The Church Property Trustees

STATEMENT OF INVESTMENT POLICY & OBJECTIVES

November 2023

Adopted by the Trustees on 2nd November 2023

CONTENTS

INTRODUCTION

The purposes of this Statement of Investment Policy and Objectives [SIPO] are to:

- Outline the philosophy and investment objectives for Church Property Trustees [CPT], CPT Committee for Audit, Risk & Finance [CARF], trusts, beneficiaries, investors and investment managers.
- Create parameters for investment of funds under CPT management on behalf of its trusts and other investors.
- Serve as the basis for monitoring the on-going performance of the Funds and of the portfolios that make up the Funds, which includes assessment of the performance of investment managers as well as any portfolios managed by CPT internally.

CPT sets and approves the SIPO and delegates oversight of it to the CARF.

ROLES OF CHURCH PROPERTY TRUSTEES

CPT has in effect two main roles from an investment policy point of view:

1. Trustee of the Dean & Chapter Estate and the Bishopric Estate (statutory trusts), the General Trust Estate, and numerous other trusts. These trusts often have investment objectives in common.

2. Manager of three investment funds of funds. These funds consolidate the interests of the trusts and investors under supervision according to differing investment objectives. The funds are run to maximise the potential efficiencies associated with acting as Trustee to a number of small funds with similar objectives. The three funds are:
   - Balanced Growth Fund;
   - Fixed Income Fund; and
   - Reserve Fund.

SCOPE

This SIPO covers:

- The overall investment philosophy of CPT.
- Prudential controls on investment.
- The investment policy for the three funds under management.
- Policies that apply to certain estates or trusts only.

In addition, the appendices cover certain technical aspects relating to implementation of the investment policy.

PHILOSOPHY

The investment policies and strategies adopted by CPT are intended to balance the objectives to maintain real capital for future use with the current and future needs of trusts, beneficiaries and investors. CPT is risk averse and has a long-term focus.

ASSET ALLOCATION

In making asset allocation judgements, CPT is not expected to seek to "time" subtle changes in financial markets, or to make frequent or minor adjustments. Instead, CPT is expected to develop and adopt expressed guidelines for broad allocations on a long-term basis, in light of current and projected investment environments. Asset Allocation will be monitored on a quarterly basis and reviewed at least annually by CARF which may make decisions to transfer funds between portfolios to stay within the ranges allowed for each asset class. If a weighting to an asset class goes outside its allowed range, the finance staff of CPT will develop a plan of action, either for immediate rebalancing of the portfolio or a rebalancing that will occur over a stated period of time.

In the event of severe economic or market conditions which would negatively impact the Funds, investment managers may deviate from the stated asset structure after notifying CARF and receiving the requisite approval. As soon as practicable thereafter, the results of any action(s) following approval must be explained and confirmed in writing to CARF and the full CPT Board. CPT approval must also be given for investment in any asset classes and funds not already approved in this SIPO.

OTHER CONSIDERATIONS

FIDUCIARY DUTY

In pursuing the investment objectives set forth in the SIPO, CPT will exercise prudence and appropriate care in accordance with the prudent person principles of the Trusts Act (2019). All investment actions and decisions must be based solely in the overall interest of trusts, beneficiaries and investors and in compliance with applicable legislation.

CPT members, staff, managers and advisors must provide full and fair disclosure to CPT of all material facts regarding any potential conflicts of interest. The Conflicts Register is available internally and updates are requested as an agenda item for each CPT Board meeting.

ECCLESIASTICAL LAWS

CPT must comply with all Canon and Ecclesiastical laws and regulations that, under the authority of Synod, apply to the administration of the investments (as long as such compliance would not otherwise conflict with CPT's fiduciary and legal duties).

SOCIALLY RESPONSIBLE INVESTMENT

As a Christian based organisation, CPT is acutely aware of the potential social cost of the actions of some enterprises.

The current CPT social responsibility policy is included at Appendix 1 – Socially Responsible Investment [BD007].

FINANCIAL PERIODS

The CPT (and Diocesan) Financial Year ends on 31st December. The financial quarters for reporting purposes will be 31st March, 30th June, 30th September and 31st December.

FEES

Fees are charged by Fund Managers and, whenever possible, are negotiated with the assistance of the investment consultant/advisor. The investment consultant/advisor's fees are typically agreed annually. Church Property Trustees charges .06 basis points for management and administration of the Balanced Growth Fund, Fixed Income Fund, and Reserve Fund.

TAXATION

CPT is limited to investing on behalf of NZ based tax-exempt entities.

Investment managers, advisors and consultants are expected to take into account this tax-exempt status when making investment decisions and recommendations.

SIPO REVIEW

This SIPO shall be reviewed at least annually by CARF with changes recommended to the Board. Prior approved copies of the SIPO are filed by the Office Manager.

The appendices may be changed by CARF from time to time as required. CARF has the requisite delegated authority to the extent that it is required.

The investment consultant may provide suggestions regarding appropriate adjustments to this SIPO, or the manner in which investment performance is reviewed.

RESPONSIBILITIES

CHURCH PROPERTY TRUSTEES

CPT has the ultimate fiduciary responsibility for investments (and other property) administered by CPT and for setting overall investment strategy. CPT must ensure that appropriate policies governing the management of these investments are in place and that these policies are being effectively implemented.

