

Investment Subcommittee
Tuesday 26 February 2019 at 8.30am

AGENDA

Investment Subcommittee Agenda

Meeting to be held in the Whale Bay Room
36 Water Street, Whangārei
on Tuesday 26 February 2019, commencing at 8.30am

Recommendations contained in the agenda are NOT decisions of the meeting. Please refer to minutes for resolutions.

MEMBERSHIP OF THE INVESTMENT SUBCOMMITTEE

Cr John Bain (Chair)

Cr Bill Shepherd

Cr Penny Smart

Mr Geoff Copstick

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Simon Crabb – Finance Manager	

TITLE: Confirmation of Minutes
ID: A1154435
From: Dave Tams, Group Manager, Corporate Excellence

Executive Summary

The purpose of this report is to present for confirmation the minutes of the Investment Subcommittee meeting held on 28 November 2018.

Councils are required to keep minutes of proceedings in accordance with the *Local Government Act 2002*.

Recommendation

That the minutes of the Investment Subcommittee meeting held on 28 November 2018 be confirmed as a true and correct record.

Attachments

Attachment 1: Investment Subcommittee Minutes - 28 November 2018  

Authorised by Group Manager

Name: Dave Tams
Title: Group Manager, Corporate Excellence
Date: 18 January 2019

Investment Subcommittee
28 November 2018

Investment Subcommittee Minutes

Meeting held in the Whale Bay Room
36 Water Street, Whangārei
on Wednesday 28 November 2018, commencing at 8.30am

Present:	Cr John Bain	(Chair)
	Cr Bill Shepherd	
	Cr Penny Smart	
	Geoff Copstick	(Independent Financial Member)
In Attendance:	Full Meeting	NRC Chief Executive GM, Corporate Excellence Finance Manager Accounting Assistant, Treasury & Projects PA, Corporate Excellence (minutes)
	Part Meeting	Jonathan Eriksen, EriksensGlobal (via phone)

The Chair declared the meeting open at 8.30am

1.0 APOLOGIES

Nil

Secretarial Note: The apology from Cr Rick Stolwerk for non-attendance was noted

2.0 DECLARATIONS OF CONFLICTS OF INTEREST

It was advised that committee members should make any declarations item-by-item as the meeting progressed.

3.0 CONFIRMATION OF MINUTES

3.1 Confirmation of Minutes

ID: A1127642

Report from Dave Tams, Group Manager, Corporate Excellence

Moved (Shepherd / Smart)

That the minutes of the Investment Subcommittee meeting held on 24 October 2018 be confirmed as a true and correct record.

Carried

Secretarial Note: The order of the agenda items was rearranged to allow for other commitments by attendees

ID: A1134089

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Investment Subcommittee
28 November 2018

8.38am - Jonathan Eriksen joined the meeting

4.0 REPORTS

4.2 Supplementary Item: Performance of council's externally managed funds to October 2018

ID: A1132797

Report from Simon Crabb, Finance Manager

Moved (Bain / Shepherd)

1. That, as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987, the following supplementary report be received:
 - Performance of council's externally managed funds to October 2018 (incorporating the EriksensGlobal report 'Northland Regional Council Externally Managed Investment Funds – dated 26 November 2018)
2. That the rate payment due in December 2018 be put onto term deposit, not managed funds, staggered over the periods of 30, 60 and 90 days, and weighted to 90 days.

Carried

Summary of Discussion

- Markets are showing the beginning of a correction, council funds are positioned defensively and EriksensGlobal do not recommend any changes at this time
- EriksensGlobal are comfortable with the performance of the portfolio at present - funds are still returning 1 - 2% more than term deposits and things are expected to improve by the end of the council's financial year
- EriksensGlobal advise council to meet cash needs as they arise, rather than withdrawing cash now and crystallising losses

9.00am - Jonathan Eriksen left the meeting

4.1 Responsible Investment Report

ID: A1127607

Report from Dave Tams, Group Manager, Corporate Excellence

Moved (Shepherd / Smart)

That the report 'Responsible Investment Report' by Dave Tams, Group Manager, Corporate Excellence and dated 12 November 2018, be received.

