

Auckland Future Fund Trustee Limited

Meeting of the Board of Directors Agenda (Open)

Monday 16 February 2026, starting 3:00 pm
135 Albert Street, Auckland Central

Board:

Christopher Swasbrook Chair
 David Callanan Director

Auckland Council:

Cr Christine Fletcher Lead Councillor
 Ross Tucker Group Chief Financial Officer
 John Bishop Group Treasurer/Lead Officer
 Bram van Melle Associate General Counsel – Commercial
 Megan Holley Treasury and Investments Relationship Manager
 Riika Poikela Group Treasury Operations Manager
 Rachel Wilson Principal Advisor, CCO/External Partnerships

#	Agenda Item	Attachment
	<i>Open procedural Items</i>	
	Introduction/Karakia	-
1	Apologies	-
2	Director’s interests register	Yes
3	Confirmation of the 11 December 2025 meeting minutes	Yes
4	Health and safety	-
5	Risks	-
6	Public input (if any)	-
7	Compliance and forward work programme	Yes
	<i>Open items for discussion/decision making</i>	
8	Liquidity facility agreement review	Yes
9	Statement of investment policy and objectives (SIPO) annual review	Yes
10	Mayor’s Letter of Expectations 2026-2029	Yes
11	Draft Statement of Intent (SOI) 2026-2029	Yes
12	Status updates	-
13	Activities/decisions since the previous board meeting	-
14	Other business (if any)	-
	<i>Procedural motion to exclude the public</i>	

#	Agenda Item	Attachment
	<i>Confidential items for discussion/decision making</i>	
C1	Investment reports	
C2	Financial statements – 31 December 2025	
C3	Draft Q2 2026 CCO Performance and risk reporting	
C4	Continuous disclosure	
C5	Other confidential business (if any)	
	Closing/Karakia	

Introduction/Karakia

Board meetings are opened with a Karakia, followed by any remarks the chair wishes to make.

<i>Whakataka te hau ki te uru</i>	Get ready for the westerly
<i>Whakataka te hau ki te tonga</i>	And be prepared for the southerly
<i>Kia mākinakina ki uta</i>	It will be icy cold inland
<i>Kia mātaratara ki tai</i>	and bitterly cold on the shore
<i>E hī ake ana te ata kura</i>	May the dawn rise red-tipped
<i>He tio, he huka, he hauhu</i>	With ice, snow and frost
<i>Tīhei mauri ora!</i>	Let there be life!

1. Apologies

Craig Stobo remains stood aside from his role at Auckland Future Fund Trustee Limited, pending the outcome of an MBIE investigation at the FMA.

2. Director's interests register (see attachment)

At each board meeting directors are asked to confirm any relevant interests they have so the register can be maintained, and potential conflicts managed. The directors are also asked to identify any potential or perceived conflicts that might arise regarding any of the items on the agenda.

3. Confirmation of the 11 December 2025 meeting minutes (see attachment)

Confirmation that the minutes of the previous board meeting are a true and correct record of the decisions and proceedings of the meeting.

Recommendation – That the board confirm the open and confidential minutes of its meetings held on 11 December 2025 as a true and correct record.

4. Health and safety

Opportunity to raise any health and safety information or concerns affecting the board or board activities.

5. Risks

Opportunity to raise any new or inflated risk concerns affecting the board, board activities or the fund.

6. Public input (if any)

At the time of publishing the agenda, the board had received no notification for public input.

7. Compliance and forward work programme (see attachment)

In accordance with best practice, the board will review its compliance and forward work programme at each meeting to ensure it remains relevant and can be adapted to changes in the company or the trust's requirements or risk profile.

The annual refresh was completed to ensure all compliance tasks are captured and documented accurately and appropriately. The key changes were:

- added annual service performance review with Adminis as required in their contract
- added dates for quarterly reporting, statement of intent deadlines and committee attendance
- removed the global investment manager monthly report, compliance plan monthly tracking and loading board papers to the website. These tasks will continue to be actioned but not routinely reported in the document as they are operational BAU.

All items are on track.

Recommendations – That the board approve the updated compliance and forward work programme.

8. Liquidity facility agreement annual review (see attachment)

A copy of the current liquidity facility agreement is attached.

As required by the Auckland Future Fund Policy, the board entered into a liquidity facility agreement with Auckland Council on 14 February 2025.

At the 31 October 2024 board meeting, the board resolved:

Resolution 10d: the board will require the liquidity term sheet be reviewed by the board and the council every 12 months.

The liquidity facility agreement has been operating effectively over the last 12 months, and no drawdowns have been requested (from this or any other council standby). It has been beneficial to the council group as it has enabled council to materially reduce its level of other (bank and Local Government Funding Agency) standby facilities.

The agreement has been a significant positive from a credit rating point of view as it has reduced the council group's reliance on bank (non-cash backed) standbys.

It is proposed that the facility be maintained on its current terms and conditions (including pricing, as it would be the last standby called upon). It is further proposed than the board's review period be extended to 3 years (rather than 1 year), noting that a review can be requested at any time by either party.

Recommendations – That the board:

- a) **agree that no changes are required to the current liquidity facility agreement between AFFTL (as Trustee of the Auckland Future Fund) and Auckland Council**
- b) **agree the board’s review cycle will be changed to three yearly (unless otherwise requested).**

9. Statement of investment policy and objectives (SIPO) annual review (see attachment)

Section 6.1(b) of the Auckland Future Fund trust deed requires AFFTL to prepare and deliver to the council, a draft SIPO that must:

- *be based on any council guidance received prior to preparing the draft (such as the Auckland Future Fund Policy and Auckland Future Fund Distribution Policy)*
- *have regard to the council’s Responsible Investment Policy*
- *be consistent with the deed of trust*
- *be drafted not later than 60 business days prior the commencement of each financial year (1 April 2026 – note February is the only board meeting prior to this date).*

Section 6.1(c) of the deed of trust stipulates that *Auckland Council will consider and, if thought fit, provide comments on or proposed amendments to the draft SIPO; not later than 30 business days prior to the commencement of each financial year (18 May 2026).*

Section 6.1(d) of the trust deed requires AFFTL to *approve the final SIPO after taking into account Auckland Council’s comments on, or proposed amendments to, the draft SIPO, prior to the commencement of each financial year (1 July 2026).*

The independent advisor to the board and the global investment manager were asked for any feedback or suggestions for changes to the SIPO. Both recommended no changes to the version adopted last year. The policy still follows best practice and is working operationally for the global investment manager. Therefore, the proposed changes, marked up in the attached draft, include:

- incorporating the Auckland Council (Auckland Future Fund) Act 2025 which became law in November 2025
- updates to calendar dates
- minor editorial edits.

Recommendation – That the board agree to submit the draft statement of Investment Policy and Objectives 2026 to the council, requesting comments or proposed amendments before 18 May 2026.

10. Mayor’s Letter of Expectations 2026-2029 (see attachment)

The Letter of Expectations 2025-2028 was received from the mayor on 7 December 2025. It provides direction for the board’s statement of intent 2026-2029.

Recommendation – That the board receive the Letter of Expectations 2025-2028.

11. Draft Statement of Intent (SOI) 2026-2029 (see attachment)

The draft SOI is presented to the board for review before submission to Governing Body by 1 April 2026. Note this is the last scheduled board meeting before the due date.

The board will speak to the draft SOI at the Budget and Performance Committee meeting on 21 April 2026.

The Budget and Performance Committee is expected to consider its shareholder feedback on its meeting on 19 May 2026.

The date for final submission, incorporating shareholder feedback, is by 31 July 2026.

Figures for the fund's prospective financial statements have been left blank as they would indicate financial performance which cannot be released until the Auckland Council Group releases its interim report to the NZX at the end of February. The figures will be discussed in confidence and will be completed prior to the draft SOI being submitted to the council.

Recommendations – That the board:

- a) approve the draft Statement of Intent 2026-2029 for submission to Auckland Council on or before 1 April 2026, pending budget figures and other editorial changes**
- b) delegate final approval of the draft Statement of Intent 2026-2029 to the chair**
- c) note shareholder feedback will be received following the Budget and Performance Committee meeting on 19 May 2025.**

12. Status updates

- ISDAs
- Responsible Investment Policy review
- Audit activities for Auckland Council Group reporting

Recommendation – That the board note the status updates.

13. Activities/decisions since the previous board meeting (see attachments)

For openness and transparency, the following information is provided for the board to note and form a public record of activities and decisions made between board meetings.

- **15.01.2026: Audit proposal letter**
Following terms and fees negotiations, the board approved the revised 2025/2026 audit proposal letter.

Recommendation – That the board note the activities and decisions.

14. Other business

Opportunity to address any other business raised that is not already on the agenda and is either for information only or requires an urgent decision.

Procedural motion to exclude the public

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected under section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Recommendation – That the board resolves to exclude the public from the following part(s) of the proceedings of this meeting:

C1. Investment report

The reason for passing the resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	<p>s7(2)(f)(i) - The withholding of the information is necessary to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority in the course of their duty.</p> <p>In particular, the item contains the first set of reporting information, which the board needs to review and discuss in confidence while it determines how these reports should be received, consolidated, reported to finance and the Governing Body, and published going forward.</p>	s48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

C2. Financial statements – 31 December 2025

The reason for passing the resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	<p>s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</p> <p>In particular, the item contains information that will be included in Auckland Council’s financial results for the six-months to 31 December 2025 which cannot be made public until it is released to the NZX.</p>	<p>s48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

C3. Draft Q2 2026 CCO Performance and risk reporting

The reason for passing the resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	<p>s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</p> <p>In particular, the report contains information that will be included in Auckland Council’s financial results for the six-months to 31 December 2025 which cannot be made public until it is released to the NZX.</p> <p>s7(2)(f)(i) - The withholding of the information is necessary to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority in the course of their duty.</p> <p>In particular, the report contains draft financial and risk reporting information to be considered by the board.</p> <p>The final report will be provided to Auckland Council, published on the Auckland Future Fund website and discussed at the council’s Appointments and Performance Review Committee Meeting on 23 April 2026.</p>	<p>s48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

C4. Continuous disclosure

Specific grounds for public exclusion under section 48(1) of the Local Government Official Information and Meetings Act 1987 will be added as appropriate if any disclosures are raised.

C5. Other confidential business (if any)

Specific grounds for public exclusion under section 48(1) of the Local Government Official Information and Meetings Act 1987 will be added as appropriate if any business is raised.

Director Interests as at 11 February 2026

Director	Interest	Company/Entity	
Christopher Swasbrook	Chair/Director	Auckland Future Fund Trustee Limited	
	Board Member	Financial Markets Authority (FMA)	
	Director and Shareholder	CGS&CVS Limited	
	Chair/Director and Shareholder	Bethunes Investments Limited (in wind up)	
	Director	Holland Family Stonebridge Holdings Limited	
	Director & Shareholder	NZX-Listed New Zealand Rural Land Company Limited	
	Director	NZRLC Dairy Holdings Limited (NZL subsidiary)	
	Chair/Director	McCashin's Brewery Limited	
	Director and Shareholder	CGS&CVS #2 Limited	
	Director and Shareholder	Elevation Capital Funds Management Limited (FSP# 1007386) – MIS Licensed Manager	
	Director and Shareholder	Swasbrook Securities Limited	
	Director	SSP NI Limited (NZL subsidiary)	
	Director	Merx Funds Management Limited	
	Director	Rakon Limited	
	Chair	The Helen Clark Foundation	
	Chair	Auckland Art Gallery Advisory Board	
	Chair	Museum of New Zealand Te Papa Tongarewa Board	
	Investment	Elevation Capital Global Shares Fund via CGS&CVS Limited	
	Investment	New Zealand Rural Land Company shares & warrants (NZL.NZX) via CGS&CVS Limited	
	Investment	ECFML Clients have holdings in various NZX, ASX and global companies – No client holds AIA shares.	
	Banking	HSBC, Westpac, ASB, Wise	
	Insurance	Vero, Berkshire Hathaway, Star, Partners Life, NIB, Fidelity Life, Southern Cross, AXA XL.	
	KiwiSaver / Other Savings	Kernel – Global 100 Fund & Dividend Aristocrats Fund	
	Past Directorships/Memberships		NZX Listed - Allied Farmers
			NZX Listed - Satara Co-operative Group – now part of Eastpack
			TIL Logistics Group Limited (formerly Bethunes Investments and before that Mowbray Collectables)
			New Zealand Rural Land Management Limited
			New Zealand Markets Disciplinary Tribunal (2013-2022)
			ALF Nominees Limited
			Clearwater Hotel 2004 Limited
	Lifestyles of New Zealand Queenstown Limited		

Director	Interest	Company/Entity
		LONZ 2008 Holdings Limited
		LONZ 2008 Limited
		NZ Farmers Livestock Limited
		NZ Farmers Livestock Finance Limited
		QWF Holdings Limited
		Rural Funding Solutionz Limited
		UFL Lakeview Limited
		5M No. 2 Limited
		NZRegCo Listing Subcommittee (2008 – 2023)
		SwimTastic Limited & MRA Liquidation Limited
		SSL Liquidation Co Limited
		Ruapehu Alpine Lifts (RAL)
		Past Employment
		ANZ McCaughan Securities Limited 1995-1997
David Callanan	Director	Auckland Future Fund Trustee Ltd
	Employee. General Manager, Corporate Trustee Services	Public Trust performs services and/or obtains services, under commercial arms-length terms, for/from many participants in the NZ financial markets including investments managers, Kiwisaver providers, securitisation issuers, fund administrators, custodians, etc. The services generally entail overseeing client activities on behalf of beneficiaries/investors in an independent, fiduciary capacity as the supervisor/trustee. David is not incentivised (i.e. bonus or similar) as a result of the delivery of these services other than ordinary remuneration as an employee for the general performance of the Public Trust business.
	Director	Various Public Trust subsidiaries, e.g. nominee companies; established for the purpose of undertaking corporate trustee services.
	Director	Corporate Trustees Association New Zealand; industry body representing corporate trustees.
	Retail customer	ASB, Kiwibank, Milford Asset Management Kiwisaver, Australian Retirement Trust Superannuation Fund, ING Bank Australia, AIA Life Insurance, and NIB Health Insurance.
	Personal investments	Various ETFs and direct investments. Portfolio <\$10,000 via the Sharesies platform; includes Mercer and Vanguard funds.
Craig Stobo	Director	Auckland Future Fund Trustee Ltd
	Chair	Financial Markets Authority
	Chair	NZ LGFA
	Director	Desert Holdings

Director	Interest	Company/Entity
	Director	Sahara
	Director	Legend Terrace
	Director	Biomarine
	Director	Indi
	Director	Maverick
	Director	Stobo Group
	Adviser	Capital Solutions Group
	Adviser	AMP Financial Services Investment Committee
	Adviser	Saturn Portfolio Management Investment Committee
	Adviser	To the Director-General of the Department of Conservation
	Adviser	To the Public Service Commissioner on digitalising Government services
	Shareholder	Saturn Portfolio Management
	Member	Ministry Advisory Group to the Ministry of Education
	Pro Bono	
	Chair	Waitaki Boys High School Foundation
	Chair	Finance Risk and Audit Committee Cancer Society Auckland Northern
	Taumata	Otago University Business School

Auckland Future Fund Trustee Limited

Public meeting of the Board of Directors – Public minutes

Thursday 11 December 2025 at 3:03 pm
At 135 Albert Street, Auckland / Microsoft Teams

Board:

Christopher Swasbrook	Chair
David Callanan	Director

Auckland Council:

Cr Christine Fletcher	Lead Councillor
John Bishop	Group Treasurer/Lead Officer
Bram van Melle	Associate General Counsel – Commercial
Megan Holley	Treasury and Investments Relationship Manager
Riika Poikela	Group Treasury Operations Manager (Online)
James Colvin	Principal Solicitor – Corporate and Finance

Resolutions and actions agreed by the board in these minutes also constitute resolutions and actions of the company as sole trustee of the Auckland Future Fund, pursuant to the Trust Deed.

Introduction

The meeting was opened with a Karakia by David Callanan.

1. Apologies

None.

Megan Holley confirmed AFF and AFFTL controls have been updated to reflect that Craig Stobo temporarily stood aside from the board on 5 December 2025.

The board noted the AFFTL constitution requires a quorum of two directors.

2. Director’s interests register

Christopher Swasbrook declared a new interest: Director at Rakon Limited.

3. Confirmation of the 17 October 2025 meeting minutes

Resolution: The board confirm the open and confidential minutes of its meeting held on 17 October 2025 as a true and correct record.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

4. Health and Safety

No business raised.

5. Risks

No new risks were raised.

6. Public input

No business raised.

7. Compliance and forward work programme

Resolution: The board approve the updated compliance and forward work programme updates.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

8. Draft Achieving Māori Outcomes Plan

Resolution: The board adopt the inaugural Auckland Future Fund Achieving Māori Outcomes Plan.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

9. 2026 board meeting schedule

Resolutions: The board agree the 2026 board meeting schedule.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

10. Status updates

Auckland Council (Auckland Future Fund) Act 2025

The bill passed its final reading on 12 November 2025. Councillor Fletcher was in attendance. The bill received Royal Assent on 18 November 2025, becoming the Auckland Council (Auckland Future Fund) Act 2025.

The board thanked Councillor Fletcher for her support and work throughout the process to establish legislative protection for AFF.

Investment

Vontobel's performance benchmarking started on 8 December 2025. The November report will be circulated to the board once complete.

ISDAs

Work is ongoing to establish ISDAs.

31 December audit

As a substantive CCO, AFFTL and AFF are required to prepare interim reports as at 31 December; but these reports are not required to be audited. However, Audit New Zealand has requested assurances from AFF's auditor to support its review of the Auckland Council Group's interim report. This request arises because AFF's investments and controls have not been audited since AFF commenced global investment activities.

