

Statement of Investment Principles and Objectives

June 2024

An aerial photograph of Auckland, New Zealand, taken at dusk. The city's skyline is visible in the background, with the Sky Tower prominently lit up. The harbor is filled with water, and several ships are visible. In the foreground, a residential neighborhood with many houses is shown, their lights glowing as the sun sets. The overall scene is a mix of urban development and natural beauty.

**Auckland
Foundation**

Towards a thriving Tāmaki Makaurau

Purpose

**Support the
future of
Auckland**

Mission

**Simplify
giving
for good**

Vision

**A thriving
Tāmaki
Makaurau**

About Auckland Foundation

Auckland Foundation is the community foundation for the Auckland region. Community foundations are a proven global philanthropic model that have been providing donors with a bespoke service to support their legacy and living giving since 1914. Donors are supported with efficient charitable structures and expert community knowledge and insight to achieve their philanthropic goals in perpetuity.

Through our efficient governance and administrative services, donors create and direct funds with freedom to focus on the transformation they want to create in areas they care about.

The Foundation manages all the administrative functions and compliance required of donors to make giving easy and perpetual. As a charity, Auckland Foundation is tax exempt under current New Zealand law. Auckland Foundation is a perpetual Foundation for the long-term benefit of the citizens of the Auckland region.

The Foundation's goal is to grow the funds under management through donor contributions and investment returns to provide a sustainable and growing programme of grants to community causes and projects.

Auckland Foundation:

- Was established by a Trust Deed dated 29 March 2010
- Is a registered charity. Our charity registration number is CC44688
- Is tax exempt
- Exists in perpetuity
- Has a balance date of 31 March



Community Foundations of New Zealand

Auckland Foundation is one of 18 community foundations operating throughout Aotearoa New Zealand to effect positive change, locally. We are building reliable funding streams to support our communities to thrive, forever.



Governance

The Board of Trustees is responsible for the following:

- Approving this SIPO
- Approving appointment and termination of Investment Managers
- Setting delegations and authorities
- Determining income for the purposes of grant distribution

The Investment Advisory Committee is responsible for the following:

- Overseeing investment and implementation and ongoing compliance with the SIPO and third-party investment agreements
- Making recommendations to the Board of Trustees
- Managing the Investment Manager Review process and making recommendations to the Board of Trustees

Investment Objectives

The objectives of this Statement are to:

- (i) Formulate the policies and objectives that provide for the prudent investment of the financial assets of Auckland Foundation in accordance with its purpose and values;
- (ii) Maintain the real value of the capital of the Foundation;
- (iii) Maximise the total return from the investments consistent with a prudent level of risk and a diversified mix of asset classes and geographies while seeking efficiencies in management fees where appropriate;
- (iv) Set the Foundation's return target, net of tax and charges, as being the rate of inflation as determined by the CPI plus 3-4% per annum averaged over rolling 5 year periods, which we believe is the right balance between risk and return;
- (v) Ensure there is sufficient liquidity to fund a sustainable level of grant-making in accordance with policies set by the Board from time to time;
- (vi) Set out management roles and responsibilities for proper governance of the Foundation's investments.



Investment Principles and Policies

- (i) Auckland Foundation's investment horizon is long term and therefore a certain amount of volatility can be tolerated provided there is sufficient liquidity to meet granting needs. The asset allocation must be appropriate to balance the need for long-term growth with the need to fund a sustainable granting programme;
- (ii) Auckland Foundation may approve one or more Investment Managers to provide donors with appropriate options to achieve their philanthropic goals;
- (iii) Investment Managers managing low cost, passive investment strategies are expected to perform in line with their benchmark indices, net of fees over the medium to long term;
- (iv) Investment Managers managing active strategies are expected to out-perform their benchmarks, net of fees, over the medium to long term;
- (v) Investment management fees must be transparent and reasonable;
- (vi) The Board will agree an asset allocation with the relevant Investment Manager to achieve our return target with an acceptable level of risk;
- (vii) The asset allocation should be rebalanced by the Investment Manager from time to time back to its long-term setting to maintain the benefits of diversification without incurring additional or unintended cost;
- (viii) Tax will not drive investment decisions, however Investment Managers should respect the value of the Foundation's tax-exempt status;
- (ix) The Board and the Investment Managers will agree consistent and commonly accepted benchmarks to be used to measure individual fund manager performance over short, medium and long terms, as well as for the funds as a whole;
- (x) Auckland Foundation will report regularly to its donors on the performance of the portfolio against the agreed benchmarks;
- (xi) Environmental, Social and Governance (ESG) considerations should be integrated into the Foundation's investment decision making processes to the extent reasonably possible. The Foundation's benchmark for ESG good practice is the United Nations Principles of Responsible Investment.

Investment Beliefs

Auckland Foundation's investment strategy is driven by the following investment beliefs:

- (i) Strong governance and well-defined transparent decision-making processes enable sound investment outcomes;
- (ii) Investment activity is complex and needs to be undertaken by skilled professionals subject to Trustee oversight and clear mandates;
- (iii) Investment markets are generally efficient over time and therefore low-cost passive products have a role where appropriate;
- (iv) Investment for growth requires taking some risk but this can be managed through broad diversification among and within asset classes and through a managed asset allocation;
- (v) Responsible investors should have regard to the environmental, social and governance standards implicit in their investment choices.
- (vi) Asset allocation is important and is a major determinant of portfolio returns.



Investment Management

Auckland Foundation aspires to best practice investment processes. The Foundation recognises the need to engage professional Investment Managers to optimise the risk adjusted return on the funds and implements a robust procurement process when selecting and monitoring professional managers.

Donations are invested and monitored following a clear and transparent process which is overseen by management and the Investment Advisory Committee and reported to the Board.

All investments must be held securely by a reputable custodian which is independent of the Investment Manager and the Foundation.

Mandates

Investments will be governed by the terms of an Investment Management Agreement between Auckland Foundation and each Investment Manager.

Reviews

This Statement of Investment Policy and Objectives should be reviewed at least every three years from the date of its adoption by the Board.

Version Control

Version	Date of Adoption
5	25 July 2024