Carried

Summary of Discussion

- Gambling (1.06%) and Armaments (0.02%), although very minor, are still something council does not wish to be involved with
- Wording needs to be changed to reflect that council's preference is for these percentages to be reduced to zero over time

Investment Subcommittee
28 November 2018

Agreed Actions

- | | | |
|----|---|------------------|
| 1. | Send a copy of the expected returns for each fund through to DT for distribution with the minutes | Jonathan Eriksen |
| 2. | Report on how achievable it is for council's exposure to be reduced to zero in the areas of gambling and armaments, and over what timeframe, to the February workshop | Jonathan Eriksen |
| 3. | Send FMG Report on ethical investing to DT for distribution with the minutes | Geoff Copstick |

The meeting closed at 9.31am

UNCONFIRMED

TITLE: Performance of council's externally managed funds to 31 January 2019

ID: A1166166

From: Simon Crabb, Finance Manager

Executive Summary / Whakarāpopototanga

A summary of the returns and target objectives for the month of January 2019 for each externally managed fund is presented below, with the supporting detail and fund performance for longer periods contained in Attachment 1.

In the month of January 2019, all of council funds outperformed their respective objective and collectively made gains of \$917k (based upon the preliminary report received from EriksensGlobal). Taking these January gains into account, there is now an overall capital loss reported of \$227K for the seven months to 31 January 2019.

Month to 31 January 2019	CIF	PRF	IIF	STF
Fund Return %	1.7%	1.6%	1.8%	1.3%
Fund Objective	0.5%	0.6%	0.5%	0.3%
Fund Over / Under Performance	1.2%	1.0%	1.3%	1.0%

Recommendation

That the report 'Performance of council's externally managed funds to 31 January 2019' by Simon Crabb, Finance Manager and dated 21 February 2019, be received.

Background / Tuhinga

Community Investment Fund (CIF)

At 31 January 2019, the CIF had a market value of \$14.1M and had performed as follows:

CIF	1 month		Quarter		YTD		1 year		Since inception	
	Return	Objective	Return	Objective	Return	Objective	Return	Objective	Return	Objective
	1.7%	0.5%	-0.2%	1.4%	-0.3%	3.2%	2.3%	5.6%	7.2%	5.6%

Property Reinvestment Fund (PRF)

At 31 January 2019, the PRF had a market value of \$16.6M and performed as follows:

PRF	1 month		Quarter		YTD		1 year		Since inception	
	Return	Objective	Return	Objective	Return	Objective	Return	Objective	Return	Objective
	1.6%	0.6%	0.1%	1.7%	-0.4%	3.9%	2.8%	6.7%	7.7%	8.3%

Infrastructure Investment Fund (IIF)

At 31 January 2019, the IIF had a market value of \$19.4M and performed as follows:

IIF	1 month		Quarter		YTD		1 year		Since inception	
	Return	Objective	Return	Objective	Return	Objective	Return	Objective	Return	Objective
	1.8%	0.5%	0.0%	1.4%	0.4%	3.3%	1.1%	5.8%	3.9%	5.8%

Short Term Investment Fund (STF)

At 31 January 2019, the STF had a market value of \$5.5M and performed as follows:

STF	1 month		Quarter		YTD		1 year		Since inception	
	Return	Objective	Return	Objective	Return	Objective	Return	Objective	Return	Objective
	1.3%	0.3%	0.7%	0.9%	1.6%	2.2%	2.5%	3.8%	4.9%	3.8%

Attachments/Ngā tapirihanga

Attachment 1: NRC Externally Managed Funds Monthly Report to 31 January 2019 - Preliminary [↓](#)



