## STATEMENT OF INVESTMENT POLICY AND OBJECTIVES
## TE NGAKINGA O WHANGANUI INVESTMENT TRUST/WHANGANUI IWI FISHERIES LIMITED

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|---|---|
| ***KIA WHAKATŌ NGĀ PURAPURA*** | ***PROTECT THE ASSETS OF TE NGAKINGA FOR FUTURE GENERATIONS*** |
| ***KIA NGAKI I TE MĀRA*** | ***TO GROW AND DEVELOP THE ASSETS OF TE NGAKINGA SO THEY PROVIDE FOR TODAY AND TOMORROW*** |
| ***KIA PUĀWAI NGĀ HUA*** | ***THAT THE IWI HAVE THE BENEFITS OF OUR WORK*** |

***Mouri Ora, Mouri Awa, Mouri Tangata***

### BACKGROUND

Whanganui lwi view the Whanganui River as a living being, Te Awa Tupua; an indivisible whole incorporating its tributaries and all its physical and metaphysical elements from the mountains to the sea. The enduring concept of Te Awa Tupua - the inseparability of the people and River - underpins the desire of Whanganui lwi to care, protect, manage and use the Whanganui River through the kawa and tikanga maintained by the descendants of Ruatipua and Paerangi.

Whanganui lwi have maintained consistently that they possessed, and exercised rights and responsibilities in relation to, the Whanganui River in accordance with their tikanga and that those rights and interests have never been relinquished knowingly or willingly.

Ruruku Whakatupua, signed on 5 August 2014, between Whanganui lwi and the Crown agreed to the terms of the settlement of the historical Treaty of Waitangi claims of Whanganui lwi relating to the Whanganui River (Whanganui River Deed of Settlement). The signing of Ruruku Whakatupua and the establishment of Ngā Tāngata Tiaki o Whanganui (NTT) will allow Whanganui lwi the opportunity to lay the foundations for a prosperous future.

These foundations include the establishment of NTT's investment entities, Te Ngakinga o Whanganui Investment Trust (Te Ngakinga) and Whanganui Iwi Fisheries Limited (WIFL) that have the important role of managing and growing commercial assets on behalf of Whanganui lwi.

### INTRODUCTION

The Ngakinga and WIFL (together referred to as 'Investment Entities') are required to develop a Statement of Investment Policy and Objectives (SIPO) pursuant to clause 10 of the Deed of Trust. The SIPO will enable the Investment Entities to govern investment activities for funds received from the Crown in settlement of Whanganui Iwi claims to Te Awa Tupua.

A SIPO sets out the investment governance and management framework, philosophy, strategies and objectives of the Investment Entities. The policies and objectives should support a long-term, inter-generational approach. For ease of reference, a Glossary of investment terms are provided at the back of the SIPO.

## PURPOSE OF THE NGA TANGATA TIAKI GROUP ENTITIES

*Ngā Tāngata Tiaki o Whanganui Trust (NTT)*

- NTT is a private trust and the post settlement governance entity for Whanganui iwi for the purposes of the Te Awa Tupua (Whanganui River Claims) Settlement, established on 4 August 2014.
- The purpose of NTT is to advance the interests of Te Awa Tupua and its people individually and collectively, through holding and governing, inter alia, the settlement assets received from the Crown in the settlement of the claims of Whanganui Iwi to the Whanganui River.

*Te Ngakinga o Whanganui Investment Trust (Te Ngakinga)*

- Te Ngakinga is an incorporated charitable trust settled by NTT to manage assets received from the Whanganui River Settlement, as well as other assets previously owned by a number of pre-settlement Whanganui Iwi entities.
- The purpose of Te Ngakinga is to grow its portfolio of assets over time for the benefit of NTT Group and its beneficiaries (Te Awa Tupua and its people), to meet ongoing spending needs for NTT Group and to maintain equity between present and future beneficiaries into perpetuity.

