



ELEVATION CAPITAL[®]



STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

"SIPO"

Dated: 31 May 2023



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Description of Fund

The Elevation Capital Global Shares Fund (the Fund) is a managed investment scheme, interests in which are divided into units issued to investors, and which is registered under the Financial Markets Conduct Act 2013.

The Fund mainly invests in listed companies, although it may invest in unlisted companies up to a total limit of 10% of Net Asset Value of the Fund. The companies we invest in may be based and operate anywhere in the world.

The investment objectives and investment policy set out in this SIPO are consistent with the wide investment discretions vested in the manager of the Fund, Elevation Capital Management Limited (referred to as 'the Manager', 'we', 'our', and 'us' in this SIPO) under the Fund's Trust Deed under which the Fund is constituted.

We have the mandate to seek, on behalf of investors, long-term income and capital growth by directly investing in equities on a global basis.

As at the date of this SIPO, the directors and executives of the Manager are all investors in the Fund on the same basis as all other unit holders ensuring an alignment of interest.

The directors of the Manager are: Craig Stobo (Chairman of the Board) and Christopher Swasbrook (Managing Director and Portfolio Manager of the Fund).

The Supervisor and Custodian of the Fund is Public Trust (the Supervisor and the Fund Custodian). The Fund Administrator is Apex Group (the Fund Administrator).

The commencement date for this SIPO is 31 May 2023.

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



Investment Objectives

The principal objective of the Fund is to achieve positive absolute returns after fees and expenses but before taxes over the long term (that is a period of at least five years).

We seek to achieve this objective by providing investors with long-term income and capital growth opportunities by directly investing in shares (equity securities – including Preferred's and Convertibles) on a global basis.

There are two principal components to the Fund's expense structure - Management fees and Administration fees (including but not limited to – audit, custody, registry, regulatory, accounting, supervisory, printing and postage for investor communications, research production and independent fund research), as well as transaction fees (brokerage, stock exchange levies and other transactional charges).

Because the Fund is a PIE (Portfolio Investment Entity) and individual PIRs (prescribed investor rates) vary, it is not possible to report returns to investors on an individual after-tax basis. The Fund's monthly updates do however contain examples of returns over the applicable month and year to date after fees, expenses, and tax at 0%, 10.5%, 17.5% and 28% PIRs (28% being 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 of the PDS from the Fund's register entry at www.disclose-register.companiesoffice.govt.nz.



Investment Philosophy

Elevation Capital as an investor is unconstrained by geography, industry, market capitalisation or whether a company is listed or unlisted, allowing us to focus on long-term returns.

Elevation Capital believes by maintaining a global focus there is a greater opportunity set to invest in truly world-class companies with attractive long-term fundamentals while at the same time (in our opinion) reducing investment risk for our investors.

Accordingly, Elevation Capital seeks to invest in a business (businesses) with sound long-term prospects and at a time when its securities (normally shares) are selling at a discount to our assessment of their intrinsic value.

Elevation Capital seeks positive absolute returns over the long term (as defined in its investment objectives), utilising this investment philosophy, while seeking to minimise investment risk.

However, there can be no guarantee of positive absolute returns with any investment.

Investment Strategy

The strategy of the Fund is to mainly invest in shares (equity securities).

Our bottom-up, proprietary research may lead the Fund to investment opportunities in medium and smaller capitalisation entities in out-of-favour or overlooked industries and sectors. It may also lead us to invest in emerging market economies.

The Fund has no geographic limitations on investment.

The Fund invests long only and is indifferent to index compositions. “Long only” means we look to buy what we believe to be well-priced securities – we do not look to take “short” positions in overvalued securities.

Indifference to index composition means that we do not pay attention to companies solely on the basis that they might be a member of a certain index.

Given this broad investment mandate the Fund has no benchmark (or ‘target’) asset allocations, ranges, indices or investment mix limitations. We do however internally monitor our performance against other industry participants and publish, in our monthly fact sheets, comparisons of the Fund’s performance versus the NZ Consumer Price Index (as measured by Statistics NZ) + 5% per annum and the FTSE All-World Index (Net Return) in NZD terms.