Authorised by Group Manager

Name: Simon Crabb
Title: Finance Manager
Date: 21 February 2019

ERIKSENSGLOBAL

Actuaries & Investment Strategists

NORTHLAND REGIONAL COUNCIL EXTERNALLY MANAGED INVESTMENT FUNDS

MONTHLY REPORT 31 JANUARY 2019 – PRELIMINARY

18 FEBRUARY 2019

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COMMUNITY INVESTMENT FUND

	1 Month %	3 Month %	YTD** %	1 Year %	3 Year (p.a.) %	Inception (p.a.) %*
NZ Fixed Interest	1.3	1.5	2.3	4.6	6.6	8.1
Benchmark (Weighted Average)	0.3	1.0	2.6	4.6	4.5	4.0
Value Added	1.0	0.5	-0.3	0.0	2.1	4.1
Harbour Income	0.6	1.0	1.7	3.9	5.0	
Benchmark (NZ OCR + 3.5% p.a.)	0.4	1.3	3.0	5.3	4.6	
Value Added	0.2	-0.3	-1.3	-1.4	0.4	
Milford Diversified Income	1.9	2.1	2.6	5.0	8.8	
Benchmark (NZ OCR + 2.5% p.a.)	0.3	1.0	2.5	4.2	4.4	
Value Added	1.6	1.1	0.1	0.8	4.4	
Mint Diversified Income	0.8	0.9	2.1	4.3	4.7	
Benchmark (NZ CPI + 3% p.a.)	0.3	0.8	2.8	4.8	4.6	
Value Added	0.5	0.1	-0.7	-0.5	0.1	
Australasian Equities	2.6	-1.1	-2.9	1.3	8.1	11.1
Benchmark (Weighted Average)	0.7	2.1	5.1	8.9	9.1	9.5
Value Added	1.9	-3.2	-8.0	-7.6	-1.0	1.6
Aspiring	1.8	-3.4	-5.2	-2.6		
Benchmark (NZ CPI + 4% p.a.)	0.4	1.1	3.4	5.8		
Value Added	1.4	-4.5	-8.6	-8.4		
Milford Active Growth	2.9	-0.2	-2.1	2.8	9.0	11.5
Benchmark (10% p.a.)	0.8	2.4	5.7	10.0	10.0	10.0
Value Added	2.1	-2.6	-7.8	-7.2	-1.0	1.5
Australasian Private Equity	-1.5	-2.8	6.3	12.0		
Benchmark (Weighted Average)	1.9	3.6	4.4	12.7		
Value Added	-3.4	-6.4	1.9	-0.7		
MLC PE II	-2.3	-4.4	8.9	9.6		
Benchmark (15% p.a.)	1.2	3.6	8.5	15.0		
Value Added	-3.5	-8.0	0.4	-5.4		
CC 4	0.7	1.3	3.9			
Benchmark (NZX50 + 4%)	2.3	3.7	2.8			
Value Added	-1.6	-2.4	1.1			
PCP III	0.0	0.3	0.7	16.5		
Benchmark (NZX50 + 4% p.a.)	2.3	3.7	2.8	10.7		
Value Added	-2.3	-3.4	-2.1	5.8		
Global Equities	1.6	-2.2	-3.1	-2.8	3.7	3.7
Benchmark (Weighted Average)	0.5	1.6	3.9	6.9	6.8	7.0
Value Added	1.1	-3.8	-7.0	-9.7	-3.1	-3.3
AMP Global Multi-Asset	2.0	0.3	-1.5	-1.9	4.2	
Benchmark (NZ CPI + 5% p.a.)	0.4	1.3	3.9	6.8	6.7	
Value Added	1.6	-1.0	-5.4	-8.7	-2.5	
Schroders Real Return + 5%	1.6	-2.9	-3.5	-3.1	3.5	3.4
Benchmark (Aus CPI TM + 5% p.a.)	0.6	1.7	3.9	6.9	6.8	7.1
Value Added	1.0	-4.6	-7.4	-10.0	-3.3	-3.7
Total Fund	1.7	-0.2	-0.3	2.3	6.5	7.2
Fund Objective	0.5	1.4	3.2	5.6	5.6	5.6
Value Added	1.2	-1.6	-3.5	-3.3	0.9	1.6

*Inception date was 31 December 2012

** The hedged Fund return for the year-to-date would have been 0.4%, compared to the unhedged return of -0.3%

Northland Regional Council
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CIF ASSET ALLOCATIONS

Allocations	Market Value NZ\$	Actual %	Target %	Difference %	Status
Cash	9,712	0.1	0 < 5 < 40	-4.9	✓
Harbour Income	944,851				
Milford Diversified Income	3,118,495				
Mint Diversified Income	2,072,303				
NZ Fixed Interest	6,135,649	43.5	25 < 45 < 65	-1.5	✓
Income Assets	6,145,361	43.6	30 < 50 < 70	-6.4	✓
Milford Active Growth	3,143,236				
Aspiring	1,099,187				
Australasian Equities	4,242,423	30.1	15 < 25 < 35	5.1	✓
Continuity Capital No.4	397,846				
PCP III	147,384				
MLC PE II	266,808				
Australasian Private Equity	812,038	5.8	0 < 5 < 10	0.8	✓
Schroders RRF	2,287,763				
AMP GMAF	618,227				
Global Equities	2,905,989	20.6	10 < 20 < 30	0.6	✓
Growth Assets	7,960,450	56.4	30 < 50 < 70	6.4	✓
Total Assets	14,105,812	100.0			