*Whanganui Iwi Fisheries Limited (WIFL)*

- WIFL is a registered company and the asset holding company for Whanganui Iwi under the Māori Fisheries Act 2004 and holds, inter alia, fisheries quota and shares in Aotearoa Fisheries Limited.
- The purpose of WIFL is to act as the holding company for fisheries settlement quota and shares in Aotearoa Fisheries Limited and as a tax-paying investment vehicle for NTT Group.
- WIFL may invest in non-settlement assets should it be deemed appropriate

*Te Whawhaki Development Trust*

- Receives income from the NTT Group to fund initiatives to build the health and wellbeing of Te Awa Tupua and Whanganui Iwi.

The Investment Entities (Te Ngakinga and WIFL) manage the combined portfolio of investments collectively in accordance with this SIPO. The portfolio of investments includes Financial Assets and Taonga Assets. Financial Assets captures all investments that are owned by Te Ngakinga and WIFL that are not Taonga Assets and these are managed to achieve a target asset allocation. Taonga Assets (as defined in this document) have certain restrictions and are therefore excluded from the target asset allocation. All other policies and objectives outlined in this SIPO, including the target return, relate to the Investment Entities' investment portfolio which includes Financial Assets and Taonga Assets.

## Roles and Responsibilities

*Role of the Parent Trust*

The Investment Entities are responsible for developing this SIPO, with approval by NTT.

*Role of the Te Ngakinga Trustees and WIFL Directors*

The responsibilities of the Trustees/Directors include:

- Development of investment policies;
- Review of investment performance;
- Oversight and approval of all managed fund manager selections and implementation decisions;
- Monitoring of fund manager performance;
- Develop strategy, drive and approve all direct investments; and
- Ongoing monitoring of the spending rate.

Trustees/Directors are supported by an Investment Advisor and Commercial Advisor as required to enable Trustees/Directors to fulfil their fiduciary responsibilities.

*Role of NTT Finance and Operations*

NTT staff members' responsibilities involve the day-to-day management of the Investment Entities investment portfolio and include, but are not limited to the following:

- Administration of investments;
- Implementing policy/Trustee/Director decisions and spending/distributions in accordance with approved requirements;
- Treasury management on behalf of the Investment Entities;
- Liaising with NTT Trustees; and
- Board secretariat duties for the Investment Entities.

*Role of the Investment Advisor*

The Investment Entities engage an Investment Advisor who is independent from all fund managers, i.e. an Investment Advisor that does not provide or receive benefits from fund managers by virtue of their advice, to ensure that the Investment Entities are receiving truly independent investment advice. The Investment Advisors role is to provide ongoing advice and recommendations on portfolio construction and allocations across sub-asset classes and geographies. The advisor will:

- Evaluate and monitor current and potential managed fund investment opportunities;
- Recommend appropriate fund managers and provide guidance regarding the role they play in the portfolio;
- Provide necessary due diligence and supporting documentation and analyses on recommended fund managers;
- Support with analyses on ad-hoc investment opportunities; and
- Advise the Investment Entities on rebalancing the portfolio.

*Role of the Commercial Advisor*

The Investment Entities engage a Commercial Advisor in the absence of the required capability and capacity in-house. The Commercial Advisor is responsible for:

- Screening of investments and maintaining an opportunities register;
- Preparation & presentation of business cases;
- On-going management of live direct investments;
- Financial modelling, analysis and due diligence;
- Attending internal meetings and workshops;
- Developing a relationship with fund managers and other industry participants in the private equity industry;
- Developing a working relationship with internal stakeholders and staff;
- Managing external contractors and independent experts as required; and
- Periodic commercial reporting that is accurate and timely.

#### INVESTMENT OBJECTIVES

The long-term objectives are to:

- Grow the real[1] market value of the Investment Entities investment portfolio into perpetuity;
- Consistently provide the required income to NTT Group; and
- Maintain equity between present and future beneficiaries into perpetuity.

