

Fund Purpose

To provide investors with an exposure to New Zealand listed property securities and, on an opportunistic basis, Australian listed property securities from an actively managed investment portfolio.

Investment Objective

The objective of the Fund is to construct a portfolio of authorised investments that aims to outperform the Fund's benchmark return by 1.50% p.a. over a rolling three year period before fees and taxes.

Benchmark

S&P/NZX All Real Estate (Sector) Gross with Imputation

Strategic Asset Allocation

	Target %	Range %
New Zealand property securities	100	60.0↔100
Australian property securities	0	0.0↔30.0
Cash & cash equivalents	0	0.0↔10.0

Authorised Investments

The Authorised Investments of the Fund are:

- Securities that are members of the NZX or ASX Global Industry Classification Standard (GICS) Real Estate Sector.
- Securities issued by members of the NZX or ASX Global Industry Classification Standard (GICS) Real Estate.
- Securities that have the following at the time of investment:
 - Investment property assets that make up more than 50% of Total Assets and / or
 - Income derived from property assets that make up more than 50% of Total Income. Income derived from property assets includes the Fair Value Movement of Investment Property, Rental Income, Accommodation Revenue or similar. Any Fair Value Movement of Investment Property or similar should be included in Total Income if not accounted for this way.
- Any right, option, or obligation to acquire or dispose of any equity security (including without limitation, warrants, convertibles, preferred stock, hybrids and stapled securities).
- Cash, including foreign currencies held by the Custodian appointed by the Supervisor.

- Cash, including foreign currencies invested with organisations attracting an S&P short term rating equal to or better than A-1 or Moody's equivalent rating.
- Derivative Instruments, including Futures, Options (either exchange traded or over-the-counter); including Futures and Options on NZX and ASX Indices; Forward Foreign Exchange contracts.
- Any other investment agreed to by the Manager and Supervisor.

Currency Management

- Foreign currency exposures created as a consequence of capital markets investment may be hedged to NZD at the Manager's discretion with an operational range of 0% to 105%.

Restrictions

- Short sales of investments is not permitted.
- Maximum of 30% ASX listed securities.
- Any security that is a member of the S&P/NZX All Real Estate (Sector) or ASX Global Industry Classification Standard (GICS) Real Estate Sector, the maximum portfolio weight permissible is the benchmark index weight +10%. There is no requirement on the Manager to hold any security at a minimum weight.
- Exposure to securities outside the NZX or ASX Global Industry Classification Standard (GICS) Real Estate Sector is limited to a maximum of 10%. Any movement above 10% due to market movements is allowable but if it exceeds 12% it must be brought back below 10% within five business days of the Manager being aware of the level being exceeded.
- If any security no longer meets the 50% asset or income threshold the Manager must divest the holding within one month of becoming aware of the threshold no longer being met.
- Any equity security that transfers listing to an exchange other than New Zealand or Australia is to be divested within one month following the date of transfer, unless approval to continue to hold the security is granted by the Supervisor.
- Other than the overdraft facility, borrowing is not permitted.
- Any derivative instruments must be covered by cash or stock.
- Derivatives can only be transacted with counterparties listed in the Nikko AM NZ Approved Counterparty List.
- The use of derivatives is limited to contracts related to Authorised Investments.
- Investment prohibited in any managed investment scheme that is not a portfolio investment entity for the purposes of Sn HM 2 of the Income Tax Act 2007.

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:

- 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.
- 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.

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.



Brian Cheow Hin See
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Noted by Supervisor

Version Control	Reasons for Change	Author/Editor	Date
Version 1.0	Commencement mandate	Tyndall Operations	22 February 2010
Version 2.0	Formal review	Investment Committee	18 February 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 and formal review	Investment Committee	16 June 2015
Version 5.0	Formal review	Investment Committee	23 May 2016
Version 6.0	Formal review	CRD	20 February 2018
Version 7.0	Addition of restrictions Tobacco Fossil Fuels and Controv weapons	Investment Committee	30 August 2021
Version 8.0	Remove revenue assessment of financial statements wording	Investment Committee Compliance Department	3 December 2021
Version 9.0	Benchmark change. Change of GICS criteria from 'Group' to 'Sector' level.	Investment Committee	10 May 2023