We are primarily focused on finding attractive long-term investments based on the outlined investment strategy. We also view cash (at times) as an integral component of our investment strategy alongside patience, it affords us the opportunity to acquire what we assess to be discounted assets at potentially an attractive price based on a long-term investment horizon.

The Fund may enter into underwriting agreements and/or placements (or other mechanisms) if it facilitates an investment that meets our investment criteria.

The Fund has the ability to hedge foreign currency exposures at our discretion.

The Fund invests according to the following criteria:

- the principal investments will be global shares or equities (listed and unlisted) and cash may be held in lieu. Preferreds and Convertibles may also be invested in;
- the Fund is unconstrained with regard to geographic, industry or sectoral investments;
- the maximum exposure to any share (or equity security) listed on a recognised exchange is limited to 5% of the Net Asset Value of the Fund;
- investments in unlisted shares (i.e. companies or other entities not listed on a regulated stock exchange in any country) are restricted to a maximum total exposure of 10% of the Net Asset Value of the Fund, with each individual investment capped at 5% of the Net Asset Value of the Fund, (this excludes fully fungible/convertible American Depository Receipts (ADRs) and/or American Depository Shares (ADSs));
- investments can be acquired on any exchange (regulated or unregulated) in a country with several exchanges or via underwriting agreements, placements or other legal means (irrespective of domicile or jurisdiction);
- the Fund will not borrow (utilise leverage);
- the Fund will not utilise options or futures contracts – otherwise known as derivatives (excluding foreign currency forward contracts and currency options for hedging purposes);
- the Fund will not undertake short-selling;
- the Fund may seek to hedge any single foreign currency exposure at the Manager’s discretion (as at the date of this SIPO the Manager has never executed a foreign exchange hedge contract);

From time to time the Fund’s investments may vary from the above criteria due to market constraints. If this occurs, the Manager will endeavour to revert to the investment criteria as soon as is practicable.

The Fund began investing on 9 December 2008 and this is referenced as the Fund’s inception date in our monthly fact sheets which can be found on our website – www.globalsharesfund.com.

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 investors. The need to achieve this objective is explicitly and regularly considered by the Board.
- We expect to retain a cash / near cash buffer and we closely monitor and report on the overall liquidity of the Fund's non-cash exposures at all times.
- We also keep individual investment relatively small (less than 5% of Net Asset Value of the Fund) and maintain a widespread exposure to primarily liquid large capitalisation global shares and to domestic shares.

Trade Allocation and Execution Policy

- Christopher Swasbrook (Portfolio Manager) and Craig Stobo (Non-Executive Chairman of the Board) are authorised to transact on behalf of the Fund.
- The Manager's investment team does not work in isolation and all members are aware of fund transactions and settlements on a daily basis.
- Our trading policy also differentiates between acquiring an investment, adding to an investment, reducing or selling an investment:
 - An investment is typically initiated at approximately 0.1% - 3.0% of the prevailing Net Asset Value of the Fund and may be increased over time. The investment team monitor investments daily to ensure that individual investments are not greater than 5% of the Fund's prevailing Net Asset Value. Christopher Swasbrook undertakes all trading for the Fund given his extensive experience. Craig Stobo is approved as a back-up should Christopher Swasbrook be out of contact or incapacitated.
 - Reducing or Selling investments - there are no restrictions on such investments once an intrinsic value target has been reached or a sell decision concluded by the investment team. Investments are typically reduced/sold quickly to minimise both market and execution risks.
- Settlements and record keeping are overseen by a different member of the investment team to ensure separation of duties.
- A mix of directed orders to brokers (locally and offshore) and Direct Market Access (DMA) systems are utilised to make and record trades (via time stamp, limits, bid/offer execution, volumes) in the majority of markets we invest in. An internal system outside of our Portfolio Management Software is also utilised by the investment team to record all transactions, reasoning behind them and other trade compliance matters.
- Details of all our trades are circulated weekly to Craig Stobo for review in terms of average daily volume and to provide a secondary check process for identification and monitoring of what may be any potentially abnormal or suspicious transactions or trading volumes.

Pricing / Valuation Policy

- The Fund Administrator manages the pricing and valuations of all Fund assets and calculates the Net Asset Value (NAV) of the Fund. Unlisted stocks (if held) are valued utilising active bid prices or independent valuations if an active bid price is not available.
- We internally value all Fund assets and reconcile this to the Fund Administrator's 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 the Fund Administrator.
- Any non-compliance with valuation methodologies or any errors in pricing or valuation is reportable to the Supervisor.

