

Auckland Future Fund Trustee Limited

Meeting of the Board of Directors Agenda (Public)

Friday 17 October 2025, starting 10:15 am

At room 1, level 26, 135 Albert Street, Auckland Central

Board:

Christopher Swasbrook	Chair
David Callanan	Director
Craig Stobo	Director

Auckland Council:

Cr Christine Fletcher	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

#	Agenda Item	Attachment
	<i>Open procedural Items</i>	
	Introduction/Karakia	-
1	Apologies	-
2	Declaration of director's interests register	Yes
3	Confirmation of the 19 September 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	2024-2025 performance against the statement of intent	-
9	Statement of Investment Policy and Objectives (SIPO) adoption	x4
10	Status updates	-
11	Activities/decisions since the previous board meeting	-
12	Other business (if any)	-
	<i>Procedural motion to exclude the public</i>	
	<i>Confidential items for discussion/decision making</i>	

Agenda: AFFTL Board of Directors Meeting – 17 October 2025

#	Agenda Item	Attachment
C1	Draft Q1 2026 CCO Performance and risk reporting	Yes
C2	Continuous disclosure	-
C3	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

At the time of publishing the agenda, no apologies have been received.

2. Declaration of 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.

Recommendation - That the board confirm any additions, deletions or corrections to the director's interests register.

3. Confirmation of the 19 September 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 19 September 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.

Notes:

- The review of the council's Responsible Investment Policy has been postponed from October 2025 to March 2026 to better align with the political calendar. The review will be carried out with the managers of the council's Self Insurance Fund (SIF) (Russell Investments) as the policy also applies to the SIF.
- SIPO adoption: The SIPO was completed in September but requires a board resolution to be officially adopted – which is expected in item 9.

Recommendation – That the board approve the compliance and forward work programme updates.

8. 2024/2025 performance against the statement of intent (SOI)

Auckland Council substantive CCOs are required to hold a public meeting after 1 July every year for the purpose of considering the organisation's performance under its statement of intent in the previous financial year.

At the time of publishing the agenda, AFFTL has not been notified of any members of the public's intention to attend the meeting.

AFF and AFFTL 2024/2025 performance is reported in three key documents which can be found on the Auckland Future Fund website: <https://aucklandfuturefund.co.nz/en/news-and-publications.html>:

- Auckland Future Fund Annual Report 2024/2025
- Auckland Future Fund Trustee Limited Annual Report 2024/2025
- Quarterly performance report (QPR) April-June 2025

Performance measure results

AFF and AFFTL have four statement of intent annual performance measures, one of which was achieved and three were not achieved.

Performance measure	Prior year result	FY25 Year-end SOI target*	FY25 Year end results*	FY25 YTD status
Gross return	NA	7.64%	4.06%	Not met
Net return	NA	7.24%	4.00%	Not met

Performance measure	Prior year result	FY25 Year-end SOI target*	FY25 Year end results*	FY25 YTD status
Distribution to council	NA	5.24%	5.24%	Met
Real growth of the fund	NA	2%	-1.24%	Not met

*For the first year of Auckland Future Fund, the annual target calculations are prorated for the portion of the year that the fund is capitalised (203 days).

Measures achieved

The distribution to council performance measure target was met, with a distribution of \$38.43 million paid to the council on 30 June 2025, 13.9 per cent higher than the \$33.74 million forecast in the long-term plan.

Measures not achieved

The three measures that did not meet their targets cover gross return, net return and real growth of the fund. This needs to be understood in the context of the fund's establishment phase.

- The AFFTL board made the decision to sell the council's shareholding in Auckland International Airport Limited (AIAL) prior to appointing the global investment manager. The benefits of this approach are summarised below:
 - Appointing the global investment manager first would have alerted the market to the impending sale, making it harder to achieve best sale price.
 - Distributions from the fund to the council are higher than AIAL dividend expectations.
 - There is more value to the fund from maximising the sale price (and therefore the initial capitalisation of the fund) than maximising the earnings margins immediately post-sale. An increased amount of capital under investment returns increases year-on-year earnings, with multiplier benefits to the fund and Auckland.
 - This allowed time for the board to complete a thorough process for appointment of the global investment manager, noting that their performance and fee structures will have a significant impact on year-on-year performance of the fund.
- To preserve capital and maintain liquidity while the global investment manager was being appointed, funds were held in secure term deposits and interest-earning accounts. This conservative approach produced stable, positive returns, though inevitably below the long-term performance targets, which assumed the fund would be widely invested in a range of asset classes
- The negative real growth of the fund result reflects the requirement for the fund to pay a fixed 5.24 per cent distribution to council in the fund's first three years, regardless of market conditions or interim returns.