CHURCH PROPERTY TRUSTEES COMMITTEE FOR AUDIT, RISK & FINANCE [CARF]

CARF is responsible for implementing investment policies, monitoring compliance with them, and reporting to the Board. This responsibility includes recommending investment strategy for CPT approval, supervision of investment managers, custodians and investment consultants, monitoring performance of investment portfolios on a regular basis and maintaining sufficient knowledge about the portfolios and managers so as to be reasonably assured of their compliance with this SIPO and other policies.

CHURCH PROPERTY TRUSTEES STAFF

CPT staff have daily responsibility for administration of the CPT investment portfolios and, within the investment policies outlined, consult with CARF and the Board on all major and/or policy matters relating to the investment of the CPT portfolios. Staff will serve as the primary contact for CPT investment managers, investment consultants and custodians.

On an on-going basis the staff will:

- Ensure accurate financial reports are produced on a quarterly basis.
- Monitor and report exceptions on the performance of each individual portfolio and each investment manager monthly.

CPT may manage some investments directly, (referred to in this document as “internal management”), such as loans secured by registered mortgages.

CPT Staff delegations are as per Board Policy No. BD016 – Delegated Authorities.

INVESTMENT MANAGERS

Investment managers may be retained to assist CARF in managing and overseeing the CPT investment portfolios.

Investment managers retained will invest in accordance with this document and the governing documents of the relevant fund in question.

Investment managers are expected to act in a manner to protect the interests and reputation of CPT including compliance with the Socially Responsible Investment Policy (BD007 – see Appendix 1)

INVESTMENT CONSULTANTS & ADVISORS

Investment consultants may be retained to advise on aspects of the CPT business such as investment strategy, asset allocation policies, investment performance analysis or to act as brokers or agents.

Advisers and consultants are expected to act in a manner to protect the interests and reputation of CPT. Advisers and consultants are to be entirely independent of any and all investment products and services.

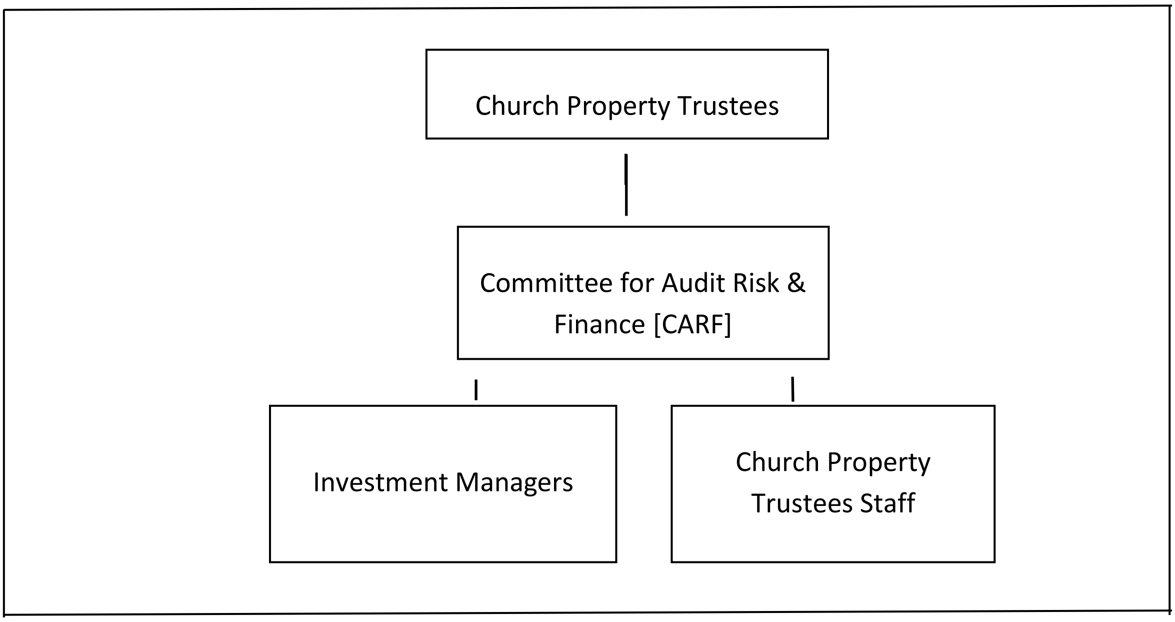
BANKS

CPT will use banks registered in New Zealand (but not branches of overseas-incorporated banks) to make deposits. The principal bank is ANZ Bank New Zealand Limited. To balance the competing requirements of convenience, diversification and return, any bank with a long-term Standard & Poor's credit rating of at least A or above may receive deposits. As at the date of this SIPO, ratings are summarised at www.rbnz.govt.nz/regulation-and-supervision/banks/prudential-requirements/credit-ratings. The combined exposure (excluding accrued interest) to any approved bank across the 4 funds is to be less than $20 million.

CUSTODIANS & NOMINEES

CPT may retain custodian or nominee companies with responsibility for safekeeping securities, income collections, disbursements and periodic accounting statements.

ORGANISATIONAL STRUCTURE



INVESTOR OBJECTIVES

GENERAL OBJECTIVES

The general objective of CPT is to balance maintenance of real capital for future use with current and future income needs of trusts, beneficiaries and investors.

CATEGORISATION OF INVESTORS

The objectives reflect the types of investor CPT serves. Some investors and/or trusts may span categories and have investments in more than one fund under CPT management in accordance with the specific objectives for that trust(s).

The major categories of investor can be categorised as follows:

ENDOWMENTS – LONG-TERM

Long-term trusts (often held in perpetuity) where income is required but capital growth is also needed to maintain the real spending power of this income over time.