The overall financial objective of the Investment Entities investment portfolio is to earn an average annual inflation-adjusted (real[1]) total return, before spending, of 4.0% over a rolling five-year period at an acceptable level of risk. Risk is multi-faceted and the governance of risk is addressed and managed specifically through policies contained within this SIPO.

NTT recognise that the 4.0% real[1] return target is a long-term target and will not be achieved in every measurement period.

#### INVESTMENT BELIEFS

The Investment Entities approach to investing is framed by a set of clearly defined over-arching beliefs that drive investment decisions. The Investment Entities' investment beliefs are:

- Strong governance and well-defined decision-making structures enable sound investment decision making.
- The investment horizon is long-term and intergenerational. Setting an asset allocation that is appropriate to the objectives and risk tolerance is the primary driver of long-term success. A broadly diversified portfolio both across and within asset classes improves the risk to return ratio over time.
- Finding the right balance between active, passive and direct management is important to asset

[1] A real rate of return is the annual percentage return realised on an investment, which is adjusted for changes in prices due to inflation, as measured by the consumer price index.

performance and portfolio returns.

- Managing fees and costs for both managed funds and direct investments are important to the ultimate goal of maximising returns net of fees (return on investment after management and/or performance fees).
- To achieve the desired level of spending while preserving and enhancing the portfolio's purchasing power over time, the real[1] return target for the Investment Entities should be greater than the spending rate.
- Responsible investors should have regard to the Environmental, Social and Governance (ESG) issues of companies in which they invest and the Investment Entities will strive to identify managers who include a review of and consideration for ESG issues in investment analyses and decision making as outlined in the Responsible Investment Policy.
- The base currency of the Investment Entities is New Zealand dollars (NZD), and it is appropriate to measure the portfolio performance (including the impact of currency and currency hedging) in NZD.
- The Investment Entities preference is for a balance of both managed funds and direct investments. However, of most importance, is the portfolio asset class allocation and specific risk/return characteristics of each together with appropriate diversification for risk management and to sustain distributions and portfolio reinvestment.

### DISTRIBUTION POLICY

Maximum annual funding for NTT of 2% of the market value of the investment portfolio, and within 45-55% of the Investment Entities Net Operating Profit Before Tax, over a rolling 5-year period.

Large one-time withdrawals from the Investment Entities should be provisioned in advance to ensure appropriate liquidity and risk management.

### DIRECT INVESTMENT POLICY

Initially all settlement funds were invested into managed funds. As the portfolio matures and attractive direct investment opportunities present, the Investment Entities will move from a 100% managed funds portfolio to a balanced 50% managed funds / 50% direct investment portfolio.

Participating in direct investments introduces a level of concentration that subjects the Investment Entities portfolio to specific liquidity risk, industry risks and idiosyncratic or company-specific risks. To manage these potential risks, all Direct Investments must be undertaken in accordance with the Direct Investment Policy (**Appendix 1**).

The primary goal of direct investments in the portfolio is to achieve the financial objectives of the Investment Entities. A secondary objective is to consider the social impact of the investment. The Investment Entities will not:

- invest in any Direct Investment that breach ESG considerations; and
- will not directly invest in any companies that derive revenue from gambling, alcohol, tobacco,

weapons, coal, oil and gas, tar sands, or synthetic nitrogen fertilisers.

Any direct investment transaction above 10% of the market value of the Investment Entities investment portfolio requires NTT approval. Notwithstanding this threshold, NTT guidance will be sought for any investment that may not be aligned with NTT values and expectations on a "no surprises" basis.

### ASSET ALLOCATION POLICY

Using portfolio modelling from the Investment Advisor, and taking into consideration NTT's risk profile, Asset Allocation Policy targets for the investment portfolio's Financial Assets were agreed, with 40% in defensive assets (lower capital growth, lower risk) and 60% in growth assets (higher capital growth, higher risk).

### Investment Portfolio

The table below sets out the specific allocations within each asset class for the investment portfolio's Financial Assets.