The closing value of the AFF as of 30 June 2025 was \$1.310 billion, \$9 million higher than budget, driven by higher-than-budgeted proceeds from the Auckland International Airport Limited share sale.

Recommendation – That the board note the performance of Auckland Future Fund and Auckland Future Fund Trustee Limited against the Statement of Intent 2024/2027.

9. Statement of Investment Policy and Objectives (SIPO) adoption (see attachments)

Under the Auckland Future Fund Trust Deed, AFFTL must approve a SIPO for AFF. The inaugural SIPO (attached) is a result of collaboration between the AFFTL board, Māpua Wealth and Vontobel Asset Management AG.

The SIPO follows best practice and aligns with the council's Responsible Investment Policy. It sets out the investment governance and management framework, philosophy, strategies and objectives of the fund and its investments/portfolios.

Shareholder endorsement:

- Section 6.1 of the AFF Trust Deed stipulates that the council will consider and, if thought fit, provide comments on or proposed amendments to the draft SIPO. At its meeting on 25 September 2025, Governing Body resolved: *That the Governing Body whakaū/confirm the draft statement of investment policy and objectives for the Auckland Future Fund has been considered by Governing Body members and there are no further comments or proposed amendments* (GB/2025/149).
- The SIPO adoption may constitute one or more “major transactions” (as defined in s129 of the Companies Act 1993), meaning that it requires approval by a special resolution of its shareholder. Accordingly, Auckland Council Chief Executive Phil Wilson has signed a shareholder special resolution. A copy is attached to the agenda.

As required by the trust deed, the SIPO will be reviewed and reapproved before 30 June of each year.

Recommendations – That the board:

- a) note the shareholder special resolution that the proposed transaction is approved as a “major transaction” of the company***
- b) adopt the Statement of Investment Policy and Objectives 2025***
- c) authorise the directors to sign the supporting trustee and board resolutions.***

10. Status updates

- Auckland Council (Auckland Future Fund) Bill
- Investment on-boarding

Recommendation – That the board note the status updates.

11. Activities/decisions since the previous board meeting

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.

- **23.09.2025: Annual reports adoption**
The board adopted the 2024/2025 Auckland Future Fund and Auckland Future Fund Trustee Limited annual reports.

Recommendation – That the board note the activities and decisions.

12. 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. Draft Q1 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
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.	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. In particular, the report contains draft financial and risk reporting information to be considered by the board. The final reports will be provided to Auckland Council and published on the Auckland Future Fund website.	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. 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.

C3. 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 13 October 2025

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
	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
		LONZ 2008 Holdings Limited

Director	Interest	Company/Entity
		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	Goldman Sachs JBWere (NZ) Limited 1997-2006
		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	Sahara

Director	Interest	Company/Entity
	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 – Open minutes

Friday 19 September 2025 at 10:15 am

At 135 Albert Street, Auckland / Microsoft Teams

Board:

Christopher Swasbrook	Chair
David Callanan	Director
Craig Stobo	Director (Online)

Auckland Council:

Cr Christine Fletcher	Lead Councillor
John Bishop	Group Treasurer/Lead Officer
Ross Tucker	Group Chief Finance 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.

1. Introduction

The meeting was opened with a Karakia by David Callanan.

2. Apologies

None.

3. Director's interests register

- David Callanan updated his role with Corporate Trustees Association New Zealand to director.
- Craig Stobo declared a new interest: Adviser to the Public Service Commissioner on digitalising Government services

Resolution: The board confirms there are no other additions, deletions or corrections to the director's interests register.

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

4. Confirmation of the 15 August 2025 meeting minutes

Resolution: The board confirm the open and confidential minutes of its meeting held on 15 August 2025 as a true and correct record.