Examples of endowments are the major trusts, including the General Trust Estate, Bishopric Estate, Dean & Chapter Estate, land & buildings trusts, as well as numerous smaller trusts, many held on behalf of parishes and other ministry units. Further details on the major trusts' investment needs are in Appendix 6.

CAPITAL RESERVES – TERM DEPENDANT ON SPECIFIC PURPOSE

Funds specifically set aside as capital, often from capital realisations (such as property sales) or legacies and fund-raising. These investments may be long-term in nature (with no plans to be spent in the foreseeable future), or medium-term such as for planned property purchases or building projects. If the funds are not likely to be spent within five years, the investment should be treated as long-term. They can be treated as medium-term if expected use is within two to five years, or short-term if needed within the next one to two years.

CASH & SHORT-TERM INVESTMENT – SHORT-TERM

Investments intended to be spent within the next 12 - 24 months, including short-term surpluses on current account and funds allocated to projects and initiatives taking place within the next year.

OVERALL INVESTMENT GUIDELINES & CONSTRAINTS

In addition, the following guidelines and constraints will apply to the portfolio:

- Not more than 5% of the Fund assets may be invested in any one security without specific consideration and approval by the Board with the exception of:
    - Where it occurs due to market movements, or
    - Investments with registered banks.

- The Funds' interest in any pooled fund, excluding private equity [PE], shall not exceed 20% of the assets of that pool, unless a larger investment is specifically authorised by the Board. This is subject to board monitoring.
- Constraints on the use of derivatives are detailed in Appendix 5.
- The Board has adopted a resolution that external fund managers should either be signatories or be in the process of becoming signatories to the Principles for Responsible Investment [www.unpri.org].
- Any foreign currency denominated investment is subject to Appendix 7 – Currency Hedging.
- The risk to funds in the event of a major natural disaster, especially a large alpine fault rupture, shall be considered by the investment consultant in advising on external funds. Potential mitigation is expected to include diversification across industry and geography.

FUND INVESTMENT ALLOCATIONS

CPT offers three pooled investment funds to meet differing investment needs for the Trusts under its oversight, as well as other investors.

INTRODUCTION

Each of the three Funds offered will be administered and reported on by CPT, consolidating relevant sub-funds based on asset classes.

A mixture of internal and external management will be utilised to manage the portfolios that make up these sub-funds.

More than one manager may be appointed to manage different portfolios in one sub-fund, or part of the asset class might be managed directly by CPT and another portion managed by an external party.

Details of the managers employed for each of the three CPT funds are in Appendix 4.

LONG-TERM – BALANCED GROWTH FUND [BGF]

Invested for 5+ years - Investors require both regular income and maintenance of the real value of capital (after inflation).

- Net Return Objective: CPI + 5.0% p.a. over rolling five-year periods. Due to the current high inflation and variable market returns and consequential issues in setting appropriate target returns, this objective for the Balanced Growth Fund is paused.

- Risk Level: Moderate – Chance of a negative return no greater than 1 year in 10.

For information on major investors in this Fund and its distribution policy see Appendix 6.

Asset Class	Benchmark Weighting %	Range %

Global Equity	10	0 - 15
Global Objective Based Asset Allocation (OBAA]	10	5 - 20
Multi-Asset Growth	45	35 - 60
Australasian Equities	5	0 - 10
Multi-Asset Income	10	10 - 25
Alternatives (Australasian Private Equity)	5	0 - 15
Alternatives (Direct Property)	5	0 - 10
NZ Cash (including self-managed Term Deposits)	10	0 - 15
Total	**100**	

MEDIUM-TERM – FIXED INCOME FUND [FIF]

Invested for 1 - 5 years (e.g. for specific projects) - Investors require regular income while maintaining nominal capital with low probability of loss.

- Net Return Objective: CPI + 3.5% p.a. over rolling three-year periods. Due to the current high inflation and variable market returns and consequential issues in setting appropriate target returns, this objective for the Fixed Income Fund is paused.
- Risk Level: Low. The base portfolio should have a chance of negative returns less than 1 year in 12 with income stabilised via the Reserve Fund.

Asset Class	Benchmark Weighting %	Range %
Multi-Asset Income	50	20 - 90
Fixed Interest	10	0 - 20
Loans / Mortgages (self-managed)	5	0 - 20
NZ Cash (including self-managed Term Deposits)	35	0 - 40
Total	**100**	

RESERVE FUND [RF]

Invested for 1 - 5 years – Investors require regular income while maintaining nominal capital with low probability of loss.

- Net Return Objective: CPI + 3.5% p.a. over rolling three-year periods. Due to the current high inflation and variable market returns and consequential issues in setting appropriate target returns, this objective for the Reserve Fund is paused.
- Risk Level: Low – the base portfolio should have a chance of negative returns less than 1 year in 12.

Asset Class	Benchmark Weighting %	Range %
Multi-Asset Income	45	0 - 60
NZ Cash (including self-managed Term Deposits)	55	0 - 75
Total	**100**	

With the intention of ensuring that the Reserve Fund is able to meet its statutory objective of smoothing and maintaining returns paid to Fixed Income Fund investors, a balance target range and upper and lower balance limits have been set up as presented in the table below:

RF Balance Value	RF Balance Target as a % of FIF Fund
Ceiling	6%
Objective	3.0% - 5.0%
Floor	2.0%

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INVESTMENT MANAGEMENT MANDATES

Specific manager mandates and allocations from time to time are specified in Appendix 4 to this Statement.