Audit New Zealand has indicated that they will seek to align these assurance requests with work that AFF's auditor would otherwise perform for the 30 June 2026 audit (such as gaining an understanding of the investments entered into and the related accounting), in order to minimise any duplication of costs.

Letter of expectations

The content will be presented to the Budget and Performance Committee on 15 December 2025. The letter should be issued soon after. It will be tabled at the next board meeting and will inform the draft statement of intent.

11. Activities/decisions since the previous board meeting

Resolution: The board notes the activities and decisions.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

12. Other business

Audit proposal letter for the financial years ending 30 June 2026, 2027 and 2028

AFF and AFFTL's auditor prepared a draft proposal letter which was circulated to the board prior to the meeting.

The board is not happy with the proposal or costs listed and will provide feedback to the auditors.

The meeting ended with a Karakia at 3:55 pm.

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
Dec-25	Board meeting <ul style="list-style-type: none"> Letter of Expectation received Achieving Māori Outcomes Plan 	11/12	TIRM							✓	
	Directors' interests register review	11/12	Board		■					✓	
	Receive letter of expectations	19/12	Board			■				✓	
	Compliance and work programme plan annual revision	31/12	TIRM					■		✓	
	Māori Outcomes Plan	31/12	Board	■						✓	
	Shareholder AGM exemption	31/12	AC		■				■	✓	CCO governance arrange
Jan-26	CCO financial reporting pack to group – Q2	23/01	AC	■		■				✓	
Feb-26	Board meeting <ul style="list-style-type: none"> Q2 Performance & Risk Reports Financial Reporting for half-year ended 31 Dec Draft Statement of Intent 2026 – 2029 Liquidity agreement review 	16/02	TIRM							-	
	Directors' interests register review	16/02	Board		■					-	
	Half year financial statements	28/02	AC			■				-	
	Quarterly CCO report	27/02	TIRM	■		■			■	-	
	Liquidity agreement review	28/02	Board						■	-	
	Letter of representation to auditors	TBA	Board	■						-	
Mar-26	Review Responsible Investment Policy	31/03	Board						■	-	
	SIPO review	31/03	Board							-	
	Annual tax return	31/03	AC							✓	Lodged by PwC Dec 2025
	Website review	31/03	TIRM					■		-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
Apr-26	Board meeting	24/04	TIRM							-	
	<ul style="list-style-type: none"> Q3 Performance & Risk Reports 										
	Draft SOI provided to shareholder	01/04	TIRM							-	
	Draft SIPO provided to Shareholder	01/04	Board							-	
	Budget and Performance Committee meeting	21/04	TIRM								Board member/s attend to present draft SOI
	Appointments and Performance Review Committee meeting	23/04	Board							-	Board member/s attend to address questions on QPR
	Directors' interests register review	24/04	Board							-	
	Quarterly CCO report	30/04	TIRM								
CCO financial reporting pack to group – Q3	TBA	AC							-		
May-26	Receive shareholder feedback on draft SIPO	18/05	Board								
	Public meeting notification (for the following month)	25/05	TIRM							-	
	Appointments and Performance Review Committee meeting	28/05	Board							-	Board member/s attend to address questions on QPR
	Receive shareholder feedback on draft SOI	30/05	AC							-	
Jun-26	Board meeting (Public)	19/06	TIRM							-	
	<ul style="list-style-type: none"> Shareholder feedback on draft SOI Finalise SOI Finalise SIPO Annual distribution 										
	Directors' interests register review	19/06	Board							-	
	Declare annual distribution	19/06	Board								
	D&O insurance renewal	30/06	Board							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
	Adopt SIPO	30/06	Board							-	
	Annual distribution paid to Auckland Council	30/06	GIM							-	
	Annual reimbursement to Auckland Council	30/06	Board							-	
Jul-26	Provide updated SOI for final submission	31/07	Board							-	
	CCO financial reporting pack to group – Q4	TBA	AC							-	
Aug-26	Board meeting • Q4 Performance & Risk Reports • Financial Reporting for Year ended 30 Jun 2026	21/08	TIRM							-	
	LEI renewal	05/08	TIRM							-	
	Shareholder approval of SOI	18/08	AC							-	
	Directors' interests register review	21/08	Board							-	
	Quarterly CCO report	28/08	TIRM							-	
	SOI loaded to website	31/08	AC							-	
	Annual financial statements	31/08	AC							-	
	Climate disclosures reporting	TBA	AC							-	
	ARC annual audit and financial risk report	TBA	AC							-	
	Letter of representation to auditors	TBA	AC							-	
	Sep-26	Audit and Risk Committee	17/09	Board							-
Public meeting notification (for the following month)		25/09	TIRM							-	
Annual service performance review – Adminis NZ		30/09	Board							-	
Annual Reports		30/09	AC							-	
Oct-26	Board meeting (Public)	23/10	TIRM							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
	<ul style="list-style-type: none"> Performance against SOI targets for 30 Jun Q1 Performance & Risk Reports 										
	Appointments and Performance Review Committee meeting	08/10	Board							-	Board member/s attend to address questions on QPR
	Directors' interests register review	23/10	Board							-	
	Annual Reports published to website	30/10	TIRM							-	
	Annual return for Companies Register	30/10	TIRM							-	
	Quarterly CCO report	30/10	TIRM							-	
	CCO financial reporting pack to group – Q1	TBA	AC							-	
Nov-26	Appointments and Performance Review Committee meeting	19/11	Board							-	Board member/s attend to address questions on QPR
Dec-26	Board meeting	11/12	TIRM							-	
	<ul style="list-style-type: none"> Letter of Expectation received Achieving Māori Outcomes Plan 										
	Directors' interests register review	11/12	Board							-	
	Compliance and work programme plan annual revision	31/12	TIRM							-	
	Receive letter of expectation	31/12	Board							-	
	Shareholder AGM exemption	31/12	AC							-	CCO governance arrange
Jan-26	Tax return	TBA	AC							-	
	CCO financial reporting pack to group – Q2	TBA	AC							-	

Future Fund Liquidity Facility

relating to Auckland Council

Dated 14 February 2025

**Mayne
Wetherell**

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Parties

Auckland Council (**Borrower**)

Auckland Future Fund Trustee Limited in its capacity as trustee of the Trust (**Lender**)

Agreed terms

1. Interpretation

1.1 **Definitions:** In this agreement, unless the context otherwise requires:

Act means the Local Government Act 2002.

Advance means a cash advance in Dollars under the Facility or, as the context requires, the outstanding balance of such cash advances from time to time, including any interest capitalised pursuant to clause [5.1](#).

Annual Plan means the report prepared and adopted by the Borrower under section 95 of the Act for each forthcoming financial year of the Borrower.

Annual Report means the report prepared and adopted by the Borrower under section 98 of the Act at the end of each financial year of the Borrower.

Authorised Signatories means, in respect of the Borrower, the persons nominated by the Borrower as its authorised signatories for the purposes of this agreement by notice to the Lender accompanied by specimen signatures of those persons.

Available Facility means, at any time, the Facility Limit at that time less the aggregate of the Outstanding Amount at that time.

Bank Bill Rate means, on any date:

- (a) the rate per annum rounded upwards, if necessary, to the nearest four decimal places quoted as the bid settlement rate on the Reuters monitor system page "BKBM" (or any page which replaces that page) at or about 10.45 am on that date for Bills accepted by a registered bank having a tenor equal to three months;
- (b) if no bid settlement rate is published for Bills of that tenor in accordance with paragraph (a) above, the rate per annum reasonably determined to be equal to the arithmetic mean (rounded upwards, if necessary, to four decimal places) of the rates quoted on request by the Reference Banks for the purchase of Bills accepted by a registered bank which have a tenor equal to three months at or about 11.00 am on such date; or

- (c) if the Bank Bill Rate cannot be determined in accordance with paragraphs (a) or (b) above, then it shall be the bid rate determined at about 11.00 am on that date, as conclusively determined in good faith having regard to comparable indices then available to the then current Bill market, for Bills accepted by a registered bank having a tenor of three months,

provided that, if in any case, that rate is less than zero, the Bank Bill Rate shall be deemed to be zero.

Bill means a bill of exchange as defined in the Bills of Exchange Act 1908, and any reference to the drawing, acceptance or other dealing of or with a Bill is reference to a drawing, acceptance or other dealing within the meaning of that act.

Charged Assets has the meaning given to that term in the Debenture Trust Deed.

Crown means The Sovereign in right of New Zealand acting by and through the Minister of Finance.

Debenture Trust Deed means the debenture trust deed dated 2 December 2010 between the Borrower and Trustees Executors Limited as trustee (as amended and restated from time to time).

Distribution Policy means, on any date, the Auckland Future Fund Distribution Policy current on that date.

Dollars, Dollar and \$ means the lawful currency of New Zealand.

Drawdown Date means, in respect of an Advance, the date on which that Advance is, or is to be, advanced under the terms of this agreement.

Drawdown Notice means, in respect of an Advance, a notice from the Borrower substantially in the form of Schedule 1.

Effective Date means the later of the date on which the Lender confirms to the Borrower in writing that:

- (a) all of the shares held by the Borrower in Auckland International Airport Limited have been transferred to the Fund; or
- (b) each of the conditions precedent in clause [3.1](#) have been satisfied or waived.

Enforcement Event has the same meaning as in the Debenture Trust Deed.

Event of Default means an event described in clause [12.1](#) while such event continues unwaived or unremedied.

Facility means the facility made available under this agreement.

Facility Debt means all indebtedness from time to time owing to the Lender by the Borrower in respect of this agreement.

Facility Limit means, on any date, an amount equal to the value of the Liquid Assets of the Fund as at that date less:

- (a) the Distribution Amount as defined in, and specified or calculated in accordance with, the Distribution Policy as being payable to the Borrower within the next 12 months; and
- (b) \$10,000,000,

or such other amount as may be agreed between the parties.

Fund means the Auckland Future Fund.

Governance Event means the appointment of any receiver, manager, commissioner or any person appointed pursuant to section 258 of the Act in respect of the Borrower or all or any material part of its assets.

Interest Payment Date means, in respect of an Advance, the last day of each 3-month period following the Drawdown Date of that Advance and each Repayment Date for that Advance.

Interest Rate means, in respect of an Advance, the greatest of:

- (a) the rate equal to the sum of the Bank Bill Rate on the Drawdown Date of that Advance and the Margin;
- (b) the rate equal to the then applicable Distribution Rate as defined in, and specified or calculated in accordance with, the Distribution Policy; or
- (c) the rate of return which the Lender is required to earn on the Advance in order to ensure that the Lender and the Fund remain compliant with the Long Term Plan (and the objectives of the Fund).

Liability Management Policy means the liability management policy prepared and adopted by the Borrower under section 102(2)(b) of the Act, as amended from time to time.

Liquid Assets means the assets of the Fund which, at any time, are held by the Fund as highly liquid assets such as cash, cash equivalents (as recognised by generally accepted accounting principles in New Zealand) and publicly listed assets including but not limited to equity and/or bond securities, commodities, currencies and managed investment schemes.

Long Term Plan means the long term plan prepared and adopted by the Borrower under section 93 of the Act, as amended from time to time.

Margin means, in relation to an Advance, 2.00% per annum.

NZ GAAP means generally accepted accounting practice as defined in section 8 of the Financial Reporting Act 2013.

Outstanding Amount means, on any date, the aggregate principal amount of all Advances outstanding on such date.

Potential Event of Default means any event or circumstance which, with the giving of notice and/or the lapse of time, would constitute an Event of Default.

Reference Banks means ANZ Bank New Zealand Limited, ASB Bank Limited, Bank of New Zealand and Westpac New Zealand Limited and/or such other bank or banks as the Lender may stipulate in consultation with the Borrower.

Repayment Amount means, in respect of an Advance and a Repayment Date, the amount specified in the Drawdown Notice for that Advance as being the principal amount to be repaid on that Repayment Date.

Repayment Date means, in respect of an Advance, the date or dates specified as the repayment dates of that Advance in the Drawdown Notice.

RWT-Exempt Status means "RWT-exempt status" as defined in section YA 1 of the Income Tax Act 2007.

Security Stock Certificate has the same meaning as in the Debenture Trust Deed.

Trust means the trust established in relation to the Fund on the terms set out in the trust deed dated 27 September 2024.

1.2 **References:** Except to the extent that the context otherwise requires, any reference in this agreement to:

business day means a day (other than a Saturday or Sunday) on which registered banks (within the meaning of the Banking (Prudential Supervision) Act 1989) are open for business in Auckland and Wellington.

a **clause** or **Schedule** is a reference to a clause of, or a Schedule to, this agreement.

a **directive** includes any present or future directive, regulation, request, requirement, voluntary credit restraint programme or notification by any means or a change in interpretation or application thereof by any governmental agency (in each case, whether or not having the force of law but, if not having the force of law, compliance with which is in accordance with the general practice of persons to whom the directive is addressed).

a **law** includes common law and any constitution, decree, judgment, legislation, order, ordinance, regulation, by-law, statute, treaty or other legislative measure, in each case of any jurisdiction whatever, and **lawful** and **unlawful** shall be construed accordingly.

something having a **material adverse effect** means something (a) having a material adverse effect on the financial condition of the Borrower or (b) which materially adversely affects the

Borrower's ability or willingness to perform and comply with its obligations under this agreement or the Debenture Trust Deed or (c) which materially adversely affects the validity or enforceability of this agreement or the Debenture Trust Deed.

a **person** includes an individual, company, corporation, local authority, an association of persons whether corporate or not, a trust or a state or agency of a state whether of central government or local government (in each case, whether or not having separate legal personality).

a **registered bank** has the same meaning as in the Banking (Prudential Supervision) Act 1989.

same day funds means cleared funds immediately available for disbursement.

security interest includes a mortgage, pledge, charge, lien, hypothecation, encumbrance, deferred purchase, title retention, financial lease, sale and re-purchase and sale and leaseback arrangement, a security interest (as that term is defined in the Personal Property Securities Act 1999) and a preferential arrangement of any kind the practical effect of which is to secure a creditor, but does not include any of the foregoing arising solely by operation of law or (in the case of deferred purchase or title retention) the general conditions of sale of a supplier which both arises in the ordinary course of business and is discharged within 90 days.

tax means any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature and whatever called, imposed or levied by any competent governmental agency, together with any interest, penalty, charge, fee or other amount imposed or made on or in respect of any of the foregoing, and **taxation** shall be construed accordingly.

written and **in writing** include all means of reproducing words in a tangible and permanently visible form.

1.3 **Miscellaneous:**

- (a) **Introduction and headings:** The introduction to and headings in this agreement are inserted for convenience only and shall be ignored in construing this agreement.
- (b) **General:** Unless the context otherwise requires, words denoting the singular number also include the plural and vice versa and words denoting any gender include all genders.
- (c) **Legislation:** References to any legislation or to any provision of any legislation shall be deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless otherwise stated, to New Zealand legislation, and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) **Documents:** References to any document (however described) shall include references to that document as modified, novated, supplemented, varied or replaced from time to time.

- (e) **Parties:** References to any party to this agreement or any other document shall include its successors or permitted assigns.
- (f) **Time:** References to a time of day shall be references to New Zealand time unless otherwise stated.
- (g) **Things done:** Anything which may be done at any time may also be done from time to time.

1.4 **Business Day Convention:** Where any date which is specified in, or determined pursuant to the terms of, this agreement would otherwise fall on a day that is not a business day, that date will be adjusted so that it will be the first following day that is a business day, unless that day falls in the next calendar month, in which case that date will be adjusted so that it will be the first preceding day that is a business day.

2. Facility

- 2.1 **Facility:** On and from the Effective Date, the Lender agrees to make the Facility available to the Borrower on the terms and conditions of this agreement.
- 2.2 **Purpose:** The Borrower shall use the proceeds of the Facility for general corporate purposes, including to support the Borrower's liquidity requirements.

3. Conditions Precedent

- 3.1 **Conditions Precedent to Facility:** No Drawdown Notice may be given by the Borrower in respect of an Advance until the Lender has confirmed by written notice to the Borrower that it has found to be satisfactory to it in form and substance, the following documents:
 - (a) this agreement duly executed by all parties to it; and
 - (b) a certificate by the chief executive of the Borrower substantially in the form set out in Schedule 2.
- 3.2 **Conditions precedent to Advances:** The obligation of the Lender to make each Advance is conditional upon:
 - (a) **Security Stock Certificate:** a Security Stock Certificate in the aggregate nominal amount of not less than the Facility Limit on the date of the Drawdown Notice having been issued to the Lender;
 - (b) **Representations true:** the representations and warranties of the Borrower set out in clause [7.1](#) being true and accurate in all respects by reference to the facts and circumstances existing on the relevant Drawdown Date; and
 - (c) **No Event of Default:** no Event of Default or Potential Event of Default having occurred and remaining unremedied or unwaived.

4. Advances

4.1 **Availability:** Subject to compliance with clauses [3.2](#) and [4.2](#) the Lender shall make an Advance available to the Borrower in Dollars provided that a Drawdown Notice is given to the Lender not later than 10.00 am on the day falling five business days (or such other period as agreed between the Lender and the Borrower) prior to the Drawdown Date of the proposed Advance advising:

- (a) **Amount:** the amount of the Advance, which shall be a minimum of \$50,000,000 and integral multiples of \$10,000,000 or such other amount agreed between the Lender and the Borrower, provided that:
 - (i) the amount requested in the Drawdown Notice may not exceed the Liquid Assets of the Lender as at the Drawdown Date; and
 - (ii) the Lender's obligation to make the Advance shall be limited to the lower of the amount requested in the Drawdown Notice and an amount equal to the total proceeds received from the sale of the Liquid Assets.
- (b) **Repayment Dates and Repayment Amounts:** the Repayment Dates for that Advance and the Repayment Amount to be repaid on each Repayment Date, provided that the final Repayment Date shall fall on or before the date that is the 3 year anniversary of the Drawdown Date of that Advance; and
- (c) **Drawdown Date:** the Drawdown Date, which must be a business day.