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

5. Health and Safety

No business raised.

6. Risks

No new risks were raised.

7. Public input

No business raised.

8. Compliance and forward work programme

Resolution: The board note the compliance and forward work programme status.

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

9. Additional capital to the fund

Resolutions: The board:

- a. approve the execution of the deed of gift
- b. authorise the directors to sign the deed of gift and supporting resolutions
- c. note the funds will be received on execution of the deed of gift.

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

10. Status updates

Auckland Council (Auckland Future Fund) Bill

The Select Committee submitted their report to the house on 19 August 2025. A copy of the report was attached to the agenda. It is also publicly available on the Parliament website. The Committee has recommended that the Bill be passed without amendment.

The second reading was scheduled for 17 September 2025 but was delayed as the house met under urgency for other matters. The new date has not been confirmed but it will likely be in the next few weeks.

Statement of Investment Policy and Objectives (SIPO)

The draft SIPO will be presented to Governing Body on 25 September 2025. The chair will attend to address any questions.

Investment on-boarding

On-boarding work with Vontobel, Adminis and BNP is progressing and is currently on track to be completed in mid-October.

CCO performance report – Quarter 4 2025

The report was expected to be presented as an item at the September Governing Body meeting. Council management decided to circulate it by memo instead. The memo will be attached to the Governing Body agenda as a record of communication.

Resolution: The board note the status updates.

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

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

Achieving Māori Outcomes (AMO) Plan

Megan has commenced work with staff in the council's Māori Outcomes team to prepare AFF's first AMO Plan, which needs to be completed by 31 December 2025. It was noted that the AMO plan needs to be appropriate for the size and function of AFF.

Future AMO plans may be incorporated into the AFF/AFFTL statement of intent.

Recognition

Noting the end of the current political term, the board recognised Councillor Fletcher for her work as Lead Councillor to establish and support the success of the Auckland Future Fund.

The meeting ended at 10:29 am.

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
Sep-25	Board meeting	19/09	TIRM							✓	
	• Annual reports										
	ARC annual audit and financial risk report	05/09	TIRM							✓	
	Board agenda published to website	12/09	TIRM							✓	
	Audit and risk presentation to AC Audit and Risk Committee	16/09	Board							✓	
	Directors' interests register reviewed	19/09	Board							✓	
	Compliance and work programme plan reviewed	19/09	TIRM							✓	
	Public meeting notification (for the following month)	22/09	TIRM							✓	
	Annual Reports	30/09	AC							✓	
	SIPO established	30/09	Board							-	
	Update authorised signatory list	30/09	TIRM							✓	
Oct-25	Board meeting (Public)	17/10	TIRM							-	
	• Performance against SOI targets for 30 Jun 2025										
	• Q1 Performance & Risk Reports										
	• SIPO adoption										
	Board agenda published to website	10/10	TIRM							-	
	Directors' interests register reviewed	17/10	Board							-	
	Compliance and work programme plan reviewed	17/10	TIRM							-	
	Annual Report published to website	31/10	TIRM							✓	
	Annual return for Companies Register	31/10	TIRM							-	
	Review Trust Deed compliance	31/10	TIRM							-	
	Review Constitution compliance	31/10	TIRM							-	
	Quarterly CCO report	31/10	TIRM							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
	CCO financial reporting pack to group – Q1	TBA	AC							-	
Nov-25	Board meeting	20/11	TIRM							-	
	• TBA										
	Board agenda published to website	14/11	TIRM							-	
	Global investment manager report (for prior month)	20/11	GIM							-	
	Directors' interests register reviewed	20/11	Board							-	
	Compliance and work programme plan reviewed	20/11	TIRM							-	
Dec-25	Board meeting	18/12	TIRM							-	
	• Letter of Expectation received										
	• Achieving Māori Outcomes Plan										
	Board agenda published to website	12/12	TIRM							-	
	Global investment manager report (for prior month)	18/12	GIM							-	
	Directors' interests register reviewed	18/12	Board							-	
	Compliance and work programme plan reviewed	18/12	TIRM							-	
	Receive letter of expectation	18/12	Board							-	
	Māori Outcomes Plan	31/12	Board								
	Shareholder AGM exemption	31/12	AC							-	CCO governance arrange
	Update authorised signatory list	31/12	TIRM							-	
Jan-26	Global investment manager report (for prior month)	31/01	GIM							-	
	Tax return	TBA	AC							-	
	CCO financial reporting pack to group – Q2	TBA	AC							-	
Feb-26	Board meeting	12/02	TIRM							-	
	• Q2 Performance & Risk Reports										
	• Financial Reporting for half-year ended 31 Dec										