Settlement Risk Management Policy

We have adopted a settlement process, in combination with the Fund's Custodian, and the Fund Administrator, to ensure all settlements occur in accordance with the agreed contracts:

- On a daily basis we, and the Fund's Custodian, reconcile our submitted trade sheets to the contract notes received from brokers used by the Fund.
- Once reconciled, the Fund's Custodian approves the relevant transactions, and sends a Bank and Asset Reconciliation to us, which we reconcile to our internally maintained Fund records.
- On a weekly basis (given the Fund is priced monthly) our trading records and the Fund Custodian's holdings are reconciled with the trading records of the Fund Administrator.

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, whereby executives invest in the Fund on the same terms as all other investors.

- 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. Related Party transactions are only permitted if they are consented to by the Supervisor on the basis they are in the best interests of investors or have been approved by investors, or, certified by the Manager as being on an arm's-length terms.

Taxation Policy

The Fund is a Portfolio Investment Entity (PIE).

A PIE enables attribution of taxable income earned by the Fund to each investor in accordance with the proportion of their interest in the Fund. The income attributed to each investor is taxed at the investor's Prescribed Investor Rate (PIR) which is currently capped at 28%. Unless the investor has a PIR of 0%, the Fund effectively pays tax on an investor's behalf to the Inland Revenue Department (IRD) and undertakes any necessary adjustments to an investor's interests in the Fund, by way of cancellation or issue of units to reflect that the Fund pays tax at varying rates on behalf of different investors.

We have delegated the above functions to the Fund Administrator.

Investment Performance Monitoring

Internal Performance Monitoring

Fund performance (gross of fees, expenses and taxation) is monitored by us on a daily basis through an internal portfolio management system, which sets out our trading records of the Fund's current holdings (the Portfolio), which is reconciled against the Fund Administrator's and the Fund Custodian's data (see above).

Internal performance monitoring also includes monthly performance of the Fund, individual asset holdings, relevant indices (the NZ CPI +5% per annum and FTSE All-World Index (Net Return) in NZD terms). While there are no benchmark requirements for the Fund, we monitor the Fund's performance against these indices and on an absolute basis.

We also maintain records of the Fund's longer-term performance. Specifically, we track the annualised performance and monthly volatility of the Fund since inception and over rolling 3, 5, 7 and 10-year periods.

Reporting to Unit Holders

The Fund's monthly performance, net of fees and expenses, at the various PIR's (0%, 10.5%, 17.5% and 28%) along with the performance of the NZ CPI +5% per annum and the FTSE All-World Index (Net Return) in NZD terms is reported to unit holders on a monthly basis for the following time periods: monthly, financial year, calendar year, three-years, five-years, ten-years and since the Fund began operations on 9 December 2008.

Monthly fund communications are made publicly available on our website, <https://www.globalsharesfund.com>.

In addition, quarterly fund updates in relation to the Fund are published on our website and filed on the disclose register – www.disclose-register.companiesoffice.govt.nz.



Investment Strategy Review

The Portfolio Manager, investment team members and Directors hold formal Fund meetings up to four times per annum, and informal reviews more regularly – on a weekly, often daily and as required basis. The formal review includes an assessment of the Fund's portfolio of investments with regard to limits, market environment, fund objectives and strategy.

The investment team regularly produces detailed public presentations on the Fund's underlying holdings/investments - these can be found on our website at: <https://www.globalsharesfund.com>.



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 in consultation with the Supervisor. 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 the Portfolio Manager, a 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 month's prior notice of those changes and any redemption requests received during that period have been actioned.

Glossary

The following terms used in this SIPO have the following meanings. Some of these terms are summaries of definitions in the Trust Deed. For complete definitions, reference should be made to the Trust Deed.