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PROPERTY REINVESTMENT FUND

Asset	1 Month %	3 Month %	YTD* %	1 Year %	3 Year % p.a.	Inception** % p.a.
Australasian Private Equity						
Continuity Capital	5.5	11.3	12.4	13.8	10.3	
Benchmark (NZX50 + 4%)	2.3	3.7	2.8	10.7	17.8	
Value Added	3.2	7.6	9.6	3.1	-7.5	
MLC PE II	-2.3	-4.4	8.9	9.6		
Benchmark (15% p.a.)	1.2	3.6	8.5	15.0		
Value Added	-3.5	-8.0	0.4	-5.4		
PCP III	0.0	0.3	-1.7	24.6		
Benchmark (NZX50 + 4%)	2.3	3.7	2.8	10.7		
Value Added	-2.3	-3.4	-4.5	13.9		
Australasian Equities						
Aspiring	1.8	-3.4	-4.9	-2.4	7.2	
Benchmark (CPI + 4%)	0.4	1.1	3.4	5.8	5.7	
Value Added	1.4	-4.5	-8.3	-8.2	1.5	
Mint Trans-Tasman Equities	2.4	2.5	-0.2	7.9	13.1	
Benchmark (NZX50)	2.0	2.7	0.5	6.4	13.3	
Value Added	0.4	-0.2	-0.7	1.5	-0.2	
QuayStreet Altum	3.0	-2.6	-8.7	-7.1		
Benchmark (OCR + 6%)	0.6	1.9	4.5	7.8		
Value Added	2.4	-4.5	-13.2	-14.9		
Salt Long Short	-1.3	-7.0	-7.4	-7.6		
Benchmark (OCR + 5%)	0.5	1.6	3.9	6.8		
Value Added	-1.8	-8.6	-11.3	-14.4		
Diversified Income						
Milford Diversified Income	1.9	2.1	2.5	4.9	8.7	8.8
Benchmark (OCR + 2.5%)	0.3	1.0	2.5	4.2	4.4	4.5
Value Added	1.6	1.1	0.0	0.7	4.3	4.3
Mint Diversified Income	0.8	0.9	1.9	3.9	4.7	5.6
Benchmark (CPI + 3%)	0.3	0.8	2.8	4.8	4.6	4.1
Value Added	0.5	0.1	-0.9	-0.9	0.1	1.5
Quay Street Income	0.7	1.0	2.0	3.6	5.3	
Benchmark (OCR + 2%)	0.3	0.9	2.2	3.8	3.9	
Value Added	0.4	0.1	-0.2	-0.2	1.4	
Total Assets						
Total Fund	1.6	0.1	-0.4	2.8	6.7	7.7
Fund Objective (MStar Prop + 1%)	0.6	1.7	3.9	6.7	6.7	8.3
Value Added	1.0	-1.6	-4.3	-3.9	0.0	-0.6

* The hedged Fund return for the year-to-date would have been -0.3%, compared to the unhedged return of -0.4%

**Inception is measured from 30/09/2014

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PRF ASSET ALLOCATIONS

Allocations	Market Value NZ \$	Actual Allocation %	Target Allocation %	Status
Aspiring	3,200,940	19.3	10 < 15 < 20	✓
Mint Trans-Tasman Equities	3,407,457	20.6	10 < 15 < 20	×
QuayStreet Altum	879,609	5.3	0 < 5 < 10	✓
Salt Long Short	1,603,378	9.7	0 < 5 < 10	✓
Australasian Equities	9,091,384	54.9	40	
Continuity Capital No.2	1,154,059	7.0	0 < 5 < 25	✓
PCP III	147,384	0.9	0 < 2.5 < 25	✓
MLC PE II	266,808	1.6	0 < 2.5 < 25	✓
Australasian Private Equity	1,568,251	9.5	10	
Growth Assets	10,659,635	64.3	50	
Milford Diversified Income	1,415,484	8.5	0 < 10 < 20	✓
Mint Diversified Income	2,873,077	17.3	10 < 25 < 40	✓
Quay Street Income	1,571,998	9.5	5 < 15 < 20	✓
Diversified Income	5,860,560	35.4	50	
Cash	53,668	0.3		
Income Assets	5,914,228	35.7	50	
Total Assets	16,573,862	100.0	100	