4.2 **Maximum amount:** The Borrower shall not be entitled to request any Advance when the making of that Advance would exceed the Available Facility on the Drawdown Date.

5. Interest

5.1 **Interest payment:** The Borrower shall pay to the Lender interest on each Advance at the applicable Interest Rate for that Advance for the period from the Drawdown Date for that Advance to the final Repayment Date of that Advance. On each Interest Payment Date of an Advance, at the option of the Borrower, the Borrower shall either:

- (a) pay to the Lender the interest accrued on that Advance; or
- (b) notify the Lender that it wishes to capitalise the interest payable in accordance with clause [\(a\)](#) above, in which case, that Advance shall be increased by such amount.

5.2 **Calculation:** Interest will accrue daily and will be calculated on the outstanding principal amount of the relevant Advance on each day and on the basis of the actual number of days elapsed, including the Drawdown Date but excluding the final Repayment Date, and a 365 day year.

6. Repayment, Prepayment and Cancellation

- 6.1 **Repayments:** The Borrower shall repay to the Lender each Repayment Amount on each Repayment Date and the outstanding amount of each Advance on the final Repayment Date.
- 6.2 **Prepayment right:** The Borrower may prepay all or any part of any Advance (being a minimum amount of \$50,000,000 and thereafter integral multiples of \$10,000,000) if it gives the Lender not less than five business days' written notice (which notice shall be irrevocable) of its intention to make such prepayment, and the date and amount thereof. Any such prepayment shall be paid to the Lender no later than 12.00pm on the relevant date nominated.
- 6.3 **Prepayment amount:** Any prepayment pursuant to clause [6.2](#) shall be accompanied by:
- (a) **Interest:** accrued interest on the amount prepaid; and
 - (b) **Other sum:** any other sum in respect of the amount prepaid then due to be paid to the Lender under any provision of this agreement.
- 6.4 **Re-drawing:** Any amount repaid in accordance with clause [6.1](#) or prepaid in accordance with clause [6.2](#) shall be available to be re-drawn in accordance with this agreement.

7. Representations and Warranties

- 7.1 **Representations and Warranties:** The Borrower represents and warrants to the Lender that:
- (a) **Status:** it is a territorial authority named as a local authority in Schedule 2 to the Act;
 - (b) **Power and authority:** it has:
 - (i) the power to enter into, exercise its rights and perform and comply with its obligations under this agreement and the Debenture Trust Deed; and
 - (ii) taken all necessary action required on its part to authorise the entry into, execution and delivery of this agreement and the Debenture Trust Deed and the performance of all the obligations expressed to be binding on it;
 - (c) **Protected transaction:** the entry by the Borrower into, and the performance by the Borrower of, this agreement and the Debenture Trust Deed:
 - (i) is in compliance with the Act; and
 - (ii) is not contrary to any provision of the Act;
 - (d) **No laws violated:** neither the entry by it into, nor the performance by it of, this agreement or the Debenture Trust Deed will:

- (i) violate or contravene any law to which it is subject; or
 - (ii) conflict with, or result in any breach of, any agreement or document to which it is a party or by which it or any of its assets may be bound; and
- (e) **No default:** no Event of Default has occurred and is continuing unremedied or unwaived, nor will any Event of Default result from the execution and performance of this agreement.

7.2 **Repetition:** The representations and warranties contained in clause [7.1](#) will be deemed to be repeated by the Borrower on each Drawdown Date and each Repayment Date by reference to the facts and circumstances then existing.

7.3 **Acknowledgement:** The Borrower acknowledges that the Lender has been induced to enter into this agreement on the basis of the representations and warranties contained in clause [7.1](#).

8. Covenants

8.1 **Notification:** The Borrower shall, subject to the Act and to the Local Government Official Information and Meetings Act 1987, promptly upon becoming aware of the same notify the Lender of:

- (a) **Event of Default:** the occurrence of any Event of Default or Potential Event of Default and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that, except as previously notified to the Lender, no Event of Default or Potential Event of Default has occurred which is continuing unremedied or unwaived;
- (b) **Authorised Signatories:** each change in its Authorised Signatories, giving specimen signatures and evidence satisfactory to the Lender of the authority of each new Authorised Signatory; and
- (c) **Invalidity:** each actual or potential invalidity or unenforceability of this agreement or the Debenture Trust Deed or any provision hereof or thereof.

8.2 **Validity:** The Borrower shall take all steps required under any applicable law to enable it to perform and comply fully with its material obligations under this agreement or the Debenture Trust Deed or required on its part for the validity or enforceability of this agreement and the Debenture Trust Deed.

8.3 **Compliance with Law:** The Borrower shall duly comply with all laws where failure to do so could have a material adverse effect on the Borrower.

8.4 **Reporting:** For so long as the Facility remains unexpired or uncanceled, the Borrower shall, on request by the Lender, provide to the Lender:

- (a) **Information:** a copy of each of the Annual Plan (adopted within the terms of section 95 of the Act) and the Annual Report (adopted within the terms of section 98 of the Act) for the current, forthcoming, and previous, financial years respectively and the most recent Long Term Plan and the Liability Management Policy (within the meaning of sections 93 and 102(2)(b) of the Act);
- (b) **Amendments:** details of any material amendments to the Long Term Plan or Liability Management Policy which have been approved and adopted by the Borrower;
- (c) **Semi Annual Financial Information:** unaudited financial statements of the Borrower as at the end of that financial half-year which have been prepared for external dissemination; and
- (d) **Other information:** any other information which the Lender reasonably requires with respect to the financial statements (within the meaning of clause 29 of Schedule 10 of the Act), the Charged Assets and the financial position of the Borrower.

9. Change in Circumstances

9.1 **Illegality:** If at any time the Lender reasonably determines that it is or will become unlawful, impractical or contrary to any law, treaty or directive of any agency of state or other regulatory authority to make, fund or continue to provide all or part of the Facility, to charge or receive interest at any applicable rate or to comply with any of its obligations or exercise any of its rights under this agreement or the Debenture Trust Deed then, upon the Lender notifying the Borrower:

- (a) **Cancel:** the Lender may cancel its commitment under the Facility; and
- (b) **Repay:** the Borrower will repay or cause to be repaid the Facility Debt owing to the Lender under this agreement either promptly or, if permitted by the law, treaty or directive, not later than the date on which the circumstances giving rise to such notification will arise.

The Lender shall promptly notify the Borrower in writing of the happening of such events upon becoming aware of the same.

9.2 **Mitigation:** Without limiting the Borrower's obligations under clauses [9.1\(b\)](#) or [11.2](#), the Lender shall, at the request and cost of the Borrower, use all reasonable efforts to consult with the Borrower, with a view to avoiding or minimising the effect of clauses [9.1\(b\)](#) or [11.2](#) (as the case may be) on the Borrower on a basis which will not have any material adverse effect on the Lender other than to the extent that it is indemnified by the Borrower to the reasonable satisfaction of the Lender.

10. Payments

- 10.1 **Currency of Account:** The Dollar is the currency of account and payment for each amount at any time payable by the Borrower under this agreement.
- 10.2 **Payments by the Borrower:** All payments to be made by the Borrower under this agreement to the Lender shall be made in same day funds not later than 12.00pm in the place of payment on the due date to the bank account as shall have been previously notified by the Lender to the Borrower.
- 10.3 **Payments to and from Lender:** On each Drawdown Date, the Lender will make the relevant Advance available to the Borrower by 12.00 pm in same day funds and to the bank account as shall have been previously notified by the Borrower to the Lender.
- 10.4 **Order of distribution:** If any amount received by the Lender from the Borrower is less than the total sum remaining and/or becoming due under this agreement on that date, the Lender shall, irrespective of any contrary appropriation by the Borrower, apply that amount in or towards payment of the following sums in the following order:
- (a) **Interest, costs and expenses:** firstly, in or towards payment of any interest then due on the Advance and any costs and expenses then due and payable to the Lender pursuant to clause [16](#);
 - (b) **Principal:** secondly, in or towards payment pro rata of any Outstanding Amount then due to the Lender; and
 - (c) **Other:** thirdly, in or towards payment of any other amounts then due and payable to the Lender under this agreement.

11. Taxes

- 11.1 **Payments to be free and clear:** All amounts payable by the Borrower under this agreement shall be paid:
- (a) **Conditions:** free and clear of any restriction or condition;
 - (b) **Taxes:** free and clear of and (except to the extent required by law) without any deduction or withholding for or on account of any tax; and
 - (c) **Other amounts:** without any deduction or withholding on account of any other amount, whether by way of set-off, counterclaim or otherwise.
- 11.2 **Gross-up:** If:
- (a) **Withholding by Borrower:** the Borrower is required by law to make any deduction or withholding in respect of New Zealand tax from any amount paid or payable by it under this agreement; or

- (b) **Payment by Lender:** the Lender is required by law to make any payment, on account of tax (other than tax on overall net income of the Lender or any of its branches or lending offices), on or in relation to any amount received or receivable by it under this agreement,

then:

- (c) **Borrower shall pay:** the Borrower shall ensure that any such deduction or withholding does not exceed the legal minimum and shall pay any such tax or other amount required to be deducted or withheld to the relevant taxation or other authority before the date on which penalties attach thereto;
- (d) **Gross-up:** the amount payable by the Borrower in respect of which that deduction or withholding (pursuant to clause 11.2(a)) or payment (pursuant to clause 11.2(b)) is required to be made shall (except where such arises as a consequence of clause 11.4(a) not being, or ceasing to be, true and accurate) be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment the Lender receives and retains (free from any liability in respect of any such deduction, withholding or payment) a net amount equal to the amount which it would have received and so retained had no such deduction, withholding or payment been required to have been made; and
- (e) **Receipt:** the Borrower shall deliver to the Lender promptly after such deduction or withholding is required by law to be made, a receipt issued by the applicable taxation or other authority evidencing that such deduction or withholding has been made.

11.3 **Tax credit:** If and to the extent that the Lender subsequently actually receives and is able to identify (in the normal course of its business and operations) any tax credit or refund in respect of any deductions or withholding in respect of which any additional amounts have been paid by the Borrower pursuant to this clause 11, the Lender, will, but only if and to the extent that in the Lender's sole opinion acting in good faith it is appropriate to do so, account to the Borrower for the amount of such tax credit or refund. Nothing in this clause imposes any obligation whatever on the Lender to disclose any information about its own tax affairs, and the Lender may arrange such affairs however it thinks fit.

11.4 **Resident withholding tax:** The Lender:

- (a) represents and warrants to the Borrower that it has RWT-Exempt Status or is otherwise exempt from resident withholding tax; and
- (b) undertakes to notify the Borrower immediately if it ceases to have or ceases to be entitled to have RWT-Exempt Status or otherwise be exempt from resident withholding tax.

12. Events of Default

12.1 **Events:** Each of the following constitutes an Event of Default:

- (a) **Enforcement Event:** an Enforcement Event occurs;
- (b) **Governance Event:** a Governance Event occurs;
- (c) **Non-Payment:**
 - (i) any amount of, or in respect of, principal or interest payable by the Borrower under this agreement is not paid to the Lender at the time, and in the manner, specified in this agreement (unless the Borrower satisfies the Lender that non-payment is due solely to an administrative or technical error beyond the control of the Borrower and payment is subsequently made within two business days of the normal due date); or
 - (ii) any other sum payable under this agreement is not paid by the Borrower within five business days after the due date for payment of such sum;
- (d) **Material default:** material default is made by the Borrower in the performance or observance of any material covenant, condition or other provision binding on the Borrower under this agreement (other than as to the payment or repayment of all or any part of the Facility Debt) or under the Debenture Trust Deed, whether or not the Lender has waived any prior similar default, and such default continues for more than 30 days after receipt by the Borrower of a notice in writing from the Lender specifying the default and requiring such default to be remedied.

12.2 **Cancellation:** At any time after the occurrence of any of the events in clause [12.1](#) and while such is continuing unremedied or unwaived, the Lender may by notice to the Borrower cancel the Facility, whereupon the Borrower shall repay to the Lender the Facility Debt, either immediately or at the expiration of such period as the Lender may specify.

13. Default Interest

13.1 **Default interest payable:** If the Borrower does not pay any sum payable by it to the Lender under this agreement when due, it shall pay interest on the amount from time to time outstanding in respect of that overdue sum for the period beginning on its due date and ending on the date of its receipt by the Lender (both before and after any judgment) in accordance with this clause [13](#).

13.2 **Rate of default interest:** Interest payable under clause [13.1](#) shall be calculated and payable by reference to successive periods, each of which (other than the first, which shall begin on the due date) shall begin on the last day of the previous period. Each such period shall be of a duration of not less than 30 days (except where ending on the date of payment) selected by the Lender from time to time and the rate of interest applicable for a particular period shall be the rate per annum equal to the aggregate of 2% per annum and the Interest Rate on the overdue sum for that particular period.

13.3 **Payment of default interest:** Interest payable under clause [13.1](#) shall be payable on the last day of each period in respect of which it is calculated and on the date of receipt of the overdue

sum by the Lender. Any interest which is not paid when due shall be added to the overdue sum and shall itself bear interest accordingly.

14. Indemnities

14.1 **Miscellaneous indemnities:** The Borrower indemnifies the Lender against any reasonable and direct cost, loss, expense or liability sustained or incurred by it as a result of:

- (a) **Non-fulfilment:** an Advance or any part thereof not being made by reason of non-fulfilment of any of the conditions in clauses [3.1](#) or [3.2](#) (as applicable);
- (b) **Non-payment:** any amount payable by the Borrower under this agreement not being paid when due (but, so far as appropriate, credit shall be given to it for any interest received under clause [13](#));
- (c) **Event of default:** the occurrence or continuance of any other Event of Default;
- (d) **Governance Event:** the occurrence or continuance of a Governance Event and any action lawfully taken by the Lender to protect its position under this agreement or the Debenture Trust Deed as a result of such Governance Event occurring or continuing;
- (e) **Other than due date:** the receipt or recovery by the Lender of all or any part of any amount payable hereunder (by prepayment or acceleration or otherwise) otherwise than on the due date relating to such amount; or
- (f) **Alleged Breach of Duty:** any claim or allegation that the Lender's compliance with this agreement has resulted in a breach, by the Lender, of its duties as trustee of the Trust.

14.2 **Separate obligations:** Without double counting, the indemnities in this clause [14](#) shall respectively:

- (a) **Obligations:** constitute obligations separate and independent from each other and the other obligations under this agreement;
- (b) **Causes of action:** give rise to separate and independent causes of action; and
- (c) **Survival:** continue in full force and effect despite any judgment, order, claim or proof for any liquidated amount under this agreement or any judgment or order.

14.3 **No prejudice:** Save as expressly agreed by the Lender, no release, delay, forbearance, compromise or any other indulgence given by the Lender to the Borrower or any amendment, alteration or other variation of any of the provisions of this agreement shall discharge, release, prejudice or affect the liability of the Borrower under this clause [14](#).

14.4 **Borrower shall pay:** The Borrower shall upon demand by the Lender, pay to the Lender all amounts payable pursuant to an indemnity contained in clause [14.1](#).

- 14.5 **Irrevocability:** This clause [14](#) is unconditional and irrevocable, shall survive the termination, expiry or cancellation of this agreement and is not to be discharged or impaired by any act, omission, matter or thing that might discharge or impair it, but for this clause.

15. Notices

- 15.1 **Writing:** Each notice or other communication to be given or made to any party to this agreement shall:

- (a) **Writing:** be given or made in writing by letter or email and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to that party at the address or email address, and marked for the attention of the person (if any), from time to time designated by that party to the other for the purposes of this agreement;
- (c) **Deemed delivery:** not be effective until received by that party, and any such notice or communication shall be deemed to be received by that party:
 - (i) (if given or made by letter) when left at the address of that party or three business days after being put in the post, postage prepaid, and addressed to that party at that address; or
 - (ii) (if given or made by email) at the time the notifying party receives an acknowledgment of receipt of delivery from the recipient's email address or (if earlier) two business days, in place of receipt, after the email was sent (unless the notifying party receives an error message relating to the sending of the email before that time),

provided that any notice or communication received or deemed received after 4.00 pm on a business day or on a day which is not a business day shall be deemed not to have been received until 9.00 am on the next business day.

- 15.2 **Initial address and numbers:** The initial address, person (if any) and email address (if any) so designated by each party, are, in the case of the Borrower and the Lender, set out below:

The Borrower: Auckland Council
135 Albert Street
Auckland 1010
Attention: Head of Group Treasury

The Lender: Auckland Future Fund Trustee Limited
135 Albert Street
Auckland 1010
Attention: Treasury and Investments Relationship Manager

16. Costs and Expenses

16.1 **Costs and expenses:** The Borrower shall pay upon demand all reasonable and direct costs and expenses on a full indemnity basis (including legal fees and goods and services taxes thereon) incurred by the Lender in connection with:

- (a) **Establishment:** the negotiation, preparation and execution of this agreement and any related documentation (and any amendments, variations, supplements to or of the same) and the obtaining or maintaining of any authorisation, clearance or consent necessary or desirable in the opinion of the Lender for the validity or enforceability of this agreement and any related documentation;
- (b) **Enforcement:** the enforcement or preservation of, or the attempted enforcement or preservation of, any rights under this agreement or recovering any sum due under this agreement; and
- (c) **Release etc:** the granting of any release, waiver or consent, or any variation of this agreement, required by the Borrower.

