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# Antipodes Investment Funds

## Statement of Investment Policy and Objectives

### Investment Management by Antipodes Partners Limited

Effective date: 19 August 2024

Issued by FundRock NZ Limited



## A. Description of the managed investment scheme

The Antipodes Investment Funds (“Scheme”) is a managed investment scheme. The Scheme has on offer two single sector investment funds, the Antipodes Global Fund (PIE) and the Antipodes Global Fund – Long (PIE) (“Funds”), which provide investors with exposure to international equities.

The Funds and the underlying funds into which they invest are actively managed. The Funds may invest in direct securities (including derivatives) or through other managed investment schemes.

## B. Roles and responsibilities

The manager of the Scheme is FundRock NZ Limited (“FundRock”, “Manager”, “we”, “us” or “our”).

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 Funds. This includes appointing, managing and monitoring specialist providers for:
  - fund administration, and
  - investment management.
- Monitoring investment performance and outcomes.

FundRock has appointed Antipodes Partners Limited as the investment manager for the Scheme (“Antipodes” or “Investment Manager”). Antipodes is responsible for making recommendations and decisions about what the Funds invest in, in accordance with this SIPO. The Funds are invested in accordance with Antipodes’ investment philosophy and process. Currently the Funds invest in underlying offshore funds established and managed by an affiliate of Antipodes. These underlying funds are the Antipodes Global Fund – UCITS and Antipodes Global Fund – Long – UCITS (both Irish registered managed investment schemes) (“Underlying Fund(s)”).

Antipodes also participates in reviewing this SIPO.

Key administration functions, being registry, fund accounting, and unit pricing, are currently performed by Apex Investment Administration (NZ) Limited.

The supervisor of the Scheme is Public Trust (“Supervisor”) The Supervisor 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 and the Scheme; and
- holding the Scheme property or ensuring that the assets are held in accordance with applicable legislative requirements. Public Trust has been appointed by the Supervisor as custodian for the Funds.

## C. Investment philosophy

Antipodes is a pragmatic value manager that specialises in global and emerging markets equities (long only and long-short). Founded in 2015, Antipodes has adopted a multidisciplinary approach that seeks to deliver attractive risk-adjusted returns over the long-term. As an active manager, Antipodes’ investment approach is unconstrained by an index and results in high conviction portfolios.

## D. Fund Investment Objectives and Strategies

The investment objectives and strategies for the Funds are:

## E. Antipodes Global Fund (PIE)

### Objective

To achieve absolute returns in excess of the MSCI All Country World Net Index in NZ dollars over the investment cycle (typically 3-5 years).

### Investment Strategy

#### *Benchmark index*

- MSCI All Country World Net Index in NZ dollars

#### *Benchmark asset allocation*

- 100% International equities

#### *Asset allocation ranges:*

- 95%-105% Antipodes Global Fund - UCITS (a sub-fund of Pinnacle ICAV, an Irish collective asset-management vehicle)
- -5%-5% funding account (holds NZ dollar cash and cash equivalents<sup>1</sup>)

#### *Appointed investment manager:*

- Antipodes Partners Limited

#### *Investment Manager strategy:*

- Antipodes selects underlying funds and/or appoints investment managers.
- The Fund invests in the Antipodes Global Fund - UCITS2.
- The Underlying Fund's investment exposure is predominantly to a broad range of international shares listed on stock exchanges in developed and emerging markets.
- Derivatives may be used to establish short positions in securities or market indices and to gain exposure to currencies where Antipodes sees attractive opportunities and also to offset specific unwanted portfolio risks and provide some protection from unexpectedly large movements in the value of the portfolio. Derivatives may also be used to amplify positions where Antipodes feels strongly about the return potential of an idea.
- In using derivatives, the Underlying Fund's total gross exposure may be leveraged to a maximum of 200% of the Net Asset Value. The Underlying Fund's net exposure will typically be within a range of 50% to 100% of its Net Asset Value, with the total net exposure not exceeding 100% of the Underlying Fund's Net Asset Value.

#### *Permitted investments:*

- International equities
- Cash and cash equivalents
- Derivative instruments including currency instruments
- Managed investment schemes

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<sup>1</sup> 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 Fund.

<sup>2</sup> Details of the Underlying Fund's portfolio configuration can be obtained by contacting the Manager.

*Rebalancing policy:*

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

*Currency policy:*

- The Fund targets a position of being unhedged (to New Zealand dollars).