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INFRASTRUCTURE INVESTMENT FUND						
Asset	1 Month %	3 Month %	YTD* %	1 Year %	3 Year %	Inception** %
Diversified Growth						
Aspiring	1.8	-3.4	-5.4	-2.9		
Benchmark (CPI + 4%)	0.4	1.1	3.4	5.8		
Value Added	1.4	-4.5	-8.8	-8.7		
Castle Point 5 Oceans	1.6	0.1	0.7	0.9		
Benchmark (OCR + 3%)	0.4	1.2	2.7	4.7		
Value Added	1.2	-1.1	-2.0	-3.8		
Mint Trans-Tasman Equities	2.4	2.5				
Benchmark (NZX 50)	2.0	2.7				
Value Added	0.4	-0.2				
Schroders RRF CPI + 5%	1.6	-2.9	-3.1	-2.4		
Benchmark (Aus TM CPI + 5%)	0.2	0.5	1.2	2.0		
Value Added	1.4	-3.4	-4.3	-4.4		
T. Rowe Price Global Eq. Growth	7.3	-0.2				
Benchmark (MSCI ACWI)	7.2	0.4				
Value Added	0.1	-0.6				
Diversified Income						
BlackRock FIGO	1.1	-2.3	-2.9	-4.8		
Benchmark (AusBond BB + 4%)	0.5	1.5	3.5	6.0		
Value Added	0.6	-3.8	-6.4	-10.8		
Harbour Income	0.6	1.0	1.6	3.9	4.8	5.1
Benchmark (OCR + 3.5%)	0.4	1.3	3.0	5.3	4.6	4.6
Value Added	0.2	-0.3	-1.4	-1.4	0.2	0.5
Milford Diversified Income	1.9	2.1	2.5	4.9		
Benchmark (OCR + 2.5%)	0.3	1.0	2.5	4.2		
Value Added	1.6	1.1	0.0	0.7		
Mint Diversified Income	0.8	0.9	1.8	3.8	4.0	4.4
Benchmark (CPI + 3%)	0.3	0.8	2.8	4.8	4.6	4.3
Value Added	0.5	0.1	-1.0	-1.0	-0.6	0.1
Total Assets						
Total Fund	1.8	0.0	0.4	1.1	4.3	3.9
Fund Objective (OCR + 3%)	0.5	1.4	3.3	5.8	5.8	5.8
Value Added	1.3	-1.4	-2.9	-4.7	-1.5	-1.9

* The hedged Fund return for the year-to-date would have been -0.1%, compared to the unhedged return of -0.5%

** Inception is measured from 31 July 2015

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IIF ASSET ALLOCATIONS

Allocations	Market Value NZ\$	Actual %	Target %	Status
Aspiring	1,953,138	10.1	0 < 10 < 20	✓
Castle Point 5 Oceans	4,998,989	25.8	20 < 25 < 40	✓
Schroders RRF 5%	1,224,982	6.3	0 < 5 < 20	✓
Mint Trans-Tasman Equities	1,030,370	5.3	0 < 5 < 15	✓
T. Rowe Price Global Equity Growth	1,543,824	8.0	0 < 5 < 15	✓
Diversified Growth	10,751,303	55.4	50	
Growth Assets	10,751,303		50	
BlackRock FIGO	1,104,865	5.7	0 < 10 < 20	✓
Harbour Income	3,266,895	16.8	0 < 15 < 20	✓
Milford Diversified Income	1,818,511	9.4	0 < 10 < 20	✓
Mint Diversified Income	2,465,826	12.7	0 < 15 < 20	✓
Diversified Income	8,656,097	44.6	50	
Income Assets	8,656,097		50	
Total Assets*	19,407,400	100.0	100	
BlackRock FIGO (AUD)	1,050,997			
Schroders RRF 5% (AUD)	1,165,258			