16.2 **Stamp duty and taxes:** The Borrower shall pay all New Zealand stamp, documentary, transaction, registration and other like duties and taxes (including fines, interest and penalties), if any, which may be payable or determined to be payable in connection with the execution, delivery, registration, performance, enforcement or variation of this agreement and will indemnify and hold the Lender harmless against all costs directly or indirectly resulting from any failure to pay or delay in paying any such taxes.

17. Set-off

17.1 **Set-off:** Without prejudice, and in addition, to any right of set-off, combination of accounts, lien or other right to which the Lender is at any time entitled (whether by law, contract or otherwise), subject to the provisions of the Debenture Trust Deed, the Lender may at any time after the occurrence of an Event of Default arising solely under clause [12.1\(c\)](#) and while such is continuing, without prior notice or demand (but with prompt subsequent notice), apply any amount owed to (or become owing by it to) the Borrower in or towards satisfaction of any amount payable by the Borrower under this agreement, and for such purpose is authorised to accelerate the date for payment of any amount owing by it to the Borrower, notwithstanding the terms upon which such amount is so owing. The Lender may exercise such rights notwithstanding that the balance on such account and such liabilities may not be expressed in the same currency, and the Lender is authorised to effect any necessary conversions at the market rate of exchange then prevailing. The Lender's rights under this clause are contractual rights affecting the terms on which credit balances are held, and do not, and shall not be construed to, constitute a security interest over, or proprietary interest in, any such credit balance.

18. General

- 18.1 **Limitation of liability:** Clause 13 of the Trust Deed is incorporated into this agreement as if set out in full.
- 18.2 **Agreement binding:** This agreement shall be binding upon and shall be for the benefit of the parties and their respective successors, permitted assignees and transferees.
- 18.3 **No assignment:** Neither party may assign or transfer all or any of its rights, benefits or obligations under this agreement.
- 18.4 **Remedies cumulative:** The rights, powers and remedies provided in this agreement are cumulative and not exclusive of any rights, powers or remedies provided by law.
- 18.5 **Amendment:** Any provision of this agreement may be amended only by agreement in writing between the Borrower and the Lender.
- 18.6 **Waivers and consents:** Any waiver may be given at any time but only if the Lender agrees in writing. Any consent under any provision of this agreement must also be in writing. Any such waiver or consent may be given subject to any conditions thought fit by the person(s) consenting to it and shall be effective only in the instance and for the purpose for which it was given.
- 18.7 **No implied waivers:** No failure on the part of the Lender, or any officer of the Lender, to exercise, and no delay on its part in exercising, any right, power or remedy under this agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.
- 18.8 **Partial invalidity:** If at any time any provision of this agreement is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, that illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions hereof nor shall the legality, validity or enforceability of those provisions under the law of any other jurisdiction in any way be affected or impaired thereby.
- 18.9 **Counterparts:** This agreement may be executed in counterparts (including scanned PDF counterparts), each of which when taken together shall constitute one and the same instrument, and each party hereto may execute this agreement by signing any such counterpart.
- 18.10 **Survival:** The payment and indemnity obligations of the Borrower under this agreement shall constitute a continuing obligation, separate and independent from other obligations under this agreement and shall survive payment of the Facility Debt and any termination, cancellation or expiration of this agreement. The payment and indemnity obligations owing to the Lender shall likewise constitute a continuing obligation, separate and independent from other obligations under this agreement and shall survive payment of the Facility Debt and any termination, cancellation or expiration of this agreement.

19. Governing Law and Jurisdiction

19.1 **Governing law:** This agreement shall be governed by and construed in accordance with the laws of New Zealand.

19.2 **Jurisdiction:** The Borrower agrees that any legal action or proceeding arising out of or in connection with this agreement may be brought in the courts of New Zealand and irrevocably submits to the non-exclusive jurisdiction of those courts.

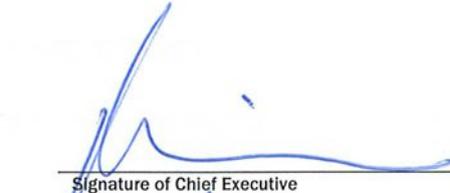
20. Absence of Crown Guarantee

20.1 **Absence of Crown guarantee:** No obligation of the Borrower under or in respect of this agreement or the Facility is guaranteed by the Crown.

Execution Page

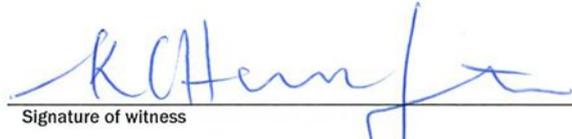
Borrower

Signed by Auckland Council by:



Signature of Chief Executive
Phil Wilson

Name of Chief Executive



Signature of witness
KERRY HARRINGTON

Name of witness
EXECUTIVE ASSISTANT

Occupation
AUCKLAND

City/town of residence

Lender

Signed by Auckland Future Fund Trustee Limited in its capacity as trustee of the Trust by:



Signature of director
Christopher Grant Freshwater

Name of director



Signature of director
DAVID CHARLES CALLANAN

Name of director

Schedule 1

FORM OF DRAWDOWN NOTICE

To: Auckland Future Fund Trustee Limited in its capacity as trustee of the trust established in relation to the Auckland Future Fund

From: Auckland Council

Date:

Future Fund liquidity facility agreement dated

2025 (Agreement)

1. The Borrower wishes to borrow an Advance as follows:
 - (a) Drawdown Date:
 - (b) Amount:
 - (c) Repayment Dates and Repayment Amounts:
 - (d) Payment instructions:
 - (e) Bank account:
2. The Borrower confirms that, as at the date of this Drawdown Notice:
 - (a) the representations and warranties contained in clause [7.1](#) of the Agreement are true and correct by reference to the facts and circumstances subsisting as at that date; and
 - (b) no Event of Default or Potential Event of Default (each within the meaning of the Agreement) has occurred and remains unremedied or unwaived.

By:

Authorised Signatory

Schedule 2

FORM OF CERTIFICATE

Chief Executive Certificate

To: Auckland Future Fund Trustee Limited in its capacity as trustee of the trust established in relation to the Auckland Future Fund

Mayne Wetherell

I, [●], the Chief Executive of Auckland Council (**Borrower**) certify as follows:

1. Authorisations

1.1 As at the date of this certificate, the Borrower has, passed or obtained all necessary authorisations (**Authorisations**) to:

- (a) approve the transactions (**Transactions**) contemplated by the documents listed in schedule 1 of this certificate (**Documents**) and each Document itself;
- (b) authorise signing of the Documents by the Chief Executive (or other relevant person) on behalf of the Borrower in the manner in which they have actually been signed or delegate sufficient authority to the person(s) who authorised execution of the Documents to give that Authorisation; and
- (c) authorise the persons specified in schedule 2 to give any notices and other communications and take any other action required under or in connection with the Documents or the Debenture Trust Deed (as defined in the agreement) on behalf of the Borrower.

1.2 The Authorisations remain in full force and effect.

2. Compliance with the Act

2.1 For the purposes of section 118 of the Local Government Act 2002 (**Act**), the Borrower's entry into the Documents is a protected transaction (as defined in the Act) and, in entering into the Documents and the performance of its obligations under the Documents and the Debenture Trust Deed and all other documentation contemplated by or entered into in connection with the Documents and the Debenture Trust Deed, the Borrower has complied with the Act.

3. Due execution

3.1 The Documents have been properly and duly executed by the Borrower.

4. Authorisations

- 4.1 All consents and other authorisations required by the Borrower in connection with the entry into, execution and performance of the Documents and the Transactions have been obtained on an unconditional and unqualified basis and remain in full force and effect.

5. Authorised signatures

- 5.1 Schedule 2 sets out the true signatures of the persons who have been authorised to give any notices and other communications, and to take any other action required, under or in connection with the Documents or the Debenture Trust Deed on behalf of the Borrower.

This certificate is given by me in my capacity as Chief Executive of the Borrower in good faith on behalf of the Borrower and I shall have no personal liability in connection with the issuing of this certificate.

Dated:

Chief Executive

Schedule 1 – Documents

1. A liquidity facility agreement dated on or before the date of this certificate between Auckland Council and Auckland Future Fund Trustee Limited in its capacity as trustee of the trust established in relation to the Auckland Future Fund.
2. Any other document contemplated by, or necessary or required give effect to, the above documents or the Transactions.

Schedule 2 – Authorised Signatories

Title	Name	Signature



Te Whakapuakanga Kaupapa Haumitanga

DRAFT Statement of Investment Policy and Objectives

XXX 2025

aucklandfuturefund.govt.nz

**Auckland
Future
Fund**



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Summary | Te whakarāpopototanga

Purpose of this Investment Policy Statement

This SIPO helps us formalise, organise, implement and monitor our investment strategy. It provides clarity on what we are aiming to achieve, helps us focus on the opportunities that suit us best, and should enable us to stay true to our strategy during any tough times.

Our overall goals

The financial expectations set by Auckland Council are that the Auckland Future Fund (the fund) will deliver, over the long-term, an annual return of 7.24% net of fees and costs, and distribute 5.24% per annum, maintaining the real (inflation-adjusted) value of the portfolio.

Summary of our investment strategy

Assets	Total assets: \$1.226 billion (as at 30 September 2025)
Risk tolerance	Growth-oriented portfolio
Time horizon	Inter-generational
Long-term target returns	7.24% p.a. after fees and costs
Target distribution or payout	5.24% per annum.
Tax status	New Zealand income tax exempt
Next policy review	30 June 2027

Who we are | Ko wai matou

Purpose of this Investment Policy Statement

This SIPO helps us formalise, organise, implement and monitor our investment strategy. It provides clarity on what we are aiming to achieve.

Purpose and functions

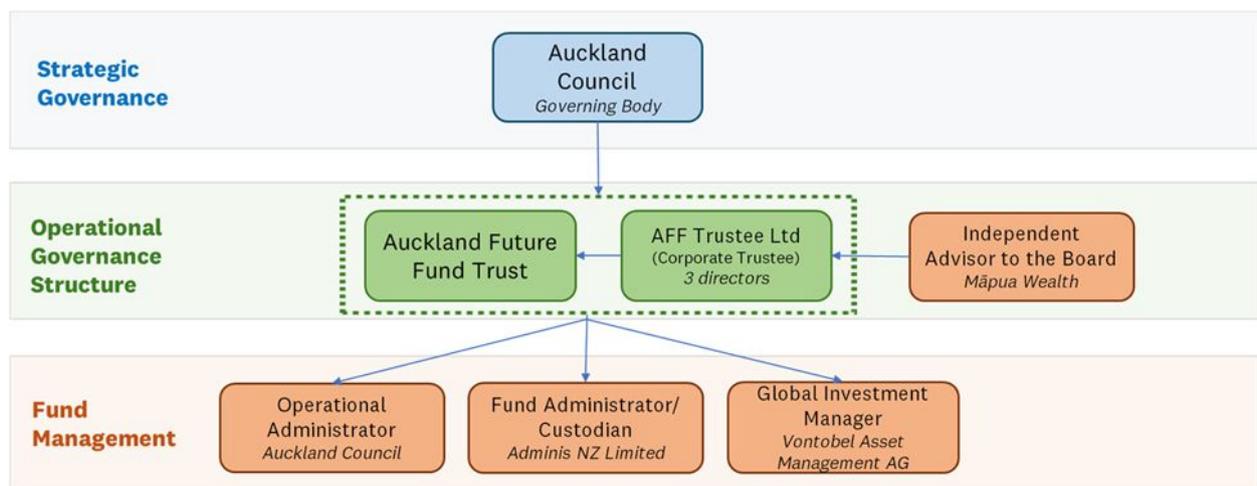
As part of the Long-term Plan 2024-2034, Auckland Council (the council) decided to establish a long-term investment fund, to be called the Auckland Future Fund (the fund), to improve the council’s financial and physical resilience.

The fund is held in trust, pursuant to a Deed of Trust. The trustee ~~will be the~~ is Auckland Future Fund Trustee Limited (AFFTL); a company incorporated under the Companies Act 1993.

Auckland Future Fund Structure

The structure of the fund is shown in the following diagram, with the key components being:

- **Strategic Governance** – Auckland Council sets the strategic direction.
- **Operational Governance** – AFFTL is the corporate trustee of the fund that has stewardship of the fund. AFFTL has appointed Māpua Wealth as an independent advisor.
- **Fund Management** – AFFTL has made the following outsourcing appointments for fund management:
 - **Global portfolio management to a professional investment manager** – Vontobel Asset Management AG
 - **Fund administration to a professional fund administrator/custodian** – Adminis NZ Limited
 - **Operational administrator for the operations of the fund and AFFTL** – Auckland Council



The fund was initially capitalised with the council’s shareholding in Auckland International Airport Limited. Since then, an additional \$45 million has been added to the fund. The council continues to identify opportunities for further capital contributions.

Decisions relating to the fund (including investment and transactional) are made independently by AFFTL in accordance with the governing documents of the fund, which include:

- [Auckland Future Fund Trust Deed](#)
- [Auckland Future Fund Policy](#)
- [Auckland Future Fund Distribution Policy](#)
- [Auckland Council's Responsible Investment Policy](#)

Role of Auckland Council

Acting in accordance with its role as local authority for Auckland and its position as beneficiary of the fund, the role of the council in relation to the fund is to:

- oversee the conduct of AFFTL
- exercise its powers under the terms of the fund's trust deed (in addition to any rights and obligations of the council under [the Auckland Council \(Auckland Future Fund\) Act 2025](#) and any of the Local Government Acts ~~or otherwise~~)
- protect the council's interest and the public interest, in particular the interests of Auckland and its communities, in relation to the fund
- ensure the proper control and administration of the fund.

Vision and mission | Ngā hua ō roto

Our vision

The Auckland Future Fund is an investment for all Aucklanders and future generations and is designed to enhance the financial and physical resilience of Tāmaki Makaurau.

By diversifying Auckland Council’s major investments, the Auckland Future Fund is part of a financial strategy to better protect and strengthen Auckland in times of need.

Purpose of the Auckland Future Fund

The purposes of the fund are to:

- i. Maintain or increase the real value of the fund’s assets over time, so they can continue to benefit future generations; and
- ii. Provide a strong return to council to fund services and infrastructure.

Powers of investment

All investment and transactional decisions of the fund shall be made ~~by AFFTL~~ in accordance with the Trust Deed, [Auckland Council \(Auckland Future Fund\) Act 2025](#), Trusts Act 2019, the Auckland Future Fund Policy, and the other policies and documents referenced in the section titled ‘Interrelationships with other Policies and Documents’ below.

Auckland Council shall not direct AFFTL through any other channel as to the investments or activities of the fund, including any related party transactions or investments.

Best practice investment governance

We will follow best practice investment governance. This involves:

- knowing the standards, laws, and trust provisions under which we operate
- diversifying assets to our specific risk and return profile
- preparing a robust investment policy statement
- using ‘prudent experts’ where appropriate and documenting due diligence
- controlling and accounting for all expenses and costs
- monitoring the activities of the ‘prudent experts’ that we engage
- avoiding or managing conflicts of interest.

Fiduciary duty

Everyone who has a role in managing our assets has a fiduciary duty of loyalty and care to the council and future beneficiaries under the trust deed. This applies to AFFTL and any council staff supporting the operations of the fund. The same applied to the external investment managers and is agreed in the respective investment management agreement.

Inter-relationships with other policies and documents

The [Auckland Future Fund Policy](#) sets out the overarching strategy for the fund with strong inter-relationships with other policies as outlined below:

- [Auckland Future Fund Distribution Policy](#) – The Auckland Future Fund Distribution Policy (see Appendix 2) sets out the rules regarding distributions from the fund to the council.
- [Auckland Future Fund Trust Deed](#) – The Auckland Future Fund Policy and the trust deed are intricately linked, with the trust deed elaborating on the role of the fund, the relevant parties, the role and powers of AFFTL, and the objectives of the fund.
- [Auckland Council’s CCO Accountability Policy](#) – The nature of the fund is different from other substantive CCOs as it is not a direct provider of services. To the extent that there is any inconsistency between the CCO Accountability Policy and the governing instruments of the fund (including the Auckland Future Fund Policy, Auckland Future Fund Distribution Policy, AFFTL constitution, Trust Deed and this SIPO), the governing instruments take precedence.
- [Responsible Investment Policy](#) – This policy sets out the guidelines for responsible investments including Environmental, Social and Governance (ESG) and climate change considerations, as well as detailing the council’s preferences in so far as the types of company activities that the council would wish to exclude from any portfolios held.
- [Significance & Engagement Policy](#) – The council considers that the fund (as a whole) is a strategic asset. Therefore, any decisions in relation to the fund (as a whole) must be made in accordance with the relevant provisions of the council’s Significance & Engagement Policy. Operational decisions in relation to the management of the fund will be made in accordance with the governing instruments.
- [Statement of Intent \(SOI\)](#) – The Statement of Intent, as required by, and described in Schedule 8 of the Local Government Act 2002. An SOI is developed by AFFTL and agreed to by council each year.

Additionally, as required by the council’s Long-term Plan 2024-2034, AFFTL has entered into a liquidity facility agreement with the council. The council can only draw down on the facility when all other funding and bank facility options have been exhausted. The agreement does not place any requirements on AFFTL to retain a minimum level of liquidity and does not limit the funding decisions of AFFTL.

Scope

This policy applies equally to all of our wholly owned business units and subsidiaries, unless it has been agreed otherwise.