INVESTMENT MANAGER REQUIREMENTS

The requirements stated below apply to all funds invested by CPT.

GENERAL REQUIREMENTS

- Demonstrable track record or minimum funds under management of NZD 100m.
- On the NZ Companies Office Financial Services Providers Register and/or hold an Australian Financial Services License.
- Liquidity within 10 working days under normal market conditions, other than for PE investments. Maximum notice period for all managers other than PE investments is one month.
- Acceptable Investment Structures:
  - Private Equity: Limited Partnerships / co-investments.
  - Cash / Short Term Investments: Bank accounts / term deposits / notice savers.
  - Other external investments: Australian or NZ unit trusts or NZ Portfolio Investment Entities (PIEs).

OBJECTIVES

1. Each investment manager must look to satisfy the performance objectives and asset allocation and other requirements included in their mandate or fund governing documents (as relevant).

REPORTING

1. The non-PE investment managers are expected to report on performance on a calendar monthly basis, within 10 working days of each calendar month.
2. All external investment managers will be expected to provide a written review of performance, market conditions and expectations on a calendar quarterly basis.
3. All external investment managers are expected to be available to meet with CARF at least annually, or more frequently as needed.
4. Other reasonable investment related information will be freely disclosed to CPT within seven working days upon request.

REGULATORY

Investment of the Portfolio shall be made in compliance with all laws and regulations governing charitable fund investments.

OTHER REQUIREMENTS OF MANAGERS

Each manager will work to a mandate or fund governing documents (as relevant), which will state limitations of types of investments, hedging and leverage policies, custodial and audit requirements and so forth.

CPT requires the ability to draw down capital to allow rebalancing of asset allocations or for the withdrawal from the Funds. Notice periods will be included in mandate contracts (as relevant). This provision does not apply to any PE investments.

EVALUATION OF INVESTMENT MANAGERS

Investment managers will be reviewed on an annual basis by management, in coordination with the investment consultant. The evaluation process will include the following criteria:

1. Ability to exceed the performance objectives.
2. Adherence to the philosophy and investment style that were articulated to CARF at, or subsequent to, the time the investment manager was retained.
3. Continuity of personnel and practices at the firm.
4. Being aligned with policy requirements in this and other relevant documents.

DERIVATIVES

A Manager must not use derivatives, physical securities or any combination of the two to produce financial exposures that would result in the leverage of the CPT portfolios. That is, the portfolios net exposure to investment markets exceeding the value of the portfolios' physical assets. 'Leverage' means expanding the effective value of the investment exposure, such as, for example, using a mortgage to purchase a higher valued house so that the value of the investment (asset) may be several times the value of the equity (investment funds). Derivatives offer an alternative to borrowing to achieve the same result. Derivatives should only be used to produce financial exposures which would be otherwise obtained through the use of physical securities in the absence of leverage and/or to protect capital.

Specific derivative approvals for certain managers from time to time are detailed in Appendix 5.

OTHER RESTRICTIONS ON MANAGERS WITH WHICH MANDATES ARE AGREED

1. Investment managers shall handle the voting of proxies and tendering of shares in a manner that is in the best interests of CPT and consistent with CPT investment objectives and Socially Responsible Investment Policy. (That said, the CPT will also look to ensure that any investments in third party funds invested in effect also follow of the material spirit of the Socially Responsible Investment Policy.)
2. The use of leverage, whether through borrowing, derivatives or the specific structuring of the investments is prohibited. The currency hedging policy is provided in Appendix 7.
3. Specific limits will be specified as to the percentage of any one portfolio represented by any single asset type, issuer or industry group.
4. There shall be no purchase that would cause a position in the portfolio to exceed 5% of the market value of any outstanding issue.

APPENDIX 1: SOCIALLY RESPONSIBLE INVESTMENT

Purpose:

There is a desire to ensure that investments are made in a socially responsible manner and in particular consideration needs to be given to -

1. A desire that ethical considerations form an integral part of the investment process in keeping with Christian values and a commitment in principle to a strategy for ethically investing church funds.
2. Many of the individuals and organisations that invest with Church Property Trustees would not approve of Church Property Trustees investing in certain industries and would generally support the concept of ethical investment.
3. Church Property Trustees should not engage in investment activity that might hinder the mission of the Diocese.
4. Church Property Trustees should encourage investment activity that achieve measurable positive social impact whilst maintaining investment objectives.

Specific Policy:

Church Property Trustees will endeavour to:

1. Avoid direct investment or management on a discretionary basis by managers in companies whose major business activity is in the supply of:
    a) Armaments & land mines (GICS code: 20101010)
    b) Gaming and gambling (GICS code: 25301010)
    c) Tobacco (GICS code: 30203010)
    d) Prostitution or pornography (no classification)
    e) Alcohol (GICS code: 30201010 & 30201020)
    f) Extraction and processing of fossil fuels (GICS code: 10102050)
    g) Recreational cannabis (no classification)
    h) Nuclear explosive devices (no classification).
2. Avoid direct investment in companies where the activities of individuals in key positions (e.g. senior executives or directors) raise serious ethical concerns. This will include excessive concern for their own total remuneration package.
3. Avoid direct investment in companies with a record of poor environmental or exploitative labour practices.
4. The above does not preclude investment in:
    a) Tracker funds
    b) Diversified funds including diversified fixed interest funds.
5. Investment includes the holding of sovereign debt but this does not require Church Property Trustees to agree with every government action.