*Table 1 – Asset class target range*

| Asset Classes | Policy Target | Ranges |
|---|---|---|
| **Financial Assets** | | |
| **Growth Assets** | **60.0%** | **50.0 – 70.0%** |
| Australasian Equity | 10.0% | 5.0% - 15.0% |
| Global Equity | 27.5% | 17.5% - 37.5% |
| Emerging Market Equity | 5.0% | 2.0% - 8.0% |
| Diversifiers | 5.0% | 2.0% - 10.0% |
| Private Equity | 12.5% | 5.0% - 25.0% |
| **Defensive Assets** | **40.0%** | **30.0% - 50.0%** |
| Defensive Core Real Estate | 13.0% | 6.0% - 20.0% |
| New Zealand Fixed Income | 15.0% | 10.0% - 20.0% |
| Global Fixed Income | 9.0% | 0.0% - 15.0% |
| Cash | 3.0% | 1.0% - 5.0% |
| **Total** | **100.0%** | |
| **Taonga Assets** | **N/A** | **N/A** |
| Aotearoa Fisheries Limited | N/A | N/A |
| Settlement quota | N/A | N/A |

Equities (public and private) have historically outperformed other asset classes and are therefore the Investment Entities growth engine. Diversifiers represent strategies that are included in the portfolio to mitigate volatility inherent in the allocation to Growth Assets. Diversifiers should exhibit correlation benefits and an equity beta less than one. It is recognised that a portfolio biased to Growth Assets could be severely impacted during periods of unanticipated inflation or prolonged deflation. Private Equity can provide diversified growth noting there will be nil or very limited cash returns over the short to medium term.

Defensive Assets are included to provide stable returns, liquidity and protection against a prolonged economic contraction. To fulfil its deflation hedging role, a significant proportion of the allocation to both New Zealand and Global Bonds will be invested in high quality fixed income securities.
Taonga Assets cannot be sold, used as security or otherwise alienated without the relevant Trust's specific written authorisation or direction (and subject to any other statutory process which may need to be followed). These assets reflect and support the iwi's customary interests in its rohe. Due to the restrictions on Taonga Assets and the low value relative to the investment portfolio, these assets are excluded from the asset allocation targets. However, any income derived from Taonga Assets may be reinvested in other asset classes in line with the Investment Entities overall asset allocation.

To ensure sufficient liquidity is always available, the targeted cash level is set at 3.0% of the value of the investment portfolio of the Investment Entities, subject to ongoing compliance with the Liquidity Policy.

Income from one asset class may be invested in another asset class subject to compliance with this SIPO. This is likely to be a necessity when rebalancing the portfolio.

**Direct Investments within the Asset Allocation**

Each direct investment is to be assessed as being either a Defensive Asset or Growth Asset based on its risk/return and cash/capital earnings profile and added to the applicable asset allocation within the Investment Entities' investment portfolio accordingly.

The overarching 40% Defensive / 60% Growth Asset Allocation Policy targets must be maintained. The investment advisor will advise which specific asset class(es) of managed funds are to be redeemed to fund direct investments.

Total direct investments must remain at or below 50% of the total market value of the Investment Entities' investment portfolio.

### REBALANCING POLICY

The objective of rebalancing is to keep the Investment Entities investment portfolio asset allocation at or near the determined policy weights to obtain the benefits of diversification and maintain an asset allocation that has been designed to help achieve the stated investment objectives, without incurring additional unintended risks.

The Asset Allocation Policy serves as a guide to managed funds target asset class allocations. However, there may be times when the Investment Entities are overweight/underweight certain asset classes relative to its target allocations or initiates exposure to other asset classes opportunistically.

To avoid incurring unnecessary transaction costs, rebalancing actions will be timed to coincide with cash outflows to the extent reasonably possible. In addition to rebalancing through drawdowns, it is the Investment Advisor's role to advise the Trustees/Directors when rebalancing will be required.

To avoid manager concentration risk, a maximum allocation to any individual fund manager is limited to 10% of the total managed funds portfolio (this excludes allocations to passive index holdings).