Our investment beliefs | Ngā mātāpono haumi

	Beliefs	Implication for what we do
Investment objectives and governance	Good governance is required to succeed and to maintain our strategy through the tough times.	We strive for best practice, we ensure our fund managers and service providers are resourced appropriately, and we engage external expertise and capacity when needed. Good people and good culture all contribute to strong governance.
Investment strategy	To earn higher returns, more risk must be taken.	We have a growth-oriented investment strategy subject to prudential limits.
Time horizon	Long-term investors should outperform short-term investors, by doing things that short-term investors can't.	We can ride through market downturns, be a buyer when others are selling, reinvest in assets for the long term, always sell on our terms, and take advantage of slow-burn investment themes that take time to play out. We run a dynamic asset allocation.
Asset classes and strategies	Diversification reduces risk. Too much in one investment or one type of asset can put investment goals at risk.	We aim to be well diversified. We invest in alternatives in order to improve diversification. We have prudential limits on how much can be invested in a single asset.
Alternative investments	Alternative investments can help diversify and sometimes can have better risk-adjusted returns.	Our portfolio may include commodities, precious metals, catastrophe bonds (cat bonds), hedge funds, private debt and private equity.
Dynamic asset allocation	Investment opportunities change over time. Markets overshoot and undershoot, but they revert to fair value eventually.	In market downturns we will stay disciplined and stick with our strategy including dynamic asset allocation and tilting.

	Beliefs	Implication for what we do
Responsible and sustainable investing	Responsible investors who manage environmental, social and governance (ESG) factors do better over the long term.	Responsible investing is central to our investment selection, our investment preferences and our values. We expect all our investment managers to invest responsibly and in line with our values.
	Climate change will have a material impact on markets and our portfolio.	We aim to understand the risks and opportunities from climate change.
Fund selection	Due diligence of managers should be systematic, repeatable, and consider qualitative as well as quantitative factors.	We require our external providers to have robust research and monitoring processes of funds, that fees are competitive, and that our interests are put first.
	Active management is appropriate in some of the less efficient markets and asset classes.	We use active managers where we believe they are likely to add value on an after fees basis.
Security selection	Security selection is best left to experts. It is not a role for AFFTL.	We employ an investment manager to select both securities and external investment providers.
Fees and costs	Fees should be consistent with the complexity of the strategy and what the investment manager is trying to deliver.	We control costs and fees, subject to making sure we properly resource our activities. We monitor all fees and costs to ensure they are competitive and appropriate for the asset class or strategy. We try to use tax-efficient investment structures.
Rebalancing	Frequent rebalancing back to the asset allocation adds value and controls risk over the long term. It is best done in a structured and consistent way.	We regularly monitor our portfolio and re-balance taking into consideration our illiquid investments and cash-flows.

Our investment strategy | Ngā rautaki haumitanga

Our investment goals

The financial expectations set by Auckland Council are that the fund will deliver, over the long term, an annual return of 7.24% net of fees and costs, and distribute around 5.24% per annum, subject to maintaining the real (inflation-adjusted) value of the portfolio.

Accordingly, the fund will have a growth portfolio focused on the long-term.

To help achieve this, our investment strategy aims to:

- i. Maintain or increase the real value of the fund's assets over time, so they can continue to benefit future generations; and
- ii. Provide a strong return to council to fund services and infrastructure. Accordingly, the fund will have a growth portfolio focused on the long-term.

In pursuing this goal, we will:

- follow best practice governance and portfolio management
- maintain the real value of the asset base
- maintain an overall risk level that is sufficient to achieve the objective
- maintain an appropriate asset allocation
- have a sustainable distribution policy.

Auckland Council return expectations

The council's initial distribution rate to be used for distribution of earnings to council for the financial years ending 30 June 2025, 30 June 2026 and 30 June 2027 is set out in the Auckland Future Fund Distribution Policy (Appendix 2). The initial distribution rate was calculated by assessing the expected long-term median return on the fund, deducting the expected costs of operating and transacting the fund, and then retaining a portion of that net return to protect the long-term real value of the fund. At the time of establishment, this has been assessed as follows:

Net return	7.24%
Distribution rate (to the council)	5.24%
Retention to preserve capital value	2.00%

Auckland Future Fund Reference Portfolio

As a result of the council's return expectations above, the AFFTL board has adopted an 80% growth/20% income reference portfolio to meet the council's implied risk appetite. See Appendix 1 for the reference portfolio benchmarks.

Investment Management Agreement Portfolio

In conjunction with the global investment manager, the AFFTL board has adopted an investment management agreement portfolio designed to achieve returns above the fund's reference portfolio. See Appendix 1 for the portfolio benchmarks.

Asset allocation

The asset allocation tactical ranges below define the minimum and maximum portfolio components for a specific investment category and represent the intervention points. When calculating the ranges all derivatives shall be included at their economic exposure.

Neutral strategy and tactical ranges

Asset class	Neutral strategy in %	Tactical ranges	
		Minimum in %	Maximum in %
Liquidity	0.0	0.0	25.0
Bonds total	16.0	6.0	26.0
Global bonds	16.0	6.0	26.0
Sovereign bonds developed markets	0.0	0.0	26.0
Sovereign bonds emerging markets	0.0	0.0	5.0
Global corporate bonds investment grade	0.0	0.0	26.0
Global corporate bonds non-investment grade	0.0	0.0	5.0
Equities total	72.0	62.0	82.0
Global developed market equities	69.0	60.0	80.0
Emerging market equities	3.0	0.0	10.0
Alternative Investments total	12.0	0.0	20.0

Asset class	Neutral strategy in %	Tactical ranges	
		Minimum in %	Maximum in %
Real estate and infrastructure	0.0	0.0	10.0
Commodities & precious metals	2.0	0.0	8.0
- thereof: precious metals	2.0	0.0	5.0
- thereof: commodities	0.0	0.0	5.0
Catastrophe bonds (cat bonds)	3.0	0.0	5.0
Hedge funds	0.0	0.0	5.0
Private debt	2.0	0.0	5.0
Private equity	5.0	0.0	10.0
Foreign currencies total (after hedging)	49.5	6.0	100.0

Restricted investments

Investment universe and degrees of discretion

Asset class	Restriction
Liquidity	<p>Cash balances and money market investments at banks with a rating of at least A (S&P) or A2 (Moody’s). Investments at the custodian bank are exempt from these rating specifications.</p> <p>Collective investments incl. ETFs allowed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<ul style="list-style-type: none"> Global bonds Foreign currencies worldwide Foreign currencies emerging markets 	<p>The minimum requirement for the credit quality of bonds as direct investments is a rating of BBB- (S&P) or Baa3 (Moody’s). Where there is no official S&P or Moody’s rating, the internal assessment or equivalent alternative rating sources will apply. Should a bond be downgraded to below BBB- or Baa3, the securities must be sold within three months. In the event of a split rating, the lower rating shall apply.</p> <p>The limit for bonds issued by private debtors is 2%, while there is no limit for sovereign bonds or bonds issued by public institutions.</p> <p>Convertible bonds and bonds with warrants as direct investment permitted? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>

Asset class	Restriction		
	Collective investments incl. ETFs allowed?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Equities <ul style="list-style-type: none"> Global Emerging markets 	Listed equities including non-listed equities for which a listing is planned. Any investments in real estate investment companies are allocated to the “real estate” investment category. The limit for equities issued by the same issuer is 5%		
	Collective investments incl. ETFs allowed?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Real estate and infrastructure <ul style="list-style-type: none"> global 	Only the following investment instruments are allowed: <ul style="list-style-type: none"> units of real estate funds claims of investment foundations infrastructure listed equities of real estate holding companies 		
Alternative investments (only via Target Fund and ETC)	Precious metals	Permitted <input checked="" type="checkbox"/>	Not permitted <input type="checkbox"/>
	Commodities	Permitted <input checked="" type="checkbox"/>	Not permitted <input type="checkbox"/>
	Hedge funds	Permitted <input checked="" type="checkbox"/>	Not permitted <input type="checkbox"/>
	Private equity	Permitted <input checked="" type="checkbox"/>	Not permitted <input type="checkbox"/>
	Others (Private debt and cat bonds only)	Permitted <input checked="" type="checkbox"/>	Not permitted <input type="checkbox"/>

Other fund-specific instructions

Investment ratio	Investment ratio of the portfolio must not exceed 100%
Securities lending and repo transactions	Securities lending and repo transactions are not permitted for direct investments; this does not exclude the purchase of collective investments that, according to their relevant documents, engage in securities lending and/or repo transactions.
Compliance with ethical standards	The global investment manager is committed to complying with the ethical standards.
Alternative investments	As part of this asset management mandate, investments considered alternative investments must not account for more than 20.0% of the Portfolio.
Structured products (including certificates)	Not permitted apart from ETC.
Collective investments	Subject to any provisions to the contrary in section 3.1., the individual investments of collective investments are not included in the monitoring of direct investments (e.g. issuer and rating monitoring).

Investment ratio	Investment ratio of the portfolio must not exceed 100%
Sustainable investing	The process for monitoring potentially severe ESG events (PCEE), as mentioned in the " ESG Investing and Advisory Policy Statement" (available at https://www.vontobel.com/esg-library), is not integrated into the investment process for this portfolio.
ESG customer-specific instructions	Auckland Council’s Responsible Investment Policy will be applied.

Distribution policy

Distributions to the council will be made in accordance with the Auckland Future Fund Distribution Policy (see Appendix 2).

Rebalancing

Rebalancing the portfolio back to the asset allocation can add significant value because it is a systematic way of selling asset classes that become more expensive (and become a bigger part of the portfolio) and buying asset classes that have become cheaper (and have shrunk as a share of the portfolio).

Rebalancing should occur frequently, subject to the trade-off between transaction costs (for example, brokerage and bid-ask spreads) versus being away from the target asset allocation. Tactical allocation decisions will be taken into account when rebalancing of the portfolio is considered (at least quarterly).

The percentage allocation to cash, bonds and equities may vary within the range limits as indicated in the asset allocation table.

The Investment Manager has delegated authority to make rebalancing decisions to keep the portfolio within the target ranges.

Foreign exchange hedging

Foreign currency (unhedged assets) can act as a ‘shock absorber’ during financial market downturns because, on average, the New Zealand dollar tends to depreciate when global markets undergo a sharp selloff. As a result, we are better off not fully hedging the exchange rate risk in our foreign investments.

The target hedging ratios for managed funds are shown below.

Asset Class	Target hedging ratio (%)
Global fixed income	100
Developed markets equities	50
Emerging-market equities	0
Global real estate	100
Funds of hedge funds, private equity	0
Alternatives	0
All other asset classes	0

The target hedging ratios are indicative only and foreign currency exposure is controlled at the total-portfolio level.

Developed market equities are left partly unhedged for the reason above. Emerging market equities and alternatives are unhedged because it is usually costly or impractical to hedge them.

Global fixed income is fully hedged, because the aim of this asset class is to be a low volatility base of the portfolio.

Derivatives

The use of derivatives is allowed as per the following table.

Forward exchange transactions (forwards and futures)	Reducing exposure	Forward FX transactions are permitted under the condition that the required liquidity and underlying assets (in the respective currency) are available at all times.
	Increasing exposure	Not permitted.
Futures	<p>Long and short* futures positions are permitted. If futures are used the following conditions must be met:</p> <ul style="list-style-type: none"> • Long futures positions must be covered by the cash equivalent to the underlying liability. • Short* positions in interest-rate futures must be covered by bonds in the currency of the contract. • Equity futures are permitted on all markets in the benchmark universe*. 	
Options and warrants	Long call	Not permitted.
	Short call	The sale of call options, whose underlying assets correspond to the investment universe, is allowed under the condition that the option is covered with the underlying asset at all times.
	Long put	Permitted.
	Short put	Not permitted.

*net short positions are not permitted.

Other asset classes

We have considered alternative assets. These have been chosen to match the desired investment style of being reasonably priced, liquid, play an important portfolio diversification role and where the investment manager has the time, inclination and knowledge to include these asset classes in the portfolio.

Risk management | Te aroā tūraru

While we will strive to achieve our investment targets, we will do so without taking undue risk. Examples of undue risk would be investing too much in a single venture (concentration risk), taking on excessive amounts of debt or leverage, making decisions with insufficient due diligence, or investing in opportunities that we do not properly understand.

Risk appetite

We recognise that some risk must be assumed in order to achieve the long-term investment objectives, and that investment markets are volatile from year to year. The higher rate of return from riskier (“growth”) assets is the reward for taking on this volatility. We will manage this risk through prudent investment practices and effective governance oversight.

Risk diversification

In designing the portfolio and in the annual planning process we will ensure that we are appropriately diversified across common risk factors. Being well diversified helps us improve the risk-return trade-off that we face.

These include:

- sectors, industries and asset classes
- assets (i.e., exposure to an individual asset)
- managers and strategies
- underlying economic risks, including NZ dollar, international trade, interest rates, inflation.

AFFTL in consultation with the Independent Adviser to the Board and Global Investment Manager will review annually the degree of portfolio diversification and exposure to common risks.

Prudential limits

Prudential limits are in place to limit the risk that a single event could have on the portfolio.

Prudential limits	Constraint (% of total assets)
Single asset or business investment	10%
Single active cash or fixed income fund	20%
Single active equity or alternatives fund	10%
Single passive or rule-based fund manager	50%
Single issuer / security (except sovereigns)	5%
Cash and cash equivalents	25%

Leverage policy

The fund cannot borrow or otherwise leverage the investments of the fund.

Due diligence | Te haurapatanga

Consistent with our duty of care and loyalty, we will undertake comprehensive investment and operational due diligence prior to appointing any external provider.

External providers may include investment providers, fund managers, investment consultants or managers and other professionals providing analytical, legal and tax service that relate to business strategy.

The general approach will be to:

- establish service requirements
- undertake appropriate due diligence of capability and experience, which may be by way of formal requests for proposal (RFP) or requests for information (RFI)
- ensure complete disclosure of any potential conflicts
- ensure costs of services are reasonable
- undertake periodic reviews.

Due diligence on investment managers and managed funds

Specific due diligence for external investment managers should cover quantitative and qualitative factors. They will be evaluated on their merits according to the following evaluation criteria and weightings.

Attribute	Weighting
Fund management skills / strategic asset allocation	65%
Environment, social and governance (ESG) credentials	5%
Methodology for reporting	10%
Price (management fees)	20%
Total	100%

Responsible investing | Ngā haumi aronui

The fund's approach to responsible investing is documented in [Auckland Council's Responsible Investment Policy](#), last approved in June 2024. This is reviewed every three years, in line with the council's long-term plan process, or as required from time to time.

The Responsible Investment Policy provides guidance to any investment manager involved in the management of the council's investment funds with respect to the following considerations:

- environment, social and governance (ESG) issues
- climate change
- active ownership
- portfolio exclusions.

Monitoring our investment strategy | Te aroturuki i tā mātou rautaki haumitanga

Monitoring managed funds and external providers

External managers and direct investment companies are expected to provide sufficient information for AFFTL to:

- assess the extent to which overall investment objectives are being achieved and to make any necessary adjustments if required
- assess the performance of each asset class against its relevant benchmarks (see Appendix 1 for benchmarks)
- assess whether risk levels remain appropriate
- ascertain the existence of any weakness in the investments and portfolio mix
- meet audit requirements, including ESG reporting.

The focus of AFFTL in normal circumstances is on (a) the overall shape of the total portfolio and (b) the extent to which the organisation is tracking in line with strategic objectives.

AFFTL expects continuous disclosure of material commercial and reputational issues in line with a ‘no surprises’ approach.

Regular reporting

Item	Frequency
Monthly monitoring	Monthly
Portfolio dashboard	Quarterly
Portfolio performance summary and attribution, including: <ul style="list-style-type: none"> • short-term and long-term performance • commentary on drivers of performance • commentary on SIPO limit breaches • ‘flag’ warnings if concentration limits are being approached • general market background. 	Quarterly
Fund manager monitoring/scoring, including: <ul style="list-style-type: none"> • commentary on material changes in ratings • commentary on managers on ‘watch list’ • report of any material conflicts of interest. 	Quarterly
Review of costs and fees	Annual
Review of this policy incl. asset allocations	Annual, or following major transaction

Item	Frequency
Statement of Intent incl. multi-year capital plan	Annual
Annual review of strategy and governance effectiveness	Annual
Compliance reports (e.g. audit, ESG)	Annual
'Red flag' compliance breaches	Immediate

Investment Manager 'watch list'

An investment manager may be placed on a "watch list" if there are concerns about performance or the organisation itself. Issues may include:

- returns materially outside the expected range, in absolute terms, relative to benchmark, or relative to peers
- volatility outside the expected range
- indications that the manager may be deviating from its stated style or strategy
- significant fund outflows
- loss of key staff
- some other external event that may affect the business, i.e. being put up for sale.

A manager on the watch list should be the subject of heightened monitoring and diligence. This may include meetings with the manager, formal letters asking questions or expressing concerns, and deeper analysis of the manager's holdings, style and risk management.

The decision to retain or terminate a manager (or provider) cannot be made by a formula. It is AFFTL's confidence in the manager's ability to perform in the future that ultimately determines whether it should be retained.

Costs and fees

Costs and fees will be confirmed annually to ensure they are fair, reasonable and in line with current market levels.

All parties must be fully transparent on fees and costs incurred including brokerage. AFFTL and the investment manager will review fees and costs, fully unbundled.

Roles and responsibilities | Ngā tūranga me ngā haepapa

Overview of key responsibilities

Body	Primary role
Auckland Council	Ultimate fiduciary responsibility for setting the underlying purpose of the fund. Sets the strategic direction.
Auckland Future Fund Trustee Limited (AFFTL)	Advance and achieve the purposes of the Auckland Future Fund. Set and monitor the investment strategy. Ensuring the processes are properly organised, formalised, implemented, and monitored. Ultimate responsibility for all investment decisions.
Operations administrator	Assist AFFTL in meeting its duties. Executing operational activities.
Independent advisor to the board (Māpua Wealth)	Provide objective advice on all steps in the investment process.
Global investment manager (Vontobel Asset Management AG)	Portfolio management services, Portfolio execution, rebalancing, reporting, regulatory compliance.
Fund administrator/custodian (Adminis NZ Limited)	Safe custody, independent valuation and reporting of the fund assets in a separate account which ensures compliance and protection of funds.