Process:

- Companies are to be monitored on the basis of this ethical investment policy to ensure they meet the criteria over the long-term.
- Investment opportunities that achieve measurable positive social impact and meet investment objectives will be sought.

- CPT will, where feasible and desirable, exercise any voting power in a manner consistent with a socially responsible approach to investment.
- Where appropriate, any concerns are communicated to companies and if it is agreed that a company is in clear breach of policy, sales of the securities involved may be considered.

Implementation of these policies is the responsibility of management supported by investment consultants. In cases of doubt the matter will be referred to the Board.

Additional Information:
In implementing this policy it is understood that, as it fills the role of Trustee, there may be limitations to Church Property Trustees' ability to exclude any investment from consideration unless there is an alternative investment that is at least equally desirable.

APPENDIX 2: TRUSTS ACT 2019

The Trusts Act 2019 covers the general duties and powers of Trustees.

29. General duty of care –

When administering a trust (other than when exercising a discretion to distribute trust property), a trustee must exercise the care and skill that is reasonable in the circumstances, having regard, in particular,—

(a) to any special knowledge or experience that the trustee has or that the trustee holds out as having; and

(b) if the person acts as a trustee in the course of a business or profession, to any special knowledge or experience that it is reasonable to expect of a person acting in the course of that kind of business or profession.

30. Duty to invest prudently –

When exercising any power to invest trust property, a trustee must exercise the care and skill that a prudent person of business would exercise in managing the affairs of others, having regard, in particular,—

(a) to any special knowledge or experience that the trustee has or that the trustee holds out as having; and

(b) if the person acts as a trustee in the course of a business or profession, to any special knowledge or experience that it is reasonable to expect of a person acting in the course of that kind of business or profession.

58. Trustee has power to invest –

A trustee may invest trust property in any property.

59. Matters which trustee may consider in exercising power to invest –

(1) A trustee exercising any power to invest may have regard to the following matters, so far as they are appropriate to the circumstances of the trust:

(a) the objectives of the trust or the permitted purpose of the trust:
(b) the desirability of diversifying trust investments:
(c) the nature of existing trust investments and other trust property:
(d) the need to maintain the real value of the capital or income of the trust:
(e) the risk of capital loss or depreciation:
(f) the potential for capital appreciation:
(g) the likely income return:
(h) the length of the term of the proposed investment:
(i) the probable duration of the trust:
(j) the marketability of the proposed investment during, and on the expiry of, the term of the proposed investment:
(k) the aggregate value of the trust property:
(l) the effect of the proposed investment in relation to the tax liability of the trust:
(m) the likelihood of inflation affecting the value of the proposed investment or other trust property:
(n) the trustee's overall investment strategy.

(2) This section does not limit the matters that a trustee may take into account.

APPENDIX 3: ANGLICAN (DIOCESE OF CHRISTCHURCH) CHURCH PROPERTY TRUST ACT 2003

Schedule 1 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003 specifies the powers of Church Property Trustees.

SCHEDULE 1: POWERS OF THE CHURCH PROPERTY TRUSTEES [abridged to relevant powers]

3. Power to lend money with or without security, and without limitation, and in whatever manner the Church Property Trustees thinks fit; including power to lend without limitation, whether by contributory mortgage or not, on freehold or leasehold land or land held under the Unit Titles Act 1972, despite any enactment to the contrary.
6. Power to invest in any manner authorised under Part 4 of the Trusts Act 2019.
7. Power to borrow, with or without security, and without limitation, and in whatever manner the Trustees thinks fit.
8. Power to combine or intermingle trusts funds, including power to form common funds or unit trusts, despite any rule of law or practice to the contrary.
9. Power to lend money to the Church Property Trustees on mortgage, in its capacity as trustee of any other trust property.
12. Power to purchase or acquire any real or personal property; including power to take up and hold, subscribe for, or acquire shares in a company either with or without liability for uncalled capital.
15. Power in the Church Property Trustees' absolute discretion to receive from any person who is a trustee any money or investment held by that person on trust for any Anglican religious, educational, or other charitable trust.
16. Power to carry on farming, agriculture, horticulture, or silviculture in all or any of their aspects.
17. Power to enter into such contracts and do or perform such things as in the opinion of the Church Property Trustees will be for the benefit of any trust administered by it.
18. Power to act as a special trust adviser in accordance with section 74 of the Trusts Act 2019.
19. Power to charge fees, including a percentage commission, on all assets administered and on income received.

APPENDIX 4: FUND MANAGER MANDATES

Unless otherwise stated, all return objectives in the table below are:

- annualised
- gross of all taxes
- without performance fees. (Funds with the potential to charge performance fees are identified with #).

