domiciled Underlying Funds listed on foreign share markets.

The taxation implications of an investment method, such as holding assets directly or investing in a managed investment scheme, are taken into account when determining the most appropriate approach for the Fund. Note that taxation is not the sole consideration when choosing an investment method; other factors taken into account include cost and implementation feasibility.

Liquidity

The liquidity risk of the Fund is assessed with reference to liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for the Fund. The Fund invests predominantly in liquid investments, since Underlying Funds' shares will be quoted for trading on foreign share markets, and hence has daily applications and redemptions. Market conditions can, however, change resulting in some assets becoming difficult to sell. Hence if the Fund were to experience liquidity problems the Manager may defer or suspend redemptions for a period of time.

Related-party transactions

Related-party transactions, other than the type permitted under the FMC Act, are prohibited.

The Fund may enter into transactions with related parties if permitted under section 174 of the FMC Act or consented to by the Supervisor under section 173(2)(a). Examples of such transactions include:

- a related party of Raise being appointed to provide investment related services for the Funds; or
- parties related to the Fund, including the staff and directors of Raise and their families, and the staff of FundRock and their families from time to time investing in the 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 Fund invests in other managed investment schemes (i.e. Underlying Funds) rather than trading directly in securities.

Rebalancing policy:

- As a single-sector fund, there is no need for a rebalancing policy.

Currency hedging policy:

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

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 unit pricing and asset valuation obligations, and the way in which FundRock exercises its discretions authorised by the Trust Deed and the Fund's establishment documentation.

This policy also links to FundRock's Outsourcing Policy reflecting that we outsource 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 our 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; and
- comply with our governing documents, offer documents and the law.

Conflicts of Interest and Related Party Transactions Policies

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 policy applies to all of FundRock's directors, relevant officers, senior management and employees.

The conflicts of interest and related party transactions policies provide guidance on:

- what is meant by a conflict of interest;
- 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.

F. Investment performance monitoring

FundRock monitors investment performance of the Fund 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 returns (after fees and before tax);
- benchmark index return;

- performance relative to benchmark;
- annualised standard deviation of gross return;
- annualised standard deviation of benchmark index return; and
- annualised tracking error.

FundRock reports investment performance to the Supervisor and to the FundRock Board 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 Fund is expected to be fully invested in Underlying Funds providing exposure to Bitcoin with a portion allocated to cash and cash equivalents for liquidity purposes. FundRock does not intend to amend the Fund's investment strategy, 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 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; and
- 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 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 FundRock Board approval. The Manager will give notice to fund 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 Supervisor.

The current version of this SIPO, and other useful information about the Fund, is available on www.companiesoffice.govt.nz/disclose.

This SIPO was approved by the FundRock Board on 6 May 2025 and takes effect on 6 May 2025.