Auckland Council

The council has the following key responsibilities relating to the fund's investments:

- appointment and monitoring of AFFTL
- quarterly review of the performance of the fund
- consideration of draft SIPO – the council will consider and, if thought fit, provide comments on or propose amendments to the draft SIPO. Any comments on or proposed amendments to a draft SIPO must be notified to AFFTL
- letter of expectations (LOE) sent to AFFTL
- approval of the annual statement of intent.

Auckland Future Fund Trustee Limited (AFFTL)

AFFTL has ultimate responsibility for all investment decisions. General responsibilities for AFFTL are established in the Trusts Act 2019 [and Auckland Council \(Auckland Future Fund\) Act 2025](#). ~~and~~ Specific duties for AFFTL are set out in the Trust Deed.

At a high level, AFFTL's responsibilities include:

- setting the fund's investment strategy
- ensuring assets are sustainably managed to meet long-term return, cultural, environmental, and distributional objectives
- controlling and accounting for all investment and administrative expenses associated with the overall portfolio
- monitoring and supervision of all entities controlled by the fund
- managing conflicts of interest.

Specific activities are delegated to prudent experts, including any external managers and advisors, but ultimate responsibility remains with AFFTL for the above activities.

AFFTL has the following key responsibilities relating to the fund's investments:

- adherence to the Trust Deed
- approval of the SIPO
- monitoring the SIPO and its appropriateness
- reporting to the council quarterly on the progress of the fund against its objectives
- appointment and monitoring of the investment manager
- monitoring of the investment performance
- preparing annual statement of intent (SOI) in response to the letter of expectations (LOE) from the council.

Operations administrator

To support the undertaking of the fund's operational activities, AFFTL utilise the services of the council through an administration services agreement. Through this agreement AFFTL does not need to employ staff.

The operations administrator is responsible for activities including (but not limited to):

- company secretarial services
- New Zealand legal advice
- auditor and accounting financial reporting
- tax advice and filings
- coordination of contractual agreements between AFFTL and investment managers, fund administrators or advisers
- compliance assistance
- regulator and stakeholder interface
- relationship management with shareholders
- communications and media support.

Independent advisor to the board

AFFTL will appoint an independent advisor to assist with decisions and provide independent oversight of the investment strategy, investment managers, and their decision-making processes.

The independent advisor is responsible for:

- attending AFFTL board meetings when required.
- providing specialist input into investment decision making including:
 - support with regard to the selection, review, and potential termination of the investment managers, to meet the fund's requirements
 - input into the investment strategy setting and review processes
 - independent oversight of the performance information received from the investment managers
 - benchmarking of performance and investment market insights.
- supporting AFFTL in reviewing the content of the Responsible Investment Policy and the Statement of Investment Policy and Objectives documents as required.
- any other advice as requested by AFFTL and agreed in advance.

Global investment manager

The global investment manager has the following key responsibilities relating to the fund's investments:

- to have regard for AFFTL's investment beliefs
- adherence to the SIPO
- assist in annual reviews and updates of SIPO
- pursuing the fund's investment objectives
- selection and monitoring of the underlying investments
- reporting to the AFFTL on the performance of the underlying investments
- dynamic asset allocation of the fund's investments
- to have regard for AFFTL's risk tolerances
- to have regard for the council's Responsible Investment policy
- assist with reviews and updates of the council's Responsible Investment Policy (including providing comments and proposing amendments) as required
- to ensure the investments are managed in an operationally efficient and risk-managed way
- act ethically and in the best interests of the AFFTL
- to comply with all applicable laws and standards of New Zealand and any jurisdiction as agreed in the respective Investment Management Agreement
- to confirm in writing its fiduciary duties to the fund.

Reporting

Key required reporting:

- on a monthly, quarterly and annual (including periodic, year-to-date and since inception), basis an investment report detailing current and historical performance relative to the Portfolio Benchmark (Appendix 1) performance analysis including attribution of returns, portfolio allocations/breakdowns, transaction journal reflecting all transactions, incoming payments, corporate actions and a breakdown of costs
- on a monthly, quarterly and annual basis (including periodic, year-to-date and since inception) a report detailing current and historical performances relative to the AFF Reference Portfolio (Appendix 1)
- quarterly reporting on high-level qualitative analysis of economic and market developments by research teams including general comments on main assets classes (including a deep dive into individual asset classes on a rotational basis) and an Auckland Future Fund-specific detailed analysis from the portfolio manager regarding portfolio development in the last quarter, current market outlook and portfolio positioning
- on a quarterly basis, an ESG report which includes the ESG rating of the portfolio, exposure to controversial activities, transparency ratios, greenhouse gas emissions (including Scope 1, 2 and 3 emissions), exposure to fossil fuels, transition to net-zero and the global warming potential in a form that meets AFFTL's audit requirements including auditable source data to support climate related reporting and documentation relating to data sources, methodologies, assumptions and estimates
- no later than 30 days following AFFTL's year end, an independent greenhouse gas emissions assurance report, relating to the portfolio on an annual basis (aligned with AFFTL's year-end as of 30.06) and in substance and form that meets AFFTL's audit requirements including auditable source data to support climate related reporting and documentation relating to data sources, methodologies, assumptions and estimates
- on a monthly basis, reporting of any breaches or deviation from investment instructions
- other reporting information from time to time is reasonably requested.

The investment manager will also provide AFFTL with any other information as may be required to satisfy the audit requirements applicable to AFFTL.

Furthermore, at AFFTL's request there will be an oral presentation on the development and composition of the portfolio (usually once a year).

Performance calculation

Performance is calculated daily using the time-weighted return (TWR) method. If requested by AFFTL, the investment manager will calculate performance using the money-weighted returns analysis.

Deviation from the investment instructions

Deviation from the investment instructions agreed can occur as a result of external factors such as changes in market value, net cash flows and changes to the composition of benchmarks. Passive deviations of this nature will be corrected in the interests of AFFTL and taking account of market conditions as soon as reasonably practical. Any deviations due to active breaches of the investment instructions will be corrected immediately after being classified.

Investment Manager

The investment manager retains the right to transfer portfolio management to other employees in whole or in part. AFFTL will be informed accordingly.

Proxy voting

The exercise of voting rights for listed equity rights is transferred to the global investment manager which exercises proxy voting on a best effort basis and is authorized to consult advisors such as voting rights advisors.

Fund administrator/custodian

Assets of the portfolio are held independent of the global investment manager by a custodial platform, which also provides various portfolio administration services.

Responsibilities include:

- maintaining a separate account
- valuing the holdings
- collecting all income and dividends owed to the portfolio
- settling all transactions (buy-sell orders) initiated by the Investment manager
- providing reports as required that detail transactions, cash flows, securities held and their current value and change in value of each security and the overall Portfolio since the previous report.
- reporting any administrative issues to the AFFTL board, global investment manager and/or advisor to the board.

Specific roles and responsibilities

Specific roles and responsibilities are summarised in the following table. Note that consultation is not shown separately in the table. It is expected that consultation would be widespread.

The roles and responsibilities to be read alongside the delegated authorities.

Key D: Decide R: Recommend A: Assist

Governance component	Activities	AFFTL	Global Investment manager	Advisor to the board	Auckland Council	Review frequency
Strategic objectives	Setting Goals and Investment Preferences	D	A			3-Yearly
	Setting the Strategic Plan	R			D	3-Yearly
	Portfolio level risk appetite	D	R	A		3-Yearly
	Setting the distribution policy	R	A	A	D	3-Yearly
Investment policies	Statement of Investment Policy and Objectives	D	A	R	A	Annual

Governance component	Activities	AFFTL	Global Investment manager	Advisor to the board	Auckland Council	Review frequency
	Prudential limits (e.g. single asset concentration)	D	R	A	A	Annual
	Responsible investing policy	R	A	A	D	3-yearly
Asset allocation	Investment framework		D			Annual
	Allocating capital within SIPO ranges		D			Quarterly
	Rebalancing		D			Often
	Set investment benchmarks	D	R	A		2-Yearly
External providers	Appoint portfolio administrator or custodian, investment manager	D		R	A	..
	Sourcing investment providers		D			Ad hoc
	In-depth quantitative and qualitative reviews of service providers and managers		D			..
	Regular assessment of external investment providers		D			Quarterly
Monitoring	Annual review of investment performance, risk, progress against broad policy objectives	D	R	A	A	Annual
	Regular monitoring of performance and risk	D	D	A	A	Quarterly
	Regular monitoring of external investment providers	D	D	A	A	Quarterly
	Review of investment costs	D	R	A		Annual
Governance effectiveness	Governance review of organisation				D	3-Yearly

Appendix 1 – Benchmarks | Ngā Paerewa

AFF reference portfolio benchmark

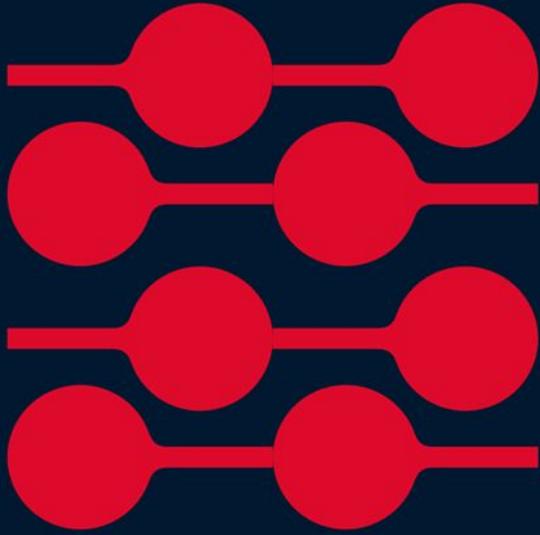
Benchmark	Weight	Ticker	Hedge ratio
Bloomberg Global Aggregate NZD Hedged	20.0	H00038NZ	100.0
MSCI ACWI net total return index (NZD hedged)	80.0	50% HN137441	50.0
MSCI ACWI net total return index (unhedged)		50% NDUEACWF	

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Investment management agreement portfolio benchmark

Asset Class	Benchmark	Ticker	Hedge Ratio
Bonds total	16.0	16.0	
Global bonds	Bloomberg Global Aggregate TR NZD Hedged	H00038NZ	100%
Equities total	72.0	72.0	
Global developed market equities	MSCI World Developed Countries net reinvested (NZD hedged) MSCI World Developed Countries net reinvested (unhedged)	50% HN124383 50% NDDUWI	50%
Emerging market equities	MSCI Emerging Markets Net Dividend Index	NDUEEGF	
Alternative Investments total	12.0	12.0	
Commodities & precious metals	LBMA Gold Price PM USD	GOLDLNPM	
- thereof: precious metals	2.0	n/m	
Cat bonds	Swiss Re Cat Bond Total Return Index	SRCATRRR	
Private debt	SOFR +3% p.a.	n/a	
Private equity	SOFR +5% p.a.	n/a	

Appendix 2 – Distribution Policy | Te Kaupapa Here mō te Tohanga Hua



Auckland Future Fund Distribution Policy



Auckland Council Long-term Plan 2024-2034

Volume 2. Section 3.10.a.



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Purpose and Objectives

This policy sets out the guidelines for distributions from the Auckland Future Fund (AFF or the Fund), a regional wealth fund established by Auckland Council in 2024.

This policy states under what circumstances distributions may be made from the Fund, limits on those distributions and the frequency with which distributions may be made.

It should be noted that the Auckland Future Fund (as a whole) is a strategic asset, owned and managed by the AFF Trust. Assets and investments within the Fund are not themselves strategic assets. This distribution policy should be read in conjunction with both the Auckland Future Fund Policy and the Auckland Future Fund Trust Deed.

The Auckland Future Fund is a long-term fund which should be managed and applied for the benefit of the current and future communities of the Auckland Region.

The purposes of the Auckland Future Fund are to:

- a. Protect the real value of the Trust's assets over time, so they can continue to benefit future generations; and
- b. Provide a strong return to council to fund services and infrastructure.

In implementing this policy, the Trustee shall not act in any way which is inconsistent with the Trust Deed.

Protection of the real value of the Fund

Consistent with the Purposes of the Fund, the Trustee will preserve the real value of the Fund over time (the **Guiding Principle**). By 'real value' in this context, council means the capital of the Fund on the settlement date plus annual growth based on the midpoint of RBNZ's targeted inflation rate from time to time.

The surplus of the Fund's value over its 'real value' (on average over time) is intended to be distributed to the council in accordance with this Policy.

Allowable Distributions

Regular Distributions to Auckland Council

One of the Fund's purposes is to provide a strong return to council to fund services and infrastructure which occurs by way of regular distributions.

On an agreed date (or dates) in each financial year (to be agreed as part of the Statement of Intent), the Trustee shall make one or more distributions to Auckland Council in an aggregate amount equal to the applicable Distribution Amount.

The Distribution Amount will be the amount equal to the applicable Distribution Rate (defined below) as a percentage of the capital value of the Fund (based on the average monthly value of the fund over the preceding three years), provided that:

- for the financial year ending 30 June 2025 the Distribution Amount will be the amount equal to the applicable Distribution Rate calculated as a percentage of the capital value of the Fund as at the date

the Fund was settled on the AFF Trust, pro-rated for the portion of the financial year that the Fund has been invested, and

- for the financial years ended 30 June 2026 and 30 June 2027 the Distribution Amount will be the amount equal to the applicable Distribution Rate calculated as a percentage of the capital value of the Fund as at the date the Fund was settled on the AFF Trust.

Distribution Rate

The Distribution Rate will be calculated, as below, by assessing the expected long-term median return on the Fund, deducting the expected costs of operating and transacting the Fund, and then retaining a portion of that net return to protect the long-term real value of the Fund.

Forecast long term median annual return (Gross Return)	x%
Less: operating and transaction costs	y%
Net Return	x% - y%
Less: retention to preserve capital value	z% ¹
Distribution Rate	Net return - z%

Provided that when setting the relevant Distribution Rate, the Trustee shall have regard to the long-term performance of the Fund against the Guiding Principle. This means that:

- If the Trustee is confident that the Fund will be compliant with the Guiding Principle in the long term, it may set a Distribution Rate which may result in the short-term infringement of the Guiding Principle; and
- Conversely, the Trustee may set a lower Distribution Rate to the extent necessary for long-term compliance with the Guiding Principle.

The Trustee shall base its determination of the Distribution Rate on advice from suitably qualified professional advisors and provide council with an explanation of how each component of the relevant Distribution Rate has been calculated including professional advice relied on. The Trustee's determination shall be final and binding in the absence of manifest error.

The Trustee is permitted to sell and convert capital assets of the Fund into cash to the extent necessary to enable the Trustee to make distribution payments under this policy.

Distributions for Financial Years ending 30 June 2025, 2026, and 2027

The initial Distribution Rate to be used for the regular distribution of earnings to council for the financial years ending 30 June 2025, 30 June 2026 and 30 June 2027 shall be 5.24% p.a. The initial Distribution Rate was calculated by assessing the expected long-term median return on the Fund², deducting the expected costs of operating and transacting the Fund³, and then retaining a portion of that net return to

¹ Midpoint based on RBNZ targeted inflation rate.

² Based on the median annual rate of return expected for an 80/20 growth/income investment fund (Source: Russell Investments)

³ Indicative annual cost of fund management as a percentage of fund balance (Source: PwC)

protect the long-term real value⁴ of the Fund. At the time of establishment, this has been assessed as follows:

Forecast long term median annual return (Gross Return)	7.64%
Less: operating and transaction costs	0.40%
Net Return	7.24%
Less: retention to preserve capital value	2.00% ⁴
Distribution Rate	5.24%

Amendments to this Policy

Any proposed amendments to this policy (other than amendments of a minor or technical nature) will be made through a long-term plan or long-term plan amendment process.

⁴ Based on midpoint of RBNZ's targeted inflation rate (source: Stats NZ).

Appendix 3 – Governing law and policies | Te Ture me ngā Kaupapa Here mō te Hautū

Documents

- [Auckland Future Fund Trust Deed](#)
- [Auckland Future Fund Policy](#)
- [Auckland Future Fund Distribution Policy](#)
- [Auckland Council’s Responsible Investment Policy](#)
- [Auckland Council’s CCO Accountability Policy](#)
- [Significance & Engagement Policy](#)
- [Statement of Intent \(SOI\)](#)
- Auckland Future Fund Trustee Limited Constitution

Legislation

- [Auckland Council \(Auckland Future Fund\) Act 2025](#)
- [Local Government Act 2002](#)
- [Local Government \(Auckland Council\) Act 2009](#)
- [Trusts Act 2019](#)
- [Companies Act 1993](#)

MāpuaWealth 



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18 December 2025

Christopher Swasbrook
Chair
Auckland Future Fund Trustee Limited
Via email chris.swasbrook@elevationcapital.co.nz

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Tēnā koe Chris,

Letter of Expectation for Statement of Intent 2026-2029

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2026-2029 of the Auckland Future Fund Trustee Limited (AFFTL), as corporate trustee of the Auckland Future Fund (the Fund).

It sets out common expectations across all council-controlled organisations (CCOs), and expectations specific to AFFTL.

The content of this letter was approved by the Budget and Performance Committee (the Committee) on 15 December 2025, with delegation to the Mayor, Chair of the Budget and Performance Committee and your Lead Councillor to finalise and issue this letter of expectation.