Asset Class / Manager Name	Fund Name	Return Objective	Rolling Time Period (years)
Global Objective Based Asset Allocation [OBAA]			
Castle Point	5 Oceans	NZ OCR + 3%, net of fees#	3
Global Equities			
Harbour T. Rowe Price	Global Equity	MSCI All Country World Index	3
Te Ahumairangi	Global Equity	50:50 MSCI World Index and MSCI World Minimum Volatility (NZD) Index	-
Australasian Equities			
Mint	Australasian Equity	NZX50, net of fees#	3
Multi-Asset Growth			
Aspiring	Aspiring	NZ CPI + 4%, net of fees#	"Long Term"
Milford	Active Growth	10%	5
Milford	Australian Absolute Growth	NZ OCR + 5%, net of base fee	3
Mint	Diversified Growth	NZ CPI + 5%, gross of fees	3
Multi-Asset Income			
Harbour	Income	NZ OCR + 3.5%, gross of fees	3
Milford	Diversified Income	NZ OCR + 2.5%, gross of performance fees	3
Alternatives - Private Equity			
Maui Capital	Maui Indigo & Aqua	NZX50 + 4% *	Life of issue
Direct Capital	DCIV (Pohutukawa 2)	" "	"
Continuity Capital	PE No.2 LP and No.4 LP	" "	"
Pencarrow	Bridge	" "	"
Pioneer Capital	PCP III	" "	"
Alternatives - Direct Property			
Internal Management	n/a	n/a	"Long Term"
Loans			
Internal Management	n/a	S&P/NZX NZ Government Bond Index + 2.5%, gross of fees	3
Cash			
Fisher Funds	Institutional NZ Cash	NZX NZ 90-Day Bank Bill Index	3

*This equates to the PE asset class objective of the investment consultant. It is net of all fees.

BALANCED GROWTH FUND

Asset Class	Fund	Benchmark Weighting %	Range %
Global OBAA	Castle Point 5 Oceans	10	5 - 20
Global Equities	Harbour T. Rowe Price Global Equity	5	0 - 10
	Te Ahumairangi Global Equity	5	0 - 10
Australasian Equities	Mint Australasian Equity	5	0 - 10
Multi-Asset Growth	Aspiring	15	5 - 25
	Milford Active Growth	15	5 - 20
	Milford Australian Absolute Growth	10	5 - 15
	Mint Diversified Growth	5	0 - 12
Multi-Asset Income	Harbour Income	5	0 - 15
	Milford Diversified Income	5	0 - 15
Alternatives	Australasian PE (listed in the table above)	5	0 - 15
	Direct Property	5	0 - 10
Cash	Self-managed Term Deposits	0	0 -10
	Fisher Institutional NZ Cash	10	0 - 15
Total		**100**	

FIXED INCOME FUND

Asset Class	Fund	Benchmark Weighting %	Range %
Multi-Asset Income	Harbour Income	25	10 - 35
	Milford Diversified Income	25	10 - 35
Fixed Interest	Nikko AM Wholesale NZ Bond	10	0 - 15
Loans	Self-managed	5 (*)	0 - 20
NZ Cash	Self-managed Term Deposits	5	0 - 10
	Fisher Institutional NZ Cash	30	0 - 40
Total		**100**	

*No one loan can make up more than 5% of the Fixed Income Fund.

RESERVE FUND

Asset Class	Fund	Benchmark Weighting %	Range %
Multi-Asset Income	Milford Diversified Income	45	40 - 60
NZ Cash	Self-managed Term Deposits	10	0 - 40
	Fisher Institutional NZ Cash	45	40 - 60
Total		**100**	

APPENDIX 5: DERIVATIVES

Each Manager is entitled to make use of derivative contracts as per its mandate with CPT or fund governing documents (as relevant). In general, it is expected that derivatives will be used for one or more of the following:

- To alter the Portfolio's country and/or currency allocations within the given exposure ranges
- As a hedge to manage exposure to foreign currency or other investment risks

To reduce transaction costs and improve liquidity by using derivative contracts to take a position which would otherwise have been taken by buying or selling physical stock.

APPENDIX 6: SPECIFIC TRUST POLICIES

1. The three major Estates, (General Trust Estate, Bishopric Estate and Dean & Chapter Estate) are significantly invested in the Balanced Growth Fund and are material investors in this strategy.

2. CPT considers that the investment strategy of the Balanced Growth Fund is consistent with the nature and needs of the Estates (Capital protection and Income).

3. The Distribution Policy of the Balanced Growth Fund is to distribute approximately 3% of net assets annually.

APPENDIX 7: CURRENCY HEDGING

The target level of currency hedging for each CPT fund is a strategic decision that should be set for each CPT Fund in consultation with the investment consultant.

In addition, investment managers may undertake currency hedging in accordance with their relevant funds' trust deed.

CPT restricts asset exposure to currency fluctuations to a maximum of 15% of any specific fund unless by approval of the Board of Trustees.

The decision as to whether a particular asset class, fund or currency should be hedged shall be made by CARF with the approval of the Trustees.

The recent provider of currency hedging services was BNZ.

APPENDIX 8: INFLATION PROTECTION OF ESTATES

Policy:
That CPT is to set an inflation rate annually at a level considered adequate to provide sufficient income retention in order to maintain the real value of the Estates funds on a long-term basis.

Procedures (Annual):
1. CPT management is to submit a report to CARF recommending an inflation rate for the purposes of inflation protection and performance analysis of funds. CARF shall consider management's report and recommend an inflation rate to the Board of CPT.
2. The Board of CPT confirms an inflation rate. The inflation rate as set is incorporated in the Statement of Investment Policy & Objectives [SIPO] and communicated to the Diocesan Finance & Audit Committee.
3. The inflation rate as set is used as an input in determining a draft position on distributions from the Estates for the upcoming year and communicated to the Anglican Diocesan Ministry Support Centre Governance Board and Cathedral Chapter Finance Committee.
4. Distributions for the upcoming year from the Bishopric and General Trust Estates are discussed and agreed at a joint meeting of CARF and the Anglican Diocesan Ministry Support Centre Governance Board for recommendation to CPT and Standing Committee.
5. CPT and Standing Committee confirm the distributions for the upcoming year.