**PORTFOLIO BENCHMARKS**

The Investment Entities investment portfolio will be benchmarked to relevant indices for performance evaluation (see Table 2 for reference to the investment portfolio asset class benchmarks).

Benchmarks to evaluate investment manager performance will be selected that appropriately represent the investment universe in which the investment manager is investing.

Benchmarks for direct investments are to be determined at the time of investment and recorded within the requisite business case.

Performance reporting against benchmarks will be undertaken quarterly.

*Table 2 – Asset class benchmark*

| Asset Classes | Benchmark |
|---|---|
| **Financial Assets** | |
| **Growth Assets** | |
| Australasian Equity | 50% NZX 50 Index + 50% ASX 200 Index |
| Global Equity | 50% MSCI World Index (NZ$ Hedged) + 50% MSCI World Index (Unhedged) |
| Emerging Market Equity | MSCI Emerging Markets Index (Unhedged) |
| Diversifiers | HFRI Fund of Funds Composite Index |
| Private Equity | Blend of Indices[1] |
| **Defensive Assets** | |
| Defensive Core Real Estate | Blend of Indices[1] |
| New Zealand Fixed Income | S&P/NZX Composite Bond Index |
| Global Fixed Income | Barclays Global Aggregate Bond Index (NZ$ Hedged) |
| Cash | S&P/NZX NZ 90-day bank bill |
| **Target Policy Benchmark** | **Policy Weighted Blend of Indices**[2] |
| **Taonga Assets** | |
| Aotearoa Fisheries Limited | Average returns for previous 5 years[3] |
| Settlement quota | Average returns for previous 5 years[3] |

[1]An asset-weighted composition of indices to which the investments in the asset class relate, subject to actual implementation.

[2]A policy-weighted composition of asset class indices, staged to reflect actual implementation.

[3]Due to the subjectivity associated with calculating the valuation of Taonga Assets, with minimal comparable transaction data available, there are no appropriate market benchmarks. As such, the performance each year is benchmarked against average returns generated in the previous 5 years.

**CURRENCY HEDGING POLICY**

Direct investments are to be domestic therefore this Currency Hedging Policy principally relates to international managed funds.

Spending and liabilities are primarily in New Zealand dollars. Foreign currency exposure should be considered in this context.

Currency exposure introduces additional volatility to the Investment Entities investment portfolio. The Currency Hedging Policy manages the impact of currency fluctuations on portfolio returns over time by limiting the investment portfolio's total unhedged foreign currency exposure to 30%.

The Currency Hedging Policy will be implemented by asset class as outlined in Table 2.

The Investment Entities will work with the Investment Advisor to determine an appropriate, low-cost, efficient, externally managed currency hedging solution, as required[2].

**RESPONSIBLE INVESTMENT POLICY**

The Investment Entities will balance the financial objectives with the goal of creating an overall portfolio consistent with NTT Group's core social values and mission.

The Trustees/Directors will uphold these goals by working with fund managers that adhere to the Investment Entities social values without adversely impacting investment performance.

The Trustees/Directors will:

- Seek to include responsible investment (RI) managers in all manager searches.
- Will favour such managers assuming they demonstrate reasonably comparable investment characteristics (i.e., competitive performance, fees, team stability, etc.) relative to their non-RI peers.

However, apart from climate change related issues (see below) the Trustees/Directors will not restrict themselves solely to responsible investment options since:

- Such options may not be available in all asset classes of interest to the portfolio and/or
- Available options may be notably less compelling relative to non-RI alternatives.

Within the parameters provided above, the Trustees/Directors will strive to identify managers who include a review of and consideration for ESG issues in investment analyses and decision-making processes through the manager selection process detailed in the Role of the Investment Advisor.

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[2] This solution will include the selection of investment managers that invest in or are hedged to NZD and/or the use of currency overlay products available from NZ banks.

By 31 March 2024, the Investment Entities will not invest in actively managed funds that invest in companies that derive more than 10% of revenue from fossil fuel reserves.