The Committee also approved extensions of the statutory deadlines for the SOI process, as is allowed in the Local Government Act 2002, Schedule 8, section 4. This means the due dates for the process are:

- date of submission of the draft SOIs is on or before 1 April 2026.
- date for final submission of SOIs is on or before 31 July 2026.

Please liaise with CCO Governance staff about ensuring these dates can be met. The Committee would also like to invite you to present your draft SOI 2026-2029 at a meeting on 21 April 2026. Council will likely consider its shareholder feedback on draft SOIs (except for Auckland Transport) at the Committee meeting of 19 May 2026.

Part 1. Expectations of all CCOs

There are a several common expectations for CCOs that are not applicable to AFFTL given that it does not deliver services or infrastructure directly to Aucklanders or manage physical assets on council's behalf. The remaining common expectations applicable to AFFTL are:

- CCOs are expected to work positively and collaboratively with the council to deliver against the LTP investment commitments. Overall financial settings are being maintained. This includes the group savings target of \$20 million, on top of other savings targets agreed through previous plans and decisions.
- The council will commence public consultation on the draft Annual Budget 2026/2027 in late February 2026. Following consultation and deliberations, the final Annual Budget 2026/2027 will be adopted in June 2026. Once this occurs, final SOIs (including financial information and performance measures) should be aligned with the final annual budget and the strategic priorities contained within.
- CCOs are expected to provide input, as requested, on strategic advice and options development (as applicable to their CCO) for the next Long-term Plan, including assessing strategic alignment and spatial investment priorities.
- The council group is committed to upholding its obligations derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori. CCOs are expected to share this commitment and contribute to its delivery, including through (but not limited to):
 - aligning with Tāmaki Ora Māori Outcomes Strategy and Performance Measurement Framework 2025 – 2027, particularly Achieving Māori Outcomes (AMO) plans.
 - reporting on the delivery of their AMO plans as part of the quarterly performance reports. The reporting should include key performance indicators (KPIs) to track progress over time.
 - working collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the council group to take a whole of-council-group approach to delivering outcomes for Māori.

Part 2. Key expectations of Auckland Future Fund Trustee Limited

The key expectation for AFFTL, as trustee of the Fund, is to deliver distributions to the council from the Fund in 2026/2027 in accordance with the Fund Distribution Policy. This is in line with the purposes of the Fund (as set out in the Trust Deed):

- i. to maintain or increase the real value of assets that are put into the Fund over time so they can continue to benefit future generations.
- ii. to provide a strong return to Auckland Council to fund services and infrastructure.

Council looks forward to receiving a draft of the AFFTL SOI no later than 1 April 2026.

Staff are available to expand aspects of this letter if required. Please contact Alastair Cameron, Manager CCO Governance and External Partnerships to discuss.

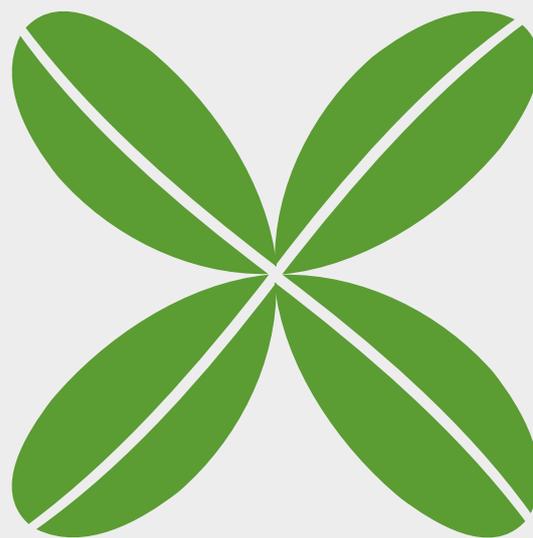
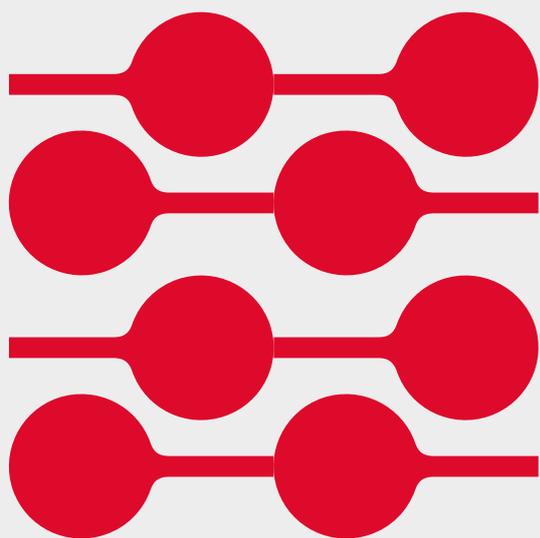
Ngā mihi

A handwritten signature in blue ink that reads "Wayne Brown". The signature is fluid and cursive.

Wayne Brown
Mayor of Auckland

Cc:

Councillor Christine Fletcher, Lead Councillor
Councillor Greg Sayers, Chair Budget and Performance Committee
Megan Holley, Treasury and Investments Relationship Manager
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Statement of Intent 2026-2029



Draft



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Message from the chair of the board

I am pleased to present the Statement of Intent 2026-2029 (SOI) for Auckland Future Fund (the fund) and Auckland Future Fund Trustee Limited (AFFTL).

2025/2026 was a significant year for the fund and AFFTL. We completed the final milestones in the set up of the fund and commenced global investment in November 2025.

2026/2027 will be the first full year of the fund being invested as a diversified global portfolio. The board's focus continues to be working with the fund's global investment manager (Vontobel Asset Management AG) to deliver on the purpose of the fund as set out in the Trust Deed:

- To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations; and
- To provide a strong return to Auckland Council to fund services and infrastructure.

It is a privilege to lead this long-term opportunity for Auckland to generate strong investment returns with a fund that is a crucial new asset for the city's future prosperity and resilience.

We look forward to the year ahead, delivering for Aucklanders, continuing to build strong relationships with our Lead Councillor, the Mayor, and other elected members.

The board are particularly committed to continuing to develop a positive relationship and two-way engagement between AFFTL and Houkura, including to identify how we can support positive outcomes for Māori. This is a commitment we have made in the fund/AFFTL's Achieving Maori Outcomes Plan which is attached as Appendix A.

Christopher Swasbrook

Chair

Auckland Future Fund Trustee Limited

Part 1: Strategic overview

1.1 Purpose and functions

As part of the Long-term Plan 2024-2034, Auckland Council (the council) decided to establish a long-term investment fund, the Auckland Future Fund (the fund), to improve the council’s financial and physical resilience.

The fund is held in trust pursuant to a Deed of Trust. The initial trustee is the Auckland Future Fund Trustee Limited (AFFTL), a company incorporated under the Companies Act 1993.

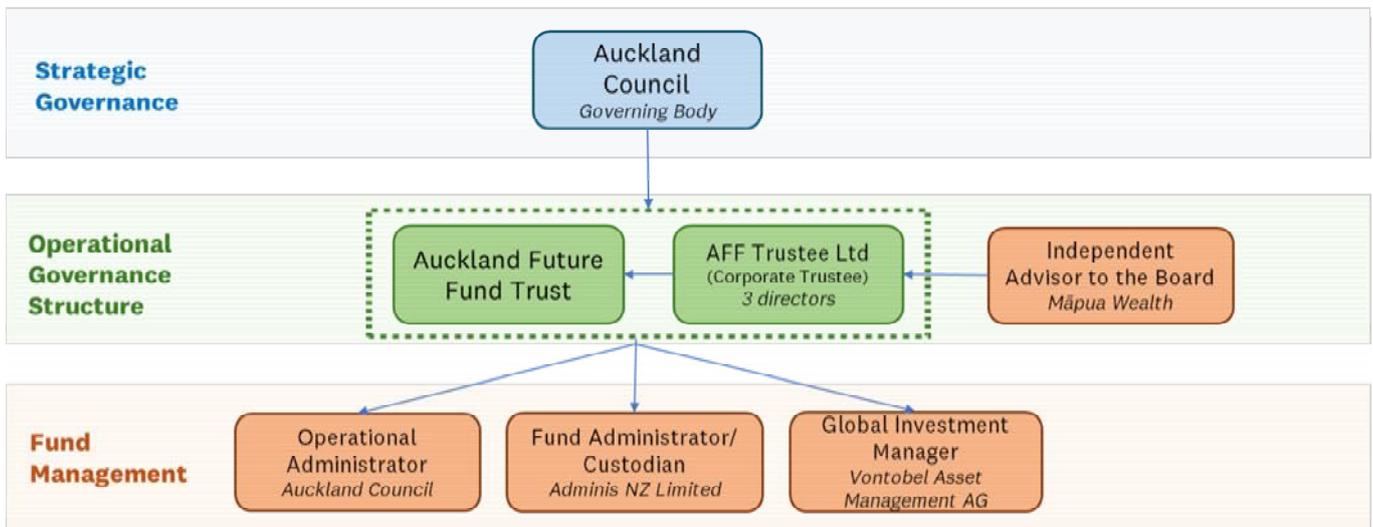
AFFTL’s role as the trustee is to advance and achieve the purposes of the Auckland Future Fund, which are set out in the Trust Deed as follows:

- To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations; and
- To provide a strong return to Auckland Council to fund services and infrastructure.

1.2 Structure

The structure of the fund is shown in the following diagram, with the key components being:

- **Strategic Governance** – Auckland Council sets the strategic direction.
- **Operational Governance** – AFFTL is the corporate trustee of the fund that has stewardship of the fund. AFFTL has appointed Māpua Wealth as an independent advisor.
- **Fund Management** – AFFTL has made the following outsourcing appointments for fund management:
 - Global portfolio management to a professional investment manager – Vontobel Asset Management AG
 - Fund administration to a professional fund administrator/custodian – Adminis NZ Limited
 - Operational administrator for the operations of the fund and AFFTL – Auckland Council



AFFTL and the fund are substantive council-controlled organisations (CCOs) of Auckland Council.

The fund was initially capitalised with the council’s shareholding in Auckland International Airport Limited (AIAL), and the council will work to identify opportunities to make further capital contributions to the fund.

Trust decisions are made independently by us in accordance with the governing documents of the fund, which include:

- Auckland Future Fund Trust Deed
- Auckland Future Fund Policy
- Auckland Future Fund Distribution Policy
- Auckland Council’s Responsible Investment Policy.

All investment and transactional decisions of the fund are made by AFFTL in accordance with the Trust Deed, Auckland Council (Auckland Future Fund) Act 2025, Trusts Act 2019, and governing documents.

1.3 Objectives, nature and scope of activities – ‘What we do’

Unlike the other CCOs of Auckland Council, the fund and AFFTL do not directly provide services to Aucklanders beyond the protection of the value of the long-term assets with which they have been entrusted.

AFFTL (through the fund) is an enabler of services by providing strong returns to the council that can be used to fund services and infrastructure, reducing the council’s reliance on rates. AFFTL achieves this by being responsible for the stewardship of the fund, including overseeing its investments and distributions to the council.

AFFTL has a long-term focus on protecting the fund's real value over time and managing the shorter-term variations inherent in financial markets.

Purpose	Objectives	Activities	Performance measures
<ul style="list-style-type: none"> • To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations. • To provide a strong return to the council to fund services and infrastructure. 	<ul style="list-style-type: none"> • Increase Auckland's financial and physical resilience. • Ensure basic infrastructure and services can continue to be delivered affordably. • Increase trust and confidence that the council delivers value for current and future residents. • Effective stewardship of the fund. 	<ul style="list-style-type: none"> • Monitoring the independent global investment manager appointed to invest the fund's assets. • Ensuring compliance with the Responsible Investment Policy and other reporting requirements. • Making distributions to the council in accordance with the Auckland Future Fund Distribution Policy. 	<ul style="list-style-type: none"> • Gross return on the fund. • Net return on the fund. • Real growth of the fund. • Distribution to the council.

Potential additional responsibilities

AFFTL acknowledges that there is potential for the council as shareholder to request that AFFTL undertake additional responsibilities, either under the existing Trust Deed or by an additional mandate to AFFTL. AFFTL would expect to be empowered and resourced to manage any additional responsibilities to best achieve the council’s commercial and other objectives. AFFTL commits to constructively engaging with the council on any potential additional responsibilities.

1.4 Response to the council's strategic objectives and outcomes

The statement of intent (SOI)

This SOI is required by the Local Government Act 2002, which publicly states AFFTL and the fund's activities and intentions for the next three years and how they contribute to the council's objectives. The SOI provides an opportunity for the council to influence the direction of AFFTL and the fund and provides a basis for the accountability of performance. The SOI is prepared each year in response to the Mayor's Letter of Expectations.

Mayor's annual letter of expectations (LoE)

The Mayor's LoE (18 December 2025) sets out the council's priorities and expectations to inform the preparation of this SOI. It sets out common expectations across all council-controlled organisations (CCOs), as well as expectations specific to AFFTL and the fund.

Common CCO expectations

There are a several common expectations for CCOs that are not applicable to the fund or AFFTL given that they do not deliver services or infrastructure directly to Aucklanders or manage physical assets on council's behalf. The remaining common expectations that are applicable to AFFTL and the fund are summarised below:

- Work positively and collaboratively with the council to deliver against the LTP investment commitments.
- Align final SOIs (including financial and performance measurers) with the final Annual Budget 2026/2027 and the strateic priorities within.
- Provide input, as requested, on strategic advice and options development (as applicable to their CCO) for the 2027-37 Long-term Plan including assessing strategic alignment and spacial investment priorities.
- Contribute to the delivery of the council group's commitment to uphold its obligations derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori. This includes but is not limited to:
 - Aligning with *Tāmaki Ora Maori Outcomes Strategy and Performance Measurement Framework 2025-2027*, particutlarly Achieving Maori Outcomes (AMO) plans
 - reporting on the delivery of AMO plans as part of quarterly performance reporting, including key performance indicators (KPIs) to track progress over time.
 - working collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the council group to take a whole-of-council-group approach to delivering outcomes for Māori.

AFFTL and the fund will work with council staff and Lead Councillor to meet these expectations.

AFFTL specific expectations

The expectation included in the 2026/2027 LOE relating specifically to AFFTL is to deliver distributions to council in accordance with the Auckland Future Fund Distribution Policy.

AFFTL's focus this year is to continue to work with the Global Investment Manager to invest the funds in order to deliver on the returns set out in the Auckland Future Fund Distribution Policy and meet the purposes of the fund (as set out in the Trust Deed).

Auckland Plan 2050

The Auckland Plan 2050 is Auckland Council's vision for a world-class city. It is the long-term spatial plan for Tāmaki Makaurau Auckland, which sets the strategic direction for the region and is underpinned by a set of six outcomes to achieve this vision.

As already noted, neither AFFTL or the fund are a direct service provider however, they do indirectly contribute to the strategic outcomes of the council as noted below:



Contributions to the council’s strategies

Auckland Council’s financial strategy

AFFTL and the fund also directly contribute to the first three of the four near-term goals of the council’s financial strategy:

1. Increase Auckland’s financial and physical resilience
2. Ensure basic infrastructure and services can continue to be delivered affordably
3. Increase trust and confidence that the council is delivering value for current and future residents
4. A new approach to partnering with central government to provide regional leadership and deliver better outcomes for Aucklanders.

Achieving Māori outcomes

A thriving Māori identity and Māori wellbeing is an outcome of the Auckland Plan 2050. *Tāmaki Ora: Māori Outcomes Strategy 2025-2027* identifies how the council group contributes towards a thriving Māori identity and other outcomes.

AFFTL has developed an Achieving Māori Outcomes plan, informed *Tāmaki Ora*. The plan is appropriate for the fund and AFFTL, reflecting on the scope and the nature of their activities. A copy can be found as **Appendix 1**.

As required, AFFTL will work collaboratively with Ngā Matārāe and other Māori outcomes specialists across the council group to take a whole-of-council-group approach to future delivery of Māori outcomes.

Local boards

The investment and distribution activities of the fund and AFFTL are not local activities and so do not require engagement with local boards when making decisions. Distributions to the council will be used to fund a range of activities, potentially including local activities decided by the council through its planning.

Climate change

AFFTL continues to be guided by the Responsible Investment Policy, which includes climate change considerations.

1.5 About us – statement of the board’s approach to governance

AFFTL is the corporate trustee of the Auckland Future Fund. Its board of directors consists of three directors (appointed by the council) and meets regularly.

The board will act in accordance with Auckland Council expectations as outlined within the CCO Accountability Policy and other key policies, along with its statutory obligations under the Auckland Council (Auckland Future Fund) Act 2025, Companies Act 1993 and the Trusts Act 2019.

The board’s core responsibilities are to:

- develop and negotiate statements of intent with the council
- act consistently within the guidelines provided in the statement of expectations
- actively review and direct the overall strategy, policies and delegations of AFFTL
- obtain full and timely information necessary to discharge its obligations
- identify, evaluate and mitigate controllable risk factors
- manage and monitor the fund’s performance
- report to the council on the performance of the CCO.

Managing risk is a key component of the board’s role and it will utilise independent and reliable advice on key assumptions and forecasts upon which to make decisions.

Fund Administrator Services Agreement

AFFTL and the fund are committed to Auckland Council’s Group Shared Services and will use Group Shared Services wherever possible and appropriate. Additionally, AFFTL and the fund will continue to utilise other services of the council through a fund administration services agreement. Through this agreement neither AFFTL or the fund will need to employ staff to undertake its activities and can leverage off the scale and skills of the council.

Houkura/Independent Māori Statutory Board

AFFTL are committed to working alongside the council and Houkura/Independent Māori Statutory Board where applicable to meet the requirements of the tri-annual Treaty of Waitangi Audit and Houkura’s Schedule of Issues of Significance to Māori.