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
	- Draft Statement of Intent 2026 – 2029 - Liquidity agreement review										
	Board agenda published to website	06/02	TIRM							-	
	Global investment manager report (for prior month)	12/02	GIM							-	
	Review liquidity agreement	12/02	Board							-	
	Directors' interests register reviewed	12/02	Board							-	
	Compliance and work programme plan reviewed	12/02	TIRM							-	
	Half year financial statements	28/02	AC							-	
	Half year report	28/02	AC							-	
	Quarterly CCO report	28/02	TIRM							-	
	Letter of representation to auditors	TBA	Board							-	
Mar-26	Board meeting TBA	19/03	TIRM							-	
	Draft SOI provided to shareholder	02/03	TIRM							-	
	Board agenda published to website	13/03	TIRM							-	
	Global investment manager report (for prior month)	19/03	GIM							-	
	Directors' interests register reviewed	19/03	Board							-	
	Compliance and work programme plan reviewed	19/03	TIRM							-	
	Review Responsible Investment Policy	31/09	Board							-	
	Half year report published to website	31/03	TIRM							-	
	Update authorised signatory list	31/03	TIRM							-	
	Website review	31/03	TIRM							-	
Apr-26	Board meeting Q3 Performance & Risk Reports	TBA	TIRM							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
	Draft SIPO provided to Shareholder	01/04	Board							-	
	Quarterly CCO report	30/04	TIRM								
	Board agenda published to website	TBA	TIRM							-	
	Global investment manager report (for prior month)	TBA	GIM							-	
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	
	CCO financial reporting pack to group – Q3	TBA	AC							-	
	Receive shareholder feedback on draft SOI	TBA	Board							-	
May-26	Board meeting • TBA	TBA	TIRM							-	
	Board agenda published to website	TBA	TIRM							-	
	Global investment manager report (for prior month)	TBA	GIM							-	
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	
	Public meeting notification (for the following month)	TBA	TIRM							-	
	Receive shareholder feedback on draft SIPO	18/05	Board							-	
Jun-26	Board meeting (Public) • Shareholder feedback on draft SOI • Finalise SOI • Shareholder feedback on SIPO • Finalise SIPO • Annual distribution	TBA	TIRM							-	
	Board agenda published to website	TBA	TIRM							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	
	Declare annual distribution	TBA	Board							-	
	Global investment manager report (for prior month)	TBA	GIM							-	
	Local Board Engagement Plan	30/06	Board							-	
	D&O renewal	30/06	Board							-	
	Provide updated SOI for final submission	TBA	Board							-	
	Update authorised signatory list	30/06	TIRM							-	
	Review Responsible Investment Policy	30/06	Board							-	
	Adopt SIPO	30/06	Board							-	
	Annual distribution paid to Auckland Council	30/06	GIM							-	
	Annual reimbursement to Auckland Council	30/06	Board							-	
Jul-26	Board meeting • TBA	TBA	TIRM							-	
	Board agenda published to website	11/07	TIRM							-	
	Global investment manager report (for prior month)	TBA	GIM							-	
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	
	CCO financial reporting pack to group – Q4	TBA	AC							-	
	Shareholder approval of SOI	TBA	AC							-	
Aug-26	Board meeting • Q4 Performance & Risk Reports • Financial Reporting for Year ended 30 Jun 2026	TBA	TIRM							-	
	LEI renewal	05/08	TIRM							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA/LGACA	LGOIMA	Services agreement	Other		
	Board agenda published to website	TBA	TIRM							-	
	Global investment manager report (for prior month)	TBA	GIM							-	
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	
	Quarterly CCO report	31/08	TIRM							-	
	SOI loaded to website	31/08	AC							-	
	Annual financial statements	31/08	AC							-	
	Climate disclosures reporting and other Disclosures in terms of NZX etc	TBA	AC							-	
	ARC annual audit and financial risk report	TBA	AC							-	
	Letter of representation to auditors	TBA	AC							-	
Sep-26	Board meeting • TBA	TBA	TIRM							-	
	ARC annual audit and financial risk report	TBA	TIRM							-	
	Board agenda published to website	TBA	TIRM							-	
	Audit and risk presentation to AC Audit and Risk Committee	TBA	Board							-	
	Global investment manager report (for prior month)	TBA	GIM							-	
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	
	Public meeting notification (for the following month)	TBA	TIRM							-	
	Annual Reports	30/09	AC							-	
	Update authorised signatory list	30/09	TIRM							-	