All direct investments are to be compliant with the responsible investing criteria included within the Direct Investment Policy (refer to Section 9 Direct Investment Policy).

### DEBT POLICY

Debt can be taken by the Investment Entities when backed by and secured against specific assets that can sustain debt interest/principal repayments without negatively impacting compliance with the Distribution & Reinvestment Policy (Section 8).

Debt can only be taken against direct investments and must be approved at the time of investing (included within the requisite business case) so the risk profile is clearly understood.

General parameters for direct investments:

- Assets with regular, very stable operating cash flows – debt at 50-70%
- Assets with regular but more volatile operating cash flows – debt at 20-40%
- Assets with low/nil or highly volatile operating cash flows – nil debt

Total maximum debt exposure of 35% across the total market value of the Investment Entities' portfolio.

### LIQUIDITY POLICY

As a long-term investor, short term value shocks should not be of great concern, however, there remain ongoing payment and distribution obligations to meet, and therefore sufficient cash-like assets must be maintained to cover such obligations even in a severe downturn.

### REVIEWS OF SIPO

This SIPO is to be reviewed not less than 3 yearly.

# APPENDIX 1

## DIRECT INVESTMENT POLICY

**INVESTMENT TERMS GLOSSARY**

**Active managers:** Managers who attempt to outperform a market index such as the S&P/NZX 50 index.

**Alternative investments:** Investments outside the standard categories of stocks, bonds and cash. Examples are diversifiers, private equity, and inflation hedging/real asset investments.

**Asset allocation:** The percentage of an investment or asset class in the portfolio.

**Asset classes:** Different types of investments. Stocks and bonds are broad types of assets; Te Ngakinga will invest across the following asset classes: Australasian Equities, Developed Markets Equities, Emerging Markets Equities, Alternative Investments (Diversifiers, Private Equity, Inflation Hedging/Real Assets), and Fixed Income.

**Australasian equities:** Equity investments in companies across New Zealand and Australia.

**Benchmark:** A broad market performance measurement, usually an index, which active managers try to outperform.

**Capitalization [frequently abbreviated as "cap"]:** What the stock market says a company is worth. It equals the stock price times the total number of shares.

**Cash [used interchangeably with short-term investments]:** Fixed income investments that mature in less than one year, which can easily be converted to liquid cash for spending purposes.

**Commodities:** Items such as oil and other energy holdings, foods, grains or metals, usually sold in advance on a contract basis. Investors sometimes include commodities contracts in a portfolio as inflation hedges because sharp price increases are often quickly reflected in values of commodities.

**Correlation:** a statistical measure of how two securities move in relation to each other.

**Currency hedging:** A strategy to minimise foreign exchange risk when investing outside of New Zealand. Typically done through the use of forward contract agreements (i.e. agreeing on an exchange rate at some point in the future). For Te Ngakinga, this is typically expected to be executed by external managers.

**Developed markets:** The securities markets of the world's most industrialised countries, usually the 24 countries of the EAFE Index plus the US and Canada. (includes New Zealand and Australia)

**Direct Investments:** These are defined as assets which are held directly and/or originated by the Investment Entities.

**Direct Investment Policy:** A policy agreed between the Investment Entities and NTT allowing for the criteria for acquisition, due diligence process, approval process and implementation of any direct investments to be undertaken by the Investment Entities.

**Diversification:** Spreading of risk by allocating investments across differentiated investment funds in several asset classes.

**Diversifiers:** Hedge Funds/Absolute Return managers may fall under this category. This is an asset class that strives to achieve equity like returns with lower volatility.

**EAFE:** The Europe, Australasia and Far East index. This is the most common benchmark used to evaluate the performance of managers who buy non-US stocks. It consists of the stocks of companies domiciled in the world's 24 most industrialised countries.

**Emerging markets:** Stock and bond markets in small but often fast-growing economies, mostly in Asia and Latin America.