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SHORT TERM INVESTMENT FUND

Asset	1 Month %	3 Month %	YTD %	1 Year %	Inception* %
Diversified Income					
Milford Diversified Income	1.9	2.2	2.3	4.2	
Benchmark (OCR + 2.5%)	0.3	1.0	2.5	4.2	
Value Added	1.6	1.2	-0.2	0.0	
Mint Diversified Income	0.8	-0.1	0.6	2.3	3.4
Benchmark (CPI + 3%)	0.3	0.8	2.8	4.8	4.7
Value Added	0.5	-0.9	-2.2	-2.5	-1.3
Harbour Income Fund	0.6	0.7	1.7		
Benchmark (CPI + 3%)	0.4	1.3	3.0		
Value Added	0.2	-0.6	-1.3		
QuayStreet Income	0.7	1.0			
Benchmark (OCR + 2%)	0.3	0.9			
Value Added	0.4	0.1			
Diversified Growth					
Castle Point 5 Oceans	1.6	0.0	-0.1	0.2	
Benchmark (OCR + 3%)	0.4	1.2	2.7	4.7	
Value Added	1.2	-1.2	-2.8	-4.5	
Total Assets					
Total Fund	1.3	0.7	1.6	2.5	4.9
Fund Objective (OCR + 2%)	0.3	0.9	2.2	3.8	3.8
Value Added	1.0	-0.2	-0.6	-1.3	1.1

* Inception is measured from 31 March 2016

STIF ASSET ALLOCATIONS

Allocations	Market Value NZ\$	Actual %	Target %	Status
Harbour Income	172,051	3.2	0 < 20 < 40	✓
Milford Diversified Income	1,035,250	19.0	0 < 20 < 40	✓
Mint Diversified Income	56,868	1.0	0 < 20 < 40	✓
QuayStreet Income	1,688,467	31.0	0 < 20 < 40	✓
Diversified Income	2,952,636	54.2		
Income Assets	2,952,636	54.2	80	
Castle Point 5 Oceans	2,498,629	45.8	0 < 20 < 40	x
Diversified Growth	2,498,629	45.8		
Growth Assets	2,498,629	45.8	20	
Total Assets	5,451,265	100.0	100	

APPENDIX 1: BENCHMARKS

COMMUNITY INVESTMENT FUND

The Fund Objective is the annualised three year rolling New Zealand CPI plus 4% per annum.

Asset Class	Manager	Fund	Benchmark
NZ Fixed Interest	Harbour	Income	NZ OCR + 3.5% p.a.
	Milford	Diversified Income	NZ OCR + 2.5% p.a.
	Mint	Diversified Income	NZ CPI + 3% p.a.
Australasian Equities	Milford	Active Growth	10% p.a.
	Mint	Trans-Tasman Equities	NZX 50 Gross Index
	Aspiring	Aspiring	NZ CPI + 4% p.a.
Australasian Private Equity	MLC	PE II	15% p.a.
	Continuity Capital	Private Equity Fund No.4 LP	NZX 50 Gross Index + 4% p.a.
	Pioneer Capital	PCP III	NZX 50 Gross Index + 4% p.a.
Global Equities	Schroders	Real Return + 5%	Australian CPI (trimmed mean) + 5% p.a.
	AMP Capital NZ	Global Multi-Asset	NZ CPI + 5% p.a.

PROPERTY REINVESTMENT FUND

The Fund Objective is the Morningstar Unlisted and Direct Property Index plus 1% p.a. over rolling three-year periods.

Asset Class	Manager	Fund	Benchmark
Diversified Income	Milford	Diversified Income	NZ OCR + 2.5% p.a.
	Mint	Diversified Income	NZ CPI + 3% p.a.
	QuayStreet	Income	NZ OCR + 2% p.a.
Australasian Equity	Aspiring	Aspiring	NZ CPI + 4% p.a.
	Mint	Trans-Tasman Equities	NZX 50 Gross Index
	QuayStreet	Altum	NZ OCR + 6% p.a.
	Salt	Long Short	NZ OCR + 5% p.a.
Australasian Private Equity	Continuity Capital	Private Equity Fund No.2 LP	NZX 50 Gross Index + 4% p.a.
	MLC	PE II	15% p.a.
	Pioneer Capital	PCP III	NZX 50 Gross Index + 4% p.a.

INFRASTRUCTURE INVESTMENT FUND

The Fund Objective is the New Zealand Official Cash Rate plus 4% p.a. over rolling three-year periods.