Annual Inflation Rate:

Inflation Rate 5% - CPT Board 7th April 2022. Unchanged at 5%, CPT Board 30th March 2023. Inflation Rate 6% - CPT Board 2nd November 2023.

APPENDIX 9: LOANS POLICY

Purpose:
This document sets out standard policies and procedures to be followed where there is a proposal for Church Property Trustees, as trustee of funds held, to lend monies to a ministry unit or other qualifying entity.

Statutory Authority:
Church Property Trustees is expressly empowered under the Anglican (Diocese of Christchurch) Church Property Trust Act 2002 Schedule 1, 3 [see Appendix 3] to lend money.

Background:
Church Property Trustees hold on trust, funds on behalf of ministry units, the Diocese and a small number of other [related] parties. Church Property Trustees may consider investing a portion of those funds in financial instruments, including loans to ministry units [and other qualifying parties], where it is considered prudent to do so. In its considerations, Church Property Trustees' fiduciary obligations require it to consider all investment opportunities on an arm's length basis – including loans.

Church Property Trustees may provide three types of lending –

a) Loans [Secured by Funds] – this is lending secured against funds held by Church Property Trustees for the benefit of the ministry unit or other qualifying entity.
b) Loans [Secured by Mortgage] – this is lending secured over ministry unit [or other qualifying entity] land and buildings held by Church Property Trustees for the benefit of the ministry unit [or other qualifying entity].
c) Loans by Deed of Acknowledgement of Debt – this is lending for short term needs (such as a building project financed by release of other assets), where a full registered security by mortgage is not needed or practicable initially.

Qualifying Entities:
This includes entities within the boundary of the Diocese of Christchurch including ministry units, Chapter, Anglican Diocesan Ministry Support Centre, Standing Committee and any other related parties where funds are able to be held under Anti Money Laundering & Countering Financing of Terrorism exemptions.

Loans [Secured by Funds and Deeds of Acknowledgement of Debt] Policies:
Church Property Trustees may agree to loans to qualifying entities on the following terms:

1. Loans must be against capital funds held for the benefit of that entity in either the Fixed Income Fund [FIF] or the Balanced Growth Fund [BGF] or some other asset as approved by the Trustees.
2. The purpose of the loan shall be consistent with the object of the trust funds.
3. The maximum amount of any loan will normally be up to 50%, but may be up to 100% with approval of the Trustees, of the balance of the particular fund at any time.
4. No ministry unit or other qualifying entity may take out any loan without the prior approval of a meeting of parishioners, and of Standing Committee and Church Property Trustees, or the entity's Board.

5. The loan will be a table loan, but may be, at the discretion of Church Property Trustees, an interest only loan for a period or the duration of the loan.
6. Church Property Trustees will require evidence that the ministry unit, or other qualifying entity can service a loan over the full term. Evidence required may include cash flow statements, budget, and a business plan produced to a standard to satisfy the board.
7. A loan contract must be drawn up setting out the terms and conditions of the loan.
8. All costs shall be paid by the entity requesting the loan.
9. Church Property Trustees reserves the right to cancel the loan in the event of borrower default and to call on the funds provided as security to repay the loan.

Loans [Secured by Mortgage] Policy:
Church Property Trustees may provide finance which is secured by way of mortgage to qualifying entities the following terms:

1. Loans will be funded from the Fixed Income Fund (FIF). Lending by the FIF will be in accordance with parameters set in this SIPO.
2. Loans will be secured over land and buildings by way of first mortgages, up to 80% of the value of the property as determined by a registered valuer or the settlement price, whichever is the lesser.
3. No ministry unit or other qualifying entity may take out any loan without the prior approval of a meeting of parishioners, and of Standing Committee and Church Property Trustees, or the entity's Board.
4. For lending to purchase property, the applicant must obtain a Land Information Memorandum [LIM] and a Building Report & Valuation, prepared by duly qualified persons, which must be acceptable to the Trustees.
5. Church Property Trustees will require evidence that the buildings/assets are insured appropriately.
6. The loan will be a table loan.
7. Evidence that the applicant can service a loan over the term of the loan. Evidence required may include cash flow statements, budget, and a business plan produced to a standard to satisfy Church Property Trustees.
8. A loan contract must be drawn up setting out the terms and conditions of the mortgage securing the loan.
9. The mortgage will be registered and all costs of establishment of the secured lending facility, including Church Property Trustees costs, are the responsibility of the applicant.
10. Church Property Trustees reserves the right to cancel the secured loan and [if required] sell the property used as security in the event of (a) borrower default or (b) FIF requiring the funds for other purposes.

Interest Rates:
The SIPO provides the Trustees the discretion to fix interest rates for a period from six months to three years. However, secured loans generally have floating interest rates.

It is prudent for the Trustees to review interest rates charged on secured lending on a regular basis.

Procedure:

1. Floating interest rates on loans shall be reviewed at least annually at the November Board Meeting and any adjustment to rates will be advised to the borrowers concerned as soon as practicably following the November Board Meeting.
2. Interest rate adjustments will take effect from 1st January of each year, unless otherwise stated in any security document.
3. Lending interest rate movements will be based upon the average Retail Bank Floating Interest Residential Mortgage Rates of the five major trading banks [ANZ, ASB, BNZ, Kiwibank, Westpac] as at 1st October each year.
4. New rates for FIF floating interest lending will be calculated by considering the average Retail Bank rate at that time and applying a suitable rate at the trustees discretion.
5. The Board Decision Paper will include the recommended interest rate as well as comment regarding the proposed rate's relation to the SIPO Annual Return Objective for Self-Managed Lending.
6. If during the year the average Retail Bank Floating Interest Residential Mortgage Rate moves +/- 50 Basis Points from the 1st October average, a review of rates may be put to the Trustees as a Decision Paper including the date for any proposed new rate to take effect.