Climate-related disclosures reporting

AFFTL and the fund have no statutory requirement to prepare climate reporting in their own right. However, as a council group entity, AFFTL and the fund will participate in the council’s group reporting processes and provide the council with information, including, if necessary, information obtained from investment and fund managers, to enable the council to meet its reporting requirements as a climate reporting entity, complying with the New Zealand External Reporting Board’s Aotearoa New Zealand Climate Standards.

Meetings

Auckland Council CCOs are required to hold two public meetings a year (Local Government (Auckland Council) Act 2009):

- a meeting to consider the fund and AFFTL's performance under the SOI in the previous financial year (October)
- a meeting to consider the council's shareholder comments on the draft SOI for the following financial year (June)

These public meetings will be advertised on the Auckland Future Fund website and through the public notices section of the New Zealand Herald.

Members of the public wishing to be heard on issues relevant to AFFTL or the fund can submit their request in advance of each meeting via the Auckland Future Fund website (aucklandfuturefund.co.nz/en/contact-us.html).

All agendas and board papers (with confidential information redacted or excluded) will be posted on the Auckland Future Fund website at least three working days prior to each meeting.

AFFTL will hold as much of its board meetings in the open as possible. If required, a public-excluded session will be held at each meeting to discuss confidential matters.

Part 2: Statement of performance expectations

This section sets out AFFTL and the fund's performance expectations. As neither AFFTL or the fund deliver capital projects or services directly to Aucklanders, the expectations are focused on achieving the purposes of the fund:

- To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations; and
- To provide a strong return to Auckland Council to fund services and infrastructure.

2.1 How we will deliver – the annual work programme

AFFTL (through the fund) is tasked with delivering strong returns while protecting the real value of the fund for future generations. AFFTL will achieve this by working with the global investment manager. The expected returns are set out in the council's Auckland Future Fund Distribution Policy and outlined in the performance measures [on the next page](#).

In addition, during 2026/2027 AFFTL's work programme includes the following activities.

Annual distributuon

The 2026/2027 distribution will be paid to the council on 30 June 2027.

Delivering the Achieving Maori Outcomes Plan

AFFTL will progress the commitments in the AFFTL/fund Achieving Maori Outcomes Plan (Appendix 1) each quarter.

Advice to the council on policy development

AFFTL will provide input and strategic advice to the council for the development of the Long-term Plan 2027-2037 to ensure settings and policies are appropriate to meet the purposes of the fund in the long-term.

2.2 How we will assess performance – performance measures and targets

The four objectives of the fund (see table on page 5) can be summarised into two overarching objectives that link to the purposes of the fund: strong returns and to protect the real value of the fund over time.

The performance measures and applicable targets, which are subject to audit, related to these two overarching objectives are detailed below and are as specified in the Auckland Future Fund Distribution Policy.

The initial distribution rate in the policy was calculated by assessing the expected long-term average return on the fund, deducting the expected costs of operating and transacting the fund, and then retaining a portion of that net return to protect the long-term real value of the fund.

Objective	Performance Measure	Forecast	Targets		
		2025/2026	2026/2027	2027/2028	2028/2029
Strong returns	Gross return on fund	TBA%	7.64%	7.64%	7.64%
	Net return on fund	TBA%	7.24%	7.24%	7.24%

	Distribution to council	5.24%	5.24%	5.24%	5.24%
Protect the real value of the fund	Real growth of fund	TBA%	2.00%	2.00%	2.00%

2.3 Financials

The following prospective financial statements for the fund and AFFTL have been prepared based on:

2025/26: expected results as at 30 June 2026

2026/27, 2027/28 and 2028/29: budget.

These prospective financial statements have been prepared for the Statement of Intent 2026-2029. The information may not be appropriate for any other purposes. Actual financial results achieved for the periods covered are likely to vary from the information presented, and the variations may be material.

The prospective financial statements have been prepared using the actual financial position as at 31 December 2025 as a starting point. They are not intended to be updated after they have been approved for issue.

Auckland Future Fund prospective financial statements

Prospective statement of comprehensive revenue and expense

\$'000	2025/26 Expected results	2026/27 budget	2027/28 budget	2028/29 budget
Revenue				
Revenue from exchange transactions	x	x	x	x
Fair value movement of other financial assets	x	x	x	x
Total revenue	x	x	x	x
Expenditure				
Operating expenses	x	x	x	x
Total operating expenditure	x	x	x	x
Net operating surplus	x	x	x	x
Other gains/(losses)	-	-	-	-
Surplus before income tax	x	x	x	x
Income tax expense	x	x	x	x
Net surplus after income tax	x	x	x	x
Total comprehensive revenue	x	x	x	x

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Prospective statement of financial position

\$'000	2025/26 Expected results	2026/27 budget	2027/28 budget	2028/29 budget
Assets				
Other financial assets	x	x	x	x
Total assets	x	x	x	x
Liabilities				
Payables and accruals	-	-	-	-
Total liabilities	-	-	-	-
Net assets/equity	x	x	x	x
Total liabilities and net assets/equity	x	x	x	x

Prospective statement of changes in equity

\$'000	2025/26 Expected results	2026/27 budget	2027/28 budget	2028/29 budget
Opening balance	1,309,821	x	x	x
Capital contribution	45,000	-	-	-
Surplus after income tax	x	x	x	x
Other comprehensive revenue	x	x	x	x
Total comprehensive revenue	x	x	x	x
Distribution paid	(70,934)	(71,451)	x	x
Closing alance as at 30 June	x	x	x	x

Prospective statement of cashflows

\$'000	2025/26 Expected results	2026/27 budget	2027/28 budget	2028/29 budget
Cash flows from operating activities				
Interest received	x	x	x	x
Payment to the council	x	x	x	x
Net cash flows from operating activities	x	x	x	x
Cash flows from investing activities				
Advances from/(repayment to) other financial assets	x	x	x	x
Net cash flows from investing activities	x	x	x	x
Cash flows from financing activities				
Distribution paid	(70,934)	(71,451)	x	x
Net cash flows from financing activities	(70,934)	(71,451)	x	x
Net increase in cash and cash equivalents	-	-	-	-
Opening cash and cash equivalents	-	-	-	-
Closing cash and cash equivalents	-	-	-	-

Notes to Auckland Future Fund's prospective financial statements

1. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with:

- the Local Government Act 2002
- the Local Government (Auckland Council) Act 2009
- Generally Accepted Accounting Practice in New Zealand (NZ GAAP)
- Public Benefit Entity Standards (PBE Standards), including authoritative notices that are applicable to entities that apply PBE standards. These standards are based on International Public Sector Accounting Standards (IPSAS) with amendments for the New Zealand environment
- the fund's trust deed dated 27 September 2024.

b) Significant restrictions

Despite the council's ability to control the fund, there are significant restrictions on accessing the assets of the fund. The council has established a range of protections against future changes that could diminish the value of the fund's asset, including the use of an unincorporated non-charitable trust and key policies in the council's Long-term Plan, which restrict the council's ability to make decisions about the operation of the fund and about cash distributions from the fund. There is also legislative protection for the fund via the Auckland Council (Auckland Future Fund) Act 2025.

The council has a liquidity facility agreement in place with the fund, allowing it to temporarily access the fund's available liquid assets. This availability is defined as the value of the fund's liquid assets less \$10 million and any distribution amounts scheduled within the next 12 months under the Auckland Future Fund Distribution Policy. This facility serves as a contingency mechanism and does not change the strategic intent or dedicated long-term nature of the fund.

c) Statement of cashflows

The fund maintains its own bank accounts. The associated expenses of management and administration of the fund are all incurred by AFFTL and are reimbursed from the fund as funding expenses. The expenses are paid to the council on behalf of AFFTL.

2. Summary of significant accounting policies

a) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less, held to meet short-term operational cash commitments. They are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

b) Receivables

Receivables comprise accrued interest revenue on other financial assets. Accrued interest is determined by applying the effective interest rate to the carrying amount of the financial asset. The effective interest rate is the rate that exactly discounts the estimated future cash flows to the net carrying amount of the asset.

c) Tax

1. Income tax

The fund is exempt from New Zealand income tax under section CW39B of the Income Tax Act 2007.

II. Goods and services tax (GST)

The fund is not registered for GST. All items in the financial statements are stated as inclusive of GST where applicable.

d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Initial recognition

A financial asset or financial liability is initially measured at fair value plus, in the case of financial assets and financial liabilities not recorded at fair value through surplus or deficit, transaction costs that are directly attributable to its acquisition or issue.

At initial recognition, the fund may measure financial asset and financial liability using the original invoiced amount if the effect of the time value of money is immaterial.

II. Classification and subsequent measurement

The fund does not have any financial assets classified as financial assets at fair value through other comprehensive income. The fund's financial assets are reclassified when the business model for managing those financial assets changes.

The fund's financial assets and financial liabilities are subsequently classified into the following categories:

Financial assets at amortised cost

The fund's financial assets are classified at amortised cost if both of the following criteria are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include cash and cash equivalents and receivables.

Financial assets and financial liabilities at fair value through surplus or deficit

The following financial assets and financial liabilities are classified at fair value through surplus or deficit:

- financial assets, including debt instruments, that do not qualify for measurement at amortised cost and
- financial assets and financial liabilities that are held for trading.

This category includes other financial assets. These financial assets are either held for trading or managed and have their performance evaluated on a fair value basis. The fund does not designate any derivative financial instruments as hedges in a hedging relationship.

Financial assets and financial liabilities at fair value through surplus or deficit are recognised in the statement of financial position at fair value with changes in fair value being recognised in the statement of comprehensive revenue and expenditure in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include non-derivative financial liabilities such as payables and accrued expenses.

III. Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when the fund has transferred substantially all the risks and rewards of ownership to another party.

A financial liability is derecognised when the fund's obligation under the liability is discharged, cancelled or has expired.

IV. Impairment

The representative board and management assess at each reporting date whether a financial asset is impaired using an expected credit loss model. The amount of the impairment loss is the difference between the contractual cash flows due in relation to the financial asset and the cash flows that the fund expects to receive, discounted at an approximation of the original effective interest rate.

Impairment losses are recognised in the statement of comprehensive revenue and expenditure in the period in which they arise.

e) Distributions

Distributions are declared and paid prior to the end of the financial year.

For the first three years (2024/2025, 2025/2026 and 2026/2027), distributions are based on net contributed capital (defined as contributed capital less transaction costs) rather than on the fund's earnings or losses. Therefore, the distribution remains consistent throughout this period regardless of investment returns, but is adjusted if the council contributes additional capital to the fund (as they did in September 2025).

Auckland Future Fund Trustee Limited prospective financial statements

Prospective statement of comprehensive revenue and expense

\$'000	2025/26 Expected results	2026/27 budget	2027/28 budget	2028/29 budget
Revenue				
Funding	x	x	x	x
Total revenue	x	x	x	x
Expenditure				
Operating expenses	x	x	x	x
Total operating expenditure	x	x	x	x
Net operating surplus	-	-	-	-
Other gains/(losses)	-	-	-	-
Surplus before income tax	-	-	-	-
Income tax expense	-	-	-	-
Net surplus after income tax	-	-	-	-
Total comprehensive revenue	-	-	-	-

Prospective statement of financial position

\$'000	2025/26 Expected results	2026/27 budget	2027/28 budget	2028/29 budget
Assets				
Current assets				
Receivable	x	x	x	x
Total current assets	x	x	x	x
Total assets	x	x	x	x
Liabilities				
Current liabilities				
Payables and accruals	x	x	x	x
Total current liabilities	x	x	x	x
Net assets	-	-	-	-
Equity				
Contributed equity	-	-	-	-
Accumulated funds	-	-	-	-
Total equity	-	-	-	-

Prospective statement of changes in equity

\$'000	2025/26 Expected results	2026/27 budget	2027/28 budget	2028/29 budget
Opening balance 1 July	-	-	-	-
Capital contribution	-	-	-	-
Surplus after income tax	-	-	-	-
Other comprehensive revenue	-	-	-	-
Total comprehensive revenue	-	-	-	-
Closing balance as at 30 June 2025	-	-	-	-

Prospective statement of cashflow

\$'000	2025/26 Expected results	2026/27 budget	2027/28 budget	2028/29 budget
Net cash flows from operating activities	-	-	-	-
Net cash flows from investing activities	-	-	-	-
Net cash flows from financing activities	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	-	-	-	-
Opening cash and cash equivalents	-	-	-	-
Closing cash and cash equivalents	-	-	-	-

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Notes to Auckland Future Fund Trustee Limited's prospective financial statements

1. Basis of preparation

a) Statement of compliance

Auckland Future Fund Trustee Limited is a company registered under the Companies Act 1993. The financial statements have been prepared in accordance with:

- the Companies Act 1993
- the Financial Reporting Act 2013
- the Local Government Act 2002
- the Local Government (Auckland Council) Act 2009
- Generally Accepted Accounting Practice in New Zealand (NZ GAAP)

- Public Benefit Entity Standards (PBE Standards), including authoritative notices that are applicable to entities that apply PBE standards. These standards are based on International Public Sector Accounting Standards (IPSAS) with amendments for the New Zealand environment.

b) Statement of cash flows

AFFTL does not hold a bank account. The associated expenses of management and administration of the fund are incurred by AFFTL and are recoverable from the fund as funding revenue. However all cash is paid and received into a bank account of the council on behalf of AFFTL. Therefore, there are no transactions within the statement of cash flows.

2. Summary of significant accounting policies

a) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit loss arising from non-payment.

b) Accruals

Accruals recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accruals represent amounts due to third parties in the normal course of business within 12 months of balance date.

c) Tax

I. Income tax

AFFTL is exempt from New Zealand income tax under section CW39B of the Income Tax Act 2007.

II. Goods and services tax (GST)

AFFTL is not registered for GST. All items in the financial statements are stated as inclusive of GST where applicable.

d) Revenue recognition

AFFTL's funding revenue comes from exchange transactions. Funding revenue is recognised when AFFTL is entitled to receive funding from the fund in exchange for services rendered.

Appendix 1: Achieving Maori Outcomes Plan 2026/2027

Māori Outcomes Strategic Intent: The Auckland Future Fund supports the achievement of Māori outcomes by providing strong financial returns to the council and by building enduring relationships with Māori across Tāmaki Makaurau.

The Auckland Future Fund is a regional wealth fund established as part of the Long-Term Plan 2024-2034. The purpose of the fund is to:

- Protect the real value of the trust's assets over time, so they can continue to benefit future generations; and
- Provide a strong return to council to fund services and infrastructure.

Unlike other CCOs of Auckland council, the fund does not directly provide services to Aucklanders, beyond the protection of the value of the long-term assets with which it has been entrusted. Instead the fund is an enabler of services by providing strong returns to council that can be used to fund services and infrastructure, reducing council's reliance on rates.

This Achieving Māori Outcomes Plan formalises the board's commitments to deliver on Māori outcomes as outlined in Tāmaki Ora 2025-2027 for the council group. It aims to be proportionate to the current role of the fund, which does not deliver services or infrastructure directly to Aucklanders and therefore has limited ability to directly contribute to Māori outcomes.

The AFF board of directors holds the overall accountability for this plan, as well as broader obligations under the CCO Accountability Policy and te Tiriti o Waitangi.

Appendix 1: Achieving Māori Outcomes Plan

Iwi Ora Iwi wellbeing

Enabling iwi to shape the future of Tāmaki Makaurau through recognised authority, strong relationships, and partnership

Activities	Outputs	Measures	Overall targets	End of quarter milestones			
				FY26/27 Q1	FY26/27 Q2	FY26/27 Q3	FY26/27 Q4
Providing strong returns to the council	<p>Auckland Council has financial resources to deliver its increased budget and commitments to Māori and Māori outcomes.</p> <p>Reduced requirements for the council to increase rates, whānau in Tāmaki Makaurau experience less cost pressure as a result of rates.</p> <p>In turn, this impacts financial wellbeing which has flow on benefits to other forms of wellbeing.</p> <p>Other outcomes may be contributed to through the investment of funds generated by AFF into the council's budgets.</p>	Annual distribution paid to council as per Auckland Future Fund Distribution Policy, including increased budget for Māori outcomes	5.24% of annual growth	-	-	-	Annual distribution paid to the council

Appendix 1: Achieving Māori Outcomes Plan

Tūāpapa Hononga Foundational partnerships

Strong foundations support Tiriti-based partnerships, strengthen Māori governance, and enable shared decision-making across Council

Activities	Outputs	Measures	Overall targets	End of quarter milestones			
				FY26/27 Q1	FY26/27 Q2	FY26/27 Q3	FY26/27 Q4
Establish a relationship with Houkura board	Positive relationship and two-way engagement established between AFFTL and Houkura.	Number of wānanga and/or hui	At least one meeting per annum (board to board)	AFFTL host wānanga/hui with Houkura	-	AFFTL host wānanga/hui with Houkura	-

Te Hapori Ora Whānau and community wellbeing

Whānau Māori are well, connected, and thriving — with papakāinga development enabled; rangatahi pathways and kaumātua support established

Activities	Outputs	Measures	Overall targets	End of quarter milestones			
				FY26/27 Q1	FY26/27 Q2	FY26/27 Q3	FY26/27 Q4
Working with the council as it introduces a 'future director' programme	Aspiring Māori directors gain first-hand governance experience by observing and participating in board discussions. Development of governance skills and career acceleration. Māori perspective involved in board decision-making discussions.	Number of Māori participating on a board	At least 1 Māori participant in the future directors programme	Collaboration with the Auckland Council Group on programme planning	Appointment of Māori future director into programme	Participation in Auckland Council's future director programme	Continued participation in Auckland Council's future director programme