

Fund Purpose

The Fund aims to provide investors with regular income by constructing an actively managed investment portfolio of short term deposits and bonds whilst preserving capital value.

Investment Objective

The objective of the Fund is to construct a portfolio of authorised investments that outperform the Fund's benchmark return by 0.20% p.a. over a rolling three year period before fees.

Benchmark

Bloomberg NZBond Bank Bill Index

Strategic Asset Allocation

100% Short term deposits and bonds

Authorised Investments

The Authorised Investments of the Fund are:

- Cash balances with brokers, agents or custodians (local and overseas) pending investment or pending payment to the Manager.
- Cash and deposits with, or debt securities issued or guaranteed by:
 - Any New Zealand registered bank with a minimum credit rating of A1 short term or A long term (Standard & Poors) or equivalent as issued by a recognised rating agency.
 - The New Zealand government and government departments or any debt obligation guaranteed by the New Zealand government.
 - Any New Zealand local authority, including the Local Government Funding Authority, with a minimum credit rating of A1 short term or A long term (Standard & Poors) or equivalent as issued by a recognised rating agency.
 - Corporations incorporated, constituted or registered either in New Zealand or overseas and which have a minimum credit rating of A1 short term or A long term (Standard & Poors) or equivalent as issued by a recognised rating agency and issue NZ dollar debt securities.
- Debt securities maybe in fixed rate or floating rate format.
- Derivative Instruments limited to contracts related to Authorised Investments.
- Any other investment agreed to by the Manager and Supervisor.

Restrictions

Borrowing	Other than the overdraft facility, no borrowing or leverage is permitted
Interest rate exposure for any security	Maximum 365 days (note floating rate security limits below)
Single issuer exposure	Maximum 25% of the Fund value
Maturity date of floating rate securities	Maximum 3 years and one month
Exposure to floating rate securities	Maximum 40% of the Fund value
Derivative counterparties	Derivatives can only be transacted with counterparties listed in the Nikko AM NZ Approved Counterparty List
Investment in any managed investment scheme that is <i>not</i> a Portfolio Investment Entity for the purposes of Sn HM 2 of the Income Tax Act 2007.	Prohibited

Social and Responsible Investing (SRI) Restrictions

Securities described in the 'Authorised Investments' that are issued by organisations where a share of their revenue is from the following industries are prohibited:

- Adult entertainment: Companies with > 10% revenue from adult entertainment- related business activities.
- Alcohol: Companies with > 10% revenue from alcohol-related business activities.
- Controversial weapons/armaments: companies directly involved in the development and production (manufacture), sale or distribution of cluster munitions; anti-personnel mines; and biological, chemical or nuclear weapons.
- Fossil fuels: Companies with >10% revenue from the extraction of thermal coal and/or tar sands oil.
- Gambling: Companies with > 10% revenue from gambling-related business activities.
- Tobacco: Companies with > 10% revenue from tobacco-related business activities.

The revenue thresholds will be reviewed periodically for relevant mandate compliance based on available information. The review will occur no less than annually.

And other industry sectors as determined by the Manager.

Currency Management

All Investments will be in New Zealand dollars.

Portfolio Management

The Fund is permitted to maintain an overdraft with a registered bank in order to provide liquidity to fund redemptions and facilitate settlements for the Fund.

The Manager shall not be deemed to have breached the Investment Mandate if any of the mandated minimum or maximum ranges are exceeded as the result of:

- the value of any asset changing solely as a result of market movements;
- contributions to or withdrawals from the Fund; or
- a change in the nature of any investment (whether through change in business activity or credit rating).

This is conditional upon the Manager within five business days of being aware of the range being exceeded, re-weighting the portfolio to be within the mandated ranges, unless the Supervisor otherwise agrees in writing.

Approved by the Supervisor

Version Control	Reasons for Change	Author/Editor	Date
Version 1.0	Commencement mandate	Tyndall Operations	14 September 2007
Version 1.1	Limit 25% single issuer exposure	Investment Committee	8 May 2012
Version 2.0	Formal review	Investment Committee	22 January 2014
Version 3.0	Name change	Investment Committee	12 September 2014
Version 4.0	Formal review	Investment Committee	17 March 2015
Version 4.1	Benchmark name change	Investment Committee	16 June 2015
Version 4.2	Benchmark name change	Investment Committee	1 December 2015
Version 5.0	Formal review	Investment Committee	23 May 2016
Version 6.0	Add SRI restrictions	Investment Committee	June 2020
Version 7.0	Remove revenue assessment of financial statements wording and replaced	Investment Committee	3 December 2021