Te Whakapuakanga Kaupapa Haumitanga

DRAFT Statement of Investment Policy and Objectives

October 2025, Version 0.14

[Aucklandfuturefund.govt.nz](https://aucklandfuturefund.govt.nz)

**Auckland
Future
Fund**



Contents | Te rangi kōrero

Contents Te rangi kōrero	1
Summary Te whakarpopototanga	2
Who we are Ko wai matou	3
Vision and mission Ng hua roto	5
Our investment beliefs Ng mōpono haumi	7
Our investment strategy Ng rautaki haumitanga	9
Risk management Te aro traru	15
Due diligence Te haurapatanga	16
Responsible investing Ng haumi aronui	17
Monitoring our investment strategy	18
Roles and responsibilities	20
Appendix 1 – Benchmarks	26
Appendix 2 – Distribution Policy	27
Appendix 3 – Governing law and policies	32

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: \$1.36 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 2026

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

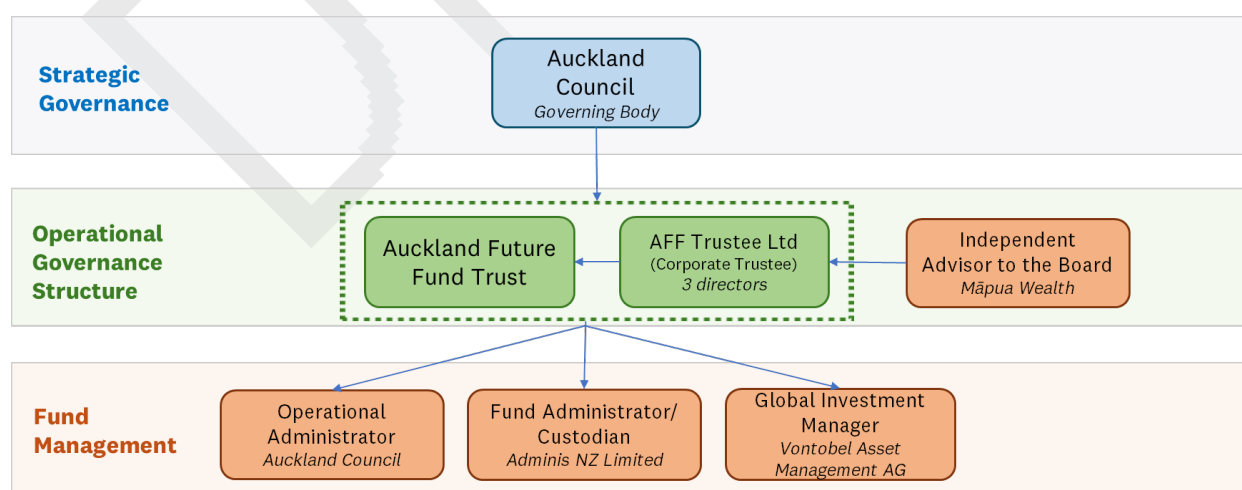
As part of the Long-term Plan 2024-2034, Auckland Council (the council) decided to establish a long-term investment fund, to be called the Auckland Future Fund (the fund), to improve the council's financial and physical resilience.