ADR	American Depositary Receipt (ADR) is a stock that trades in the United States but represents a specified number of shares in a foreign corporation. ADRs are bought and sold on American markets just like regular stocks and are issued/sponsored in the U.S. by a bank or brokerage.
ADS	A U.S. dollar-denominated equity share of a foreign-based company available for purchase on an American stock exchange. American Depositary Shares, (ADSs) are issued by depository banks in the U.S. under agreement with the issuing foreign company; the entire issuance is called an American Depositary Receipt (ADR) and the individual shares are referred to as ADSs. Depending on the level of compliance with U.S. securities regulations the foreign company wishes to follow, the company may either list its shares over-the-counter (OTC) with low reporting requirements or on a major exchange like the NYSE or NASDAQ. Listings on the latter exchanges generally require the same level of reporting as domestic companies, and also require adherence to GAAP accounting rules.
Convertibles	Convertibles are securities, usually bonds or preferred shares, that can be converted into common stock / shares or equity. Convertibles are most often associated with convertible bonds, which allow bondholders to convert their creditor position to that of an equity holder at an agreed-upon price. Other convertible securities can include notes and preferred shares.
Custodian	Public Trust
Derivatives	Derivatives are types of investments where the investor does not own the underlying asset, but he/she makes a bet on the direction of the price movement of the underlying asset via an agreement with another party. There are many different types of derivative instruments, including options, swaps, futures and forward contracts.
Dividend	The part of a company's post-tax profits that is distributed to shareholders.
FTSE All-World Index (Net Return) in NZD terms	The FTSE All-World Index is a market-capitalisation weighted index representing the performance of the large and mid cap stocks from the FTSE Global Equity Index Series and covers 90-95% of the investable market capitalisation. The index covers Developed and Emerging markets and is suitable as the basis for investment products, such as funds, derivatives and exchange-traded funds.
Fund Administrator	Apex Group
Fungible	An asset's interchangeability with other individual goods or assets of the same type.
Long-Only	The buying of a security such as a share with the expectation that the asset will rise in value.
Low Debt Levels	Can be assessed relative to tangible and/or intangible assets, free cash flow, the industry in which a company operates, or versus peers within an industry.

Manager	Elevation Capital Management Limited.
Net Asset Value / Intrinsic Value	Is also referred to as “Private Market Value”. Collectively we define them as the value an informed buyer would pay to purchase assets with similar characteristics. We measure Net Asset Value / Intrinsic Value or Private Market Value by scrutinising on- and off-balance sheet assets, liabilities and free cash flow. We also examine valuations and transactions in the public domain to formulate our view of possible future value.
Net Asset Value (NAV)	In respect of the Fund, the Gross Asset Value less all liabilities of the Fund determined on an accruals basis and such other provisions as the Manager or the Supervisor thinks necessary or desirable for accrued or contingent liabilities or losses, including a provision for the costs of realisation of any investments and redemption or repurchase of Units.
Over-The-Counter	An Over-The-Counter (OTC) security is traded in some context other than on a formal exchange such as the NYSE, AMEX, NASDAQ, NZX or ASX, etc. The phrase “over-the-counter” can be used to refer to stocks that trade via a dealer network as opposed to on a centralized exchange. It also refers to debt securities and other financial instruments such as derivatives, which are traded through a dealer network.
PIE	A Portfolio Investment Entity as defined in the Income Tax Act 2007.
PIE Tax	Tax payable by the Fund, the Supervisor, or the Manager (whether deferred or current) which is determined by reference to nominated Prescribed Investor Rates of Unitholders in the Fund or is otherwise determined by the Supervisor or the Manager to be attributable to income allocated to the Unitholders.
Preferreds	A preferred stock/share is a class of ownership in a corporation/company that has a higher claim on its assets and earnings than common stock/equity. Preferred shares generally have a dividend that must be paid out before dividends to common shareholders, and the shares usually do not carry voting rights. Preferred stock combines features of debt, in that it typically pays fixed dividends, and equity, in that it has the potential to appreciate in price.
Prescribed Investor Rate (PIR)	The rate a unitholder may elect under the Income Tax Act 2007 in relation to income allocated to them by a PIE.
Related Party	A related-party transaction is a business arrangement or transaction between two parties who are joined by a special relationship prior to the deal.
Short / Short-Selling	The selling of a security that the seller does not own, or any sale that is completed by the delivery of a security borrowed by the seller.
Supervisor	Public Trust
Trust Deed	The Master Trust Deed dated 11 November 2016.