Asset Class	Manager	Fund	Benchmark
Diversified Growth	Aspiring	Aspiring Fund	NZ CPI + 4% p.a.
	Castle Point	5 Oceans	NZ OCR + 3% p.a.
	Mint	Trans-Tasman Equities	NZX 50 Gross Index
	Schroders	RRF CPI + 5%	Australian CPI (trimmed mean) + 5% p.a.
	T. Rowe Price	Global Equity Growth	MSCI All Country World Index
Diversified Income	BlackRock	Fixed Income Global Opportunities	Bloomberg AusBond Bank Bill Index + 4% - 6% p.a.*
	Harbour	Income	NZ OCR + 3.5% p.a.
	Milford	Diversified Income	NZ OCR + 2.5% p.a.
	Mint	Diversified Income	NZ CPI + 3% p.a.

*Our analysis uses + 4% as the benchmark

SHORT TERM INVESTMENT FUND

The Fund Objective is the New Zealand Official Cash Rate plus 2% p.a. over rolling three-year periods.

Asset Class	Manager	Fund	Benchmark
Diversified Income	Harbour	Income	NZ OCR + 3.5% p.a.
	Milford	Diversified Income	NZ OCR + 2.5% p.a.
	Mint	Diversified Income	NZ CPI + 3% p.a.
	QuayStreet	Income	NZ OCR + 2% p.a.
Diversified Growth	Castle Point	5 Oceans	NZ OCR + 3% p.a.

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APPENDIX 2: NRC TOTAL FUNDS UNDER MANAGEMENT

Manager	Fund	CIF	PRF	IIF	STIF	NRC Total FUM	% of NRC Total FUM
AMP Capital NZ	Global Multi-Asset	618,227				618,227	1.1
	NZ Short Duration				0		
Aspiring	Aspiring	1,099,187	3,200,940	1,953,138		6,253,264	11.3
BlackRock	FIGO			1,104,865	0	1,104,865	2.0
Castle Point	5 Oceans			4,998,989	2,498,629	7,497,618	13.5
Continuity Capital	No.2 LP		1,154,059			1,154,059	2.1
	No.4 LP	397,846				397,846	0.7
Harbour	Income	944,851		3,266,895	172,051	4,383,798	7.9
Milford	Active Growth	3,143,236				10,530,976	19.0
	Diversified Income	3,118,495	1,415,484	1,818,511	1,035,250		
Mint	Diversified Income	2,072,303	2,873,077	2,465,826	56,868	11,905,901	21.4
	Trans-Tasman Equities		3,407,457	1,030,370			
MLC	PE II	266,808	266,808			533,617	1.0
Pioneer Capital	PCP III	147,384	147,384			294,768	0.5
QuayStreet	Altum		879,609			4,140,074	7.5
	Income		1,571,998		1,688,467		
Salt	Long Short		1,603,378			1,603,378	2.9
Schroders	Real Return + 3.5%					3,512,745	6.3
	Real Return + 5%	2,287,763		1,224,982			
Self-managed	Cash	9,712	53,668			63,380	0.1
T. Rowe Price	Global Equity Growth			1,543,824		1,543,824	2.8
Total FUM		14,105,812	16,573,862	19,407,400	5,451,265	55,538,339	100

Note: all values are in NZD

The exposure to Mint is above the 20% target exposure to any one manager and should be reduced over time.

FUNDS DENOMINATED IN AUD

		CIF	PRF	IIF	STIF	Total AUD
BlackRock	FIGO			1,050,997	0	1,050,997
MLC	PE II	253,800	253,800			507,600
Schroders	Real Return + 5%	2,176,222		1,165,258		3,341,480
Total AUD		2,430,022	253,800	2,216,255	0	4,900,077

PRIVATE EQUITY – COMMITTED CAPITAL (CALLED VS UNCALLED)

		Committed Capital \$	Called \$	Uncalled \$
Continuity Capital No.4 (NZD)	CIF	1,000,000	400,000	600,000
Continuity Capital No.2 (NZD)	PRF	2,000,000	1,500,000	500,000
MLC PE II (AUD)	CIF	500,000	230,000	270,000
	PRF	500,000	230,000	270,000
Pioneer Capital III (NZD)	CIF	500,000	160,085	339,915
	PRF	500,000	160,085	339,915