The fund is held in trust, pursuant to a Deed of Trust. The trustee will be the 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 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, 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	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.		
	Collective investments incl. ETFs allowed?	Yes ☐	No ☒
Bonds - Global bonds - Foreign currencies worldwide - Foreign currencies emerging markets	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. The limit for bonds issued by private debtors is 2%, while there is no limit for sovereign bonds or bonds issued by public institutions.		
	Convertible bonds and bonds with warrants as direct investment permitted?	Yes ☐	No ☒

Asset class	Restriction		
	Collective investments incl. ETFs allowed?	Yes ☒	No ☐
Equities - 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 ☒	No ☐
Real estate and infrastructure global	Only the following investment instruments are allowed: - 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 ☒	Not permitted ☐
	Commodities	Permitted ☒	Not permitted ☐
	Hedge funds	Permitted ☒	Not permitted ☐
	Private equity	Permitted ☒	Not permitted ☐
	Others (Private debt and cat bonds only)	Permitted ☒	Not permitted ☐

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	Long and short* futures positions are permitted. If futures are used the following conditions must be met: • 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

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: • 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: • 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
Statement of Intent incl. multi-year capital plan	Annual

Item	Frequency
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:

9

- 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

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 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 any jurisdiction the fund is invested in 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 AFFTL 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

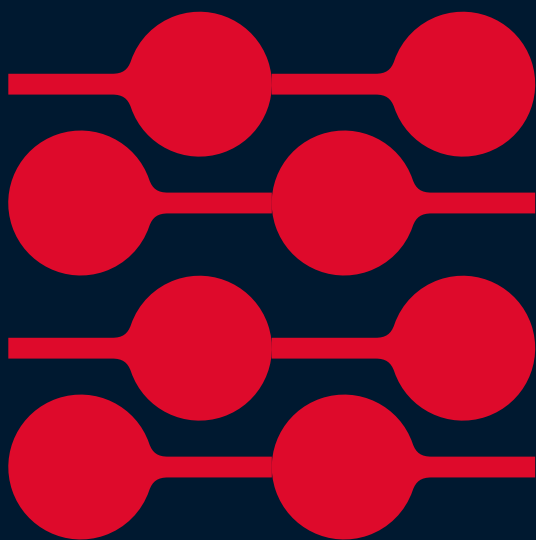
AFF reference portfolio benchmark

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	

9

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	



Auckland Future Fund Distribution Policy



Auckland Council Long-term Plan 2024-2034

Volume 2. Section 3.10.a.



Contents

Purpose and Objectives	29
Protection of the real value of the Fund.....	29
Allowable Distributions.....	29
Regular Distributions to Auckland Council.....	29
Distribution Rate	30
Amendments to this Policy	31

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

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

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

MāpuaWealth 



Auckland Future Fund Trustee Limited disclaims any liability whatsoever in connection with any action taken in reliance of this document for any error, deficiency, flaw or omission contained in it.

AUCKLAND FUTURE FUND TRUSTEE LIMITED
(Company)

SPECIAL RESOLUTION REGARDING INVESTMENT OF THE FUND

Resolution in writing pursuant to section 122 of the Companies Act 1993 (**Act**) and clause 19.1
of the Company's constitution

BACKGROUND

- A. The Company is a wholly owned subsidiary of Auckland Council and is the sole trustee of the Auckland Future Fund Trust (**Trust**). The Trust was established to hold the Fund (as defined in the Trust Deed) for the purposes described in the Trust Deed dated 27 September 2024 (**Trust Deed**).
- B. On or after the date of this resolution, the Company's directors intend to pass certain resolutions by written resolutions approving *inter alia* the transfer of funds held in cash (in one or more tranches) to an account established with Adminis NZ Limited as custodian under a Custody Services Agreement dated 11 September 2025. The cash will then be invested by Vontobel Asset management AG in accordance with the SIPO and the Asset Management Mandate dated 22 August 2025, (together, the **Proposed Transaction**).
- C. The Proposed Transaction may constitute one or more "major transactions" (as defined in s 129 of the Act) meaning that the Proposed Transaction requires approval by a special resolution of its Shareholder.

SPECIAL RESOLUTION

It is resolved as a special resolution that the Proposed Transaction (and each of its component steps) is approved as a "major transaction" of the Company.