Table Loans:

1. These are for a term suitable to the ministry unit or other qualifying entity and the Fund and may be from one month to five years at the agreed interest rate and payable monthly.
2. Church Property Trustees may fix the interest rate for a period from six months to three years at the discretion of the Board. This will be decided taking into account the recommendations of management based on risk and the length of the fixed interest term.
3. There will be no penalty for early repayment of any loan.

Interest Only Loans:

1. This is where Church Property Trustees agrees that interest only is paid unless lump sum payments are made from time to time (minimum $1,000 is required for repayments). The term is for a maximum of three years at the agreed interest rate and payable monthly. The loan can be repaid or renewed at the end of three years at the discretion of Church Property Trustees.
2. Church Property Trustees may fix the interest rate for a period from six months to three years at the discretion of the Board. This will be decided taking into account the recommendations of management based on risk and the length of the fixed interest term.
3. There will be no penalty for early repayment of any loan.

Bridging Loans:

1. This is where a short term loan [up to 3 years] is required but it is not practicable or possible for interest and capital payments to be made during the duration of the loan. The loan [capital and accumulated interest] is typically to be repaid at the conclusion of a key transaction [for example, sale of a property or receipt of other funds].
2. Church Property Trustees may fix the interest rate for a period from six months to three years at the discretion of the Board. This will be decided considering the recommendations of management based on risk and the length of the fixed interest term.
3. There will be no penalty for early repayment of any loan.

Management Delegation:

The responsibility for conducting regular interest rate reviews is delegated to management, who will report to the board when interest rate reviews have been completed.

Funds Investment Outline & Rules:
Fixed Income Fund

	Fixed Income Fund [FIF]
Outline	▪ Medium term investment fund: 1 – 5 years. ▪ For investors requiring regular / (compounded income while maintaining nominal capital with low probability of loss. ▪ Net Return Objective: CPI + 3.5% over rolling three year periods. Due to the current high inflation and variable market returns and consequential issues in setting appropriate target returns, this objective for the Fixed Income Fund is paused, ▪ Risk Level: Low. The base portfolio should have a chance of negative return less than 1 year in 12 with income stabilised by the Reserve Fund. ▪ The FIF is not capital guaranteed.
Investing	▪ There is no minimum or maximum investment or length of deposit. ▪ Investment is restricted to the ministry units and Diocese of Christchurch [and associated trusts] and other related parties.
Earnings & Distribution	▪ Income is calculated daily and added to investor's capital quarterly.
Withdrawals	▪ There are no limits to the value of any withdrawal and no entry or exit fees. ▪ Payment will be made within 10 business days but is generally within 5 working days. ▪ There are no limits to the number of withdrawals in any 12 month period.
Switching	▪ Investments (in whole or in part) can be switched to the BGF without cost or penalty.
Reinvestment	▪ Investors can elect to have all or part of their income distribution reinvested.
Annual account fee	▪ An annual account fee of $50 to be charged in the first quarter of the calendar year on all FIF accounts.

Funds Investment Outline & Rules:
Balanced Growth Fund

	Balanced Growth Fund [BGF]
Outline	▪ This is a unit fund. ▪ Long term investment fund: 5 years plus. ▪ For investors requiring both regular / (compounded) income and maintenance of real capital (after inflation). ▪ Net Return Objective: CPI + 5.0% over rolling five year periods. Due to the current high inflation and variable market returns and consequential issues in setting appropriate target returns, this objective for the Balanced Growth Fund is paused, ▪ Risk Level: Moderate. The fund portfolio should have a chance of negative returns no greater than 1 year in 10. ▪ The BGF is not capital guaranteed.
Investing	▪ The minimum investment value is $2,000. ▪ Money invested buys units in the fund and does not give ownership of the fund's assets but does give rights to the return on those assets. ▪ The price of units at the time of investment is the opening unit value of that month. ▪ Investment is restricted to the ministry units and Diocese of Christchurch [and associated trusts] and other related parties.
Earnings & Distribution	▪ Units are valued monthly by dividing the market value of the net assets (after all fees) of the fund by the number of units issued. The capital growth and earnings of the fund assets are reflected in changes to the unit values. ▪ Income is distributed half yearly and based on values at the end of the months of June & December. ▪ Distributions are calculated based on the fund net assets at the end of June or December and the unit holders register as at the close of business that month.
Withdrawals	▪ There are no withdrawal fees. ▪ Redemption is within 10 business days but is generally within 5 working days. ▪ Withdrawals result in an equivalent decrease in an investor's balance (reduction of units multiplied by (month opening) unit value). ▪ The minimum redemption value is $1,000. ▪ The minimum residual investment after withdrawal is $2,000. Any funds falling below this amount may be returned or paid to the FIF. ▪ The maximum permitted number of withdrawals is any 12 month period is four.
Switching	▪ Investments (in whole or in part) can be switched to the FIF without cost or penalty.
Reinvestment	▪ Investors can elect to have all or part of their distribution reinvested in further units, the unit value of which will be the same as for the distribution received.
Annual account fee	▪ An annual account fee of $50 to be charged in the first quarter of the calendar year on all BGF accounts.