



Quarterly Performance Report

Auckland Future Fund/ AFFTL

2025/2026 Quarter 1

For the 3 months ended 30 September 2025



Q1 – At a glance



Executive Summary

- The Auckland Future Fund (AFF) board made two key appointments in quarter 1: global investment manager and custodian/fund administrator.
- The council provided \$45 million in new capital to AFF this quarter. This aligns with the council’s commitment to look for opportunities to further capitalise AFF.
- The AFF board, global investment manager and custodian are working to complete the mechanisms and administration set up required to commence global investment.
- The AFF board continues to be focused on the best long-term interests of the AFF, rather than short-term financial market fluctuations, and therefore delivering the maximum long-term benefits for the ratepayers of Auckland.



Highlights

- **Auckland Council (Auckland Future Fund) Bill:** On 18 August 2025 the Governance and Administration Select Committee reported back to the House. The committee recommended that the bill be passed without amendment. The second reading is expected to take place in October 2025.
- **Global investment manager appointment:** On 26 August 2025, the AFF board announced the appointment of Vontobel Asset Management AG as the global investment manager for the Auckland Future Fund. This concluded a global search run by the AFF board which commenced in January 2025, resulting in a competitive, closed tender process with 21 participants.
- **Custodian/fund administrator appointment:** On 11 September 2025, the AFF board appointed Adminis NZ Limited as custodian/fund administrator for the Auckland Future Fund. Adminis will securely hold the fund’s assets and ensure smooth trade settlement and compliance; critical for managing global investments effectively.
- **Additional capital added to the fund:** On 19 September 2025, the council added \$45 million in additional capital to the Auckland Future Fund. This was a result of a special dividend the council received from Port of Auckland Limited following the sale of their shareholding in Marsden Maritime Holdings Limited. The 2025/2026 distribution to Auckland Council will be adjusted accordingly.



Issues/Risks

- **Fund global investment initiation:** As above, substantial work is being carried out to set up the mechanisms and administration required for global investment to commence. Meanwhile, the fund remains in secure term deposits and interest-earning bank accounts which provide a lower return than budgeted. This won’t affect the distribution to the council because, for the first three years of AFF, the distribution is set by the value of new capital added to AFF, rather than investment returns.

Key Performance Measures

Annual performance target tracking

Performance measure	Prior year result	FY26 Year end target	FY26 projected status	Commentary
Gross return	4.06%	7.64%	At risk	The AFF board, global investment manager and custodian are working to set up the mechanisms and administration required to commence global investment. In the meantime, the funds remain in secure term deposits and interest earning bank accounts to ensure they continue earning a return. The return rate for these placements is below the long-term average return expected once the funds are invested globally. The reduced returns are partly offset by the reduced management costs while the global investment manager is not managing investments.
Net return	4.00%	7.24%	At risk	
Distribution to council	5.24%	5.24%	On track	As per the Auckland Future Fund Distribution Policy, the distribution will be 5.24% of the value of the fund at capitalisation. The distribution will be paid on 30 June 2025.
Real growth of the fund	-1.24%	2%	At risk	The AFF distribution policy does not adjust for AFF value fluctuations in the first 3 years of the fund. Therefore, due to the reduced net return, the distribution for 2025/2026 might be greater than the net return.

Financial performance overview

\$million	FY 2024/2025	2025/2026 YTD			FY 2025/2026	Notes
	Actual	Actual	Budget	Variance	Budget	
Opening total asset value	-	1,309.8	1,309.8	-	1,310.6	
New capital received from the council	1,318.9	45.0	-	45.00	-	On 19 September 2025, the council contributed \$45 million in new capital to the fund.
Gross return	29.7	10.5	25.0	(14.5)	100.1	Refer to the annual performance target results for comments.
Operating and transaction costs	(0.4)	(0.2)	(1.4)	1.2	(5.6)	No management fees were incurred as the funds were not yet invested by the global investment manager. However, there are other expenses for the fund, predominately adviser fees, insurance, administration service fee to the council, and director fees.
Net return	29.3	10.3	23.6	(13.3)	94.5	Refer to the annual performance target results for comments.
Distribution to the council	(38.4)	-	-	-	(69.1)	The annual distribution will be paid on 30 June 2026. The distribution is expected to be \$70.9 million. This is \$1.8 million higher than budget as a result of the additional \$45 million capital added to the fund on 19 September 2025.
Real growth of the fund	(9.1)	10.3	23.6	(13.3)	25.4	Refer to the annual performance target results for comments.
Closing total asset value	1,309.8	1,365.3	1,333.4	31.7	1,336.0	Despite the lower net return, the total value of AFF at 30 September 2025 was above budget due to the additional \$45 million capital from the council and lower transaction costs. Partially offset by the lower net return.