DATED 8 October 2025

SIGNED for and on behalf of the AUCKLAND
COUNCIL under delegated authority:

Authorised Signatory

Phil Wilson, Chief Executive
(being the sole shareholder of the Company)

**AUCKLAND FUTURE FUND
(Trust)**

**TRUSTEE RESOLUTIONS REGARDING STATEMENT OF
INVESTMENT POLICY AND OBJECTIVES**

BACKGROUND

- A. The trustee of the Trust is Auckland Future Fund Trustee Limited (**Trustee**).
- B. On or about the date of this resolution, the Trustee's directors intend to pass certain resolutions (**Directors' Resolutions**) adopting the SIPO for the fund and implementing the Investment of the Fund (together, the **Proposed Transaction**). The Trustee wishes to approve the Proposed Transaction.
- C. Terms used in these resolutions but not defined have the meaning given to those terms in the Directors' Resolutions.

RESOLUTIONS

It is resolved as follows:

- 1. **General:** after considering the interests of the beneficiary and noting that the SIPO is being adopted and the Investment of the Fund is being implemented in response to a proper exercise of the power of the Trustee conferred on it in the Trust Deed:
 - (a) adoption of the SIPO and the implementation of the Investment of the Fund are in the overall best interests of the beneficiary;
 - (b) the Trustee be authorised to adopt the SIPO in the form circulated with the Directors' Resolutions, subject to any further amendments as may be approved by any director of the Trustee; and
 - (c) the Trustee be authorised to implement the Investment of the Fund.
- 2. **Adoption of SIPO:** the Trustee approves and adopts the SIPO in the form circulated with these resolutions with such changes as may be approved by any director of the Trustee, together with any ancillary or related documents.

DATED October 2025

SIGNED on behalf of the **AUCKLAND FUTURE
FUND TRUSTEE LIMITED** as Trustee by:

David Callanan

Craig Stobo

Christopher Swasbrook

(being all of the directors of the Trustee)

AUCKLAND FUTURE FUND TRUSTEE LIMITED
(Company)

**BOARD RESOLUTION REGARDING STATEMENT OF
INVESTMENT POLICY AND OBJECTIVES AND INVESTMENT OF THE FUND**

Resolution in writing pursuant to clause 12.11 of the Company's constitution

BACKGROUND

- A.** The Company is a wholly owned subsidiary of Auckland Council and is the sole trustee of the Auckland Future Fund Trust (**Trust**). The Trust was established to hold the Fund (as defined in the Trust Deed) for the purposes described in the Trust Deed dated 27 September 2024 (**Trust Deed**).
- B.** The Fund has been capitalised by way of gifts from Auckland Council for the purposes described in the Trust Deed, being:
- (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; and
 - (ii)** to provide a strong return to Auckland Council to fund services and infrastructure,
- (together, the **Purposes of the Trust**)
- C.** In accordance with clause 6.1 of the Trust Deed, in respect of the current Financial Year (as that term is defined in the Trust Deed) the Company has prepared and delivered to Auckland Council a draft Statement of Investment Policy and Objectives (**SIPO**) designed to further the Purposes of the Trust.
- D.** Having received and taken into account comments from Auckland Council, it is now proposed that the Company approves and adopts the SIPO, substantially in the form circulated with these resolutions, establishing its policies as the overarching strategy to further the Purposes of the Trust for the current Financial Year.
- E.** Following the adoption of the SIPO, it is proposed the Company transfer the fund held in cash (in one or more tranches) to an account established with Adminis NZ Limited as custodian under a Custody Services Agreement dated 11 September 2025. The cash will then be invested by Vontobel Asset Management AG in accordance with the SIPO and the Asset Management Mandate dated 22 August 2025 (together, **Investment of the Fund**).

RESOLUTIONS

It is resolved as follows:

- 1. Best Interests:** having made due and proper enquiry and having considered the matter, the directors consider that the adoption of the SIPO and Investment of the Fund is in the best interests of the Company in its capacity as trustee of the Trust.

-
2. **Adoption of SIPO:** the Company is authorised to approve and adopt the SIPO in the form circulated with these resolutions, with such changes as may be approved by any director of the Company, together with any ancillary or related documents.
 3. **Investment of the Fund:** the Company is authorised to approve and take all necessary steps to implement the Investment of the Fund.

DATED October 2025

Christopher Swasbrook

David Callanan

Craig Stobo

(being all of the directors of the Company)