*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.
- FundRock manages the funding account and aims to have a balance of less than \$100,000. The funding account balance is monitored daily and surplus amounts of \$100,000 or more are invested in the Underlying Fund. We make 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).

## **F. Antipodes Global Fund – Long (PIE)**

### **Objective**

To achieve returns in excess of the MSCI All Country World Net Index in NZ dollars over the investment cycle (typically 3-5 years).

### **Investment Strategy**

*Benchmark index*

- MSCI All Country World Net Index in NZ dollars

*Benchmark asset allocation*

- 100% International equities

*Asset allocation ranges:*

- 95%-105% Antipodes Global Fund - Long – UCITS (a sub-fund of Pinnacle ICAV, an Irish collective asset-management vehicle)
- -5%-5% funding account (holds NZ dollar cash and cash equivalents<sup>3</sup>)

*Appointed investment manager:*

- Antipodes Partners Limited

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<sup>3</sup> 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 Fund.

*Investment Manager strategy:*

- Antipodes selects underlying funds and/or appoints investment managers.
- The Fund invests in the Antipodes Global Fund – Long – UCITS<sup>4</sup>.
- The Underlying Fund's investment exposure is predominantly to a broad range of international shares listed on stock exchanges in developed and emerging markets.
- The Underlying Fund may use exchange traded derivatives for risk management purposes and to achieve equity exposure.

*Permitted investments:*

- International equities
- Cash and cash equivalents
- Managed investment schemes

*Rebalancing policy:*

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

*Currency policy:*

- The Fund targets a position of being unhedged (to New Zealand dollars).

*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.
- FundRock manages the funding account and aims to have a balance of less than \$100,000. The funding account balance is monitored daily and surplus amounts of \$100,000 or more are invested in the Underlying Fund. We make 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).

## **G. Investment Policies**

### **Taxation**

The Funds have elected to be Portfolio Investment Entities ("PIEs") and therefore taxed under the PIE regime.

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 a particular fund. Note that taxation is not the sole consideration when choosing an investment method; other factors taken into account include cost and implementation feasibility.

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<sup>4</sup> Details of the Underlying Fund's portfolio configuration can be obtained by contacting the Manager.

## Liquidity

The liquidity risk of the Funds is assessed with reference to liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for the Funds. The Funds invest predominantly in liquid investments and hence have daily applications and redemptions. Market conditions can, however, change resulting in some assets becoming difficult to sell. Hence if a 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 types permitted under the Financial Markets Conduct Act ("FMC Act") are prohibited.

The Funds 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 Fund investing in an underlying fund managed by Antipodes; or
- parties related to the Funds, including the staff and directors of Antipodes and their families, and the staff of FundRock and their families from time to time investing in the Funds.

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 Funds invest in other managed investment schemes rather than trading directly in securities.

## 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 we manage our pricing and asset valuation obligations, and the way in which we exercise our discretions authorised by the Trust Deed and each Fund's establishment documentation.

This policy also links to our outsourcing policy reflecting that we outsource functions including registry, fund administration and unit pricing to third parties. In particular, the policy governs how we select, monitor and undertake 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*

Our 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 policies apply to all of FundRock's directors, relevant officers, senior management and employees.

The 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 our 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.

### **H. Investment performance monitoring**

We monitor 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:

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

We report performance to the Supervisor and to the FundRock Board.

### **I. 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 fully invested in international equities with a portion allocated to cash and cash equivalents for liquidity purposes. FundRock does not intend to amend the Funds' investment strategies (including the Funds' benchmark asset allocations or ranges), although amendments may be made following recommendations by the Investment Manager.

### **J. SIPO monitoring and review**

The FundRock Board is responsible for governance oversight of the SIPO.

Our compliance processes include periodic policy reviews. SIPOs are reviewed annually by FundRock management with the outcomes of these reviews 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 of key persons of the Manager or key service providers; and
- a permanent change in risk and return characteristics of a relevant investment market.

SIPO reviews take into account the views of FundRock and the Investment Manager and if required the views of external experts.

We can make changes to the SIPO in accordance with the Trust Deed and the FMC Act. Before making changes to the SIPO, we 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, as well as written approval of the Supervisor. We will give notice to Fund investors before implementing any material SIPO changes.

We are 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 Funds, is available on [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

This SIPO was approved by the attorneys duly on behalf of the FundRock Board on 19 August 2024 and takes effect on 19 August 2024.