**Equities [used interchangeably with stocks]:** Certificates of ownership interest in a corporation.

**Fixed income investments [used interchangeably with bonds]:** Interest-bearing certificates issued by governments or corporations. Bonds are essentially IOUs promising full repayment within a specified time. Bondholders do not share in a company's profits (as stockholders do), but they must be paid before stockholders should a company fail.

**Growth investing:** A style of equity investing that favors companies whose profits may rise significantly in the future, even though their stock prices may already be high. Contrast with value investing.

**Index fund:** An investment fund containing all of the securities of an index, thus assuring investors the return of the index. A means of passive investing.

**Index:** A measure of the average performance of all securities in one asset class.

**Inflation hedge / Real assets:** An investment that is likely to perform well during inflation. Gold and other precious metals, commodities, real estate/REITS and Inflation Linked Bonds (ILB) are usually considered inflation hedges.

**Investment Entities:** Te Ngakinga o Whanganui Investment Trust and Whanganui Iwi Fisheries Limited.

**Investment framework:** A set of values and guidelines on which investment objectives and policies are based.

**Investment grade:** A rating that indicates that bond has a relatively low risk of default. Investment grade is rated BBB or above.

**Leverage:** Borrowing money to invest, hoping to earn a higher return than the interest paid on the money borrowed.

**Liquidity:** The degree to which an investment can be converted to cash without causing losses. Bonds are generally more liquid than stocks, while Alternative Investments may be less liquid than stocks or bonds.

**MSCI:** Morgan Stanley Capital International – an organisation which creates indexes and calculates the investment performance of indexes. Such indexes are used principally to create index funds for investing, or as benchmarks for measuring the performance of active managers.

**MSCI All Country World Index (ACWI):** A market capitalisation weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI ACWI is maintained by Morgan Stanley Capital International, and is comprised of stocks from both developed and emerging markets.

**Passive management [also called passive/index investing]:** Attempting to exactly match, but not try to beat, a particular benchmark. A typical MSCI ACWI index fund, for example, buys all the stocks in the index. Contrast with active management.

**Private Equity:** Ownership interest in companies whose stock cannot be purchased on public stock exchanges.

**Rebalancing:** Restoring a portfolio to its target asset allocation by selling assets that have risen above their targets and buying those that have fallen below targets. Rebalancing is often required as cash needs arise and are met.

**REIT:** Real Estate Investment Trust – a security that sells like a stock on the exchange and invests directly in real estate through properties or mortgages.

**Responsible investing:** Investments that generate social or environmental value as well as financial return. Certain investment managers characterise themselves as responsible investment managers that take environmental, social and governance (ESG) factors into consideration when investing in a company.

**S&P/NZX 50 Index:** A float-adjusted market capitalization index designed to measure the performance of the 50 largest stocks listed on the New Zealand Stock Exchange.

**Securities:** Stocks and bonds of companies.

**Sharpe ratio:** The historical return per unit of risk. A measure of risk adjusted return.

**Standard deviation:** A measure of volatility – sometimes called risk.

**Taonga Assets:** Means:
- those non-cash assets received by Whanganui Iwi through a Treaty of Waitangi settlement before the passage of Te Awa Tupua (Whanganui River Settlement) Act 2017 that is transferred to an Investment Entity; and
- any non-cash assets transferred from NTT to an Investment Entity arising from the Te Awa Tupua (Whanganui River Settlement) Act 2017; and
- any asset subsequently acquired by an Investment Entity which is agreed between NTT and that Investment Entity to be treated as a Taonga Asset.

**Total return:** The combined return from a security's income (dividends or interest) and its capital gain (the increase in its price). Typically, investment portfolio performance is measured as total return.

**UN PRI** (United Nations supported Principles for Responsible Investment): The UN PRI works to understand the investment implications of environmental, social and governance factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

**Value investing:** Style of equity investing. Value investors seek to buy low and sell high by choosing out-of-favor stocks in companies that are fundamentally strong, in the hope that the market will later correct its underestimate and drive the stock's price higher. Contrast with growth investing.

**Volatility:** The tendency of an investment's price to go up or down rapidly.