FOUNDATION NORTH
Te Kaitiaki Pūtea ō Tāmaki ō Tai Tokerau

Statement of Investment Policies and Objectives

1. Introduction

This Statement of Investment Policy and Objectives (the "**SIPO**") prepared by the Trustees (the "**Trustees**") of Foundation North (the "**Foundation**") sets out the objectives, policies and beliefs governing decisions about investments in relation to the Foundation's assets.

This SIPO takes account of the requirements of;

- The Trust Deed constituting the Foundation;
- The Trustee Act 1956; and
- The Community Trusts Act 1999.

2. Nature of the Foundation

Foundation North ("the Foundation"), formerly ASB Community Trust, is an "in perpetuity" Community Trust operating under the Community Trusts Act 1999, and is a corporate body registered under the Charitable Trusts Act 1957. It seeks to enhance the lives of the people of Auckland and Northland by wisely allocating, equitably sharing, and responsibly managing the resources that are held in trust for present and future generations in the Auckland and Northland region.

The ASB Community Trust ("the Trust"), formerly known as ASB Bank Community Trust, was formed on 30 May 1988 through the creation of a trust deed in compliance with the Trustee Banks Restructuring Act 1988. Under the terms of the trust deed, the Trust was settled with 60 million $1 fully paid ordinary shares in ASB Bank Limited representing 100% of the issued capital. As at 31 March 1988, the net tangible asset-backing of those 60 million shares was $147,655,000. In 1989, 45 million shares were sold to the Commonwealth Bank of Australia for $252,000,000 which was then donated to the ASB Charitable Trust. In October 2000, the remaining 15 million shares were sold to the Commonwealth Bank of Australia for $545,000,000. On 27 February 2006 the Trustees of the ASB Charitable Trust resolved to distribute, on or before 31 March 2006, the capital of that Trust (including all accumulations of income and capital to that date, less accrued liabilities) in specie to the ASB Bank Community Trust. Subsequent to this distribution, the ASB Charitable Trust was wound up. The ASB Bank Community Trust formally changed its name to the ASB Community Trust by way of a deed dated 17 July 2006. The ASB Community Trust formally changed its name to Foundation North by way of deed dated 2 March 2015.

The Foundation is a Public Benefit Entity which makes grants to qualifying organisations in its region. It is domiciled in Auckland, New Zealand. The Foundation's registered office is Allendale House, 50 Ponsonby Road, Auckland, New Zealand.

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3. *Fund Objectives*

The Foundation's long-term objectives are to:

3.1 Maintain the real value of capital of the Foundation in perpetuity.

3.2 Ensure a stable level of spending over time.

3.3 Maintain equity between present and future generations.

4. *Investment Beliefs*

The Foundation's approach to investing is framed by a set of clearly defined overarching beliefs that drive the investment decisions. The Foundation's investment beliefs are:

4.1 Strong governance and well-defined decision-making structures enable sound investment decision-making.

4.2 The investment horizon of the Foundation is long-term and setting an Asset Allocation that is appropriate to its objectives and risk-tolerance is the most important decision to be made as it is the primary driver of long-term success.

4.3 A broadly diversified portfolio both across and within asset classes improves the "risk to return" ratio over time.

4.4 Costs matter and in some asset classes low-cost passive strategies can be blended with higher costing active strategies to minimise the overall cost of investing. The primary goal is to maximise "net of fees" returns at an acceptable level of risk.

4.5 Generally, markets can be inefficient and active managers can add value over benchmarks. For some markets/asset classes, manager structures that include a passive approach may be more appropriate to complement active strategies.

4.6 Responsible investors should have regard to the environmental, social and governance issues of companies in which they invest.

In making investment decisions the Foundation will adhere to the Fundamental Investment Principles set out in *Appendix 1*.

5. *Spending Policy*

5.1 The Foundation's spending is defined as annual grants plus operational and capital expenditures.

5.2 The Foundation's Spending Policy is to spend 4.5% of the Trust Fund's average ending market value over the previous 20 quarters.

5.3 No annual grants will be permitted if this spending results in the reduction of the Foundation's Real Capital.

6. Investment Objectives

1.1 In order to achieve the desired level of spending while preserving and enhancing the Fund's purchasing power over time, the real (i.e. inflation-adjusted) return target for the portfolio should be greater than the spending rate.

1.2 The Foundation's investment objective is to achieve a return in excess of inflation (as measured by CPI) plus 5% over rolling 5-year periods.

1.3 The Investment Committee recognises that the 5% target is a long-term target and will not be achieved in every measurement period.

1.4 The base currency of the Portfolio is New Zealand dollars and all performance measures are to be calculated therein.

7. Target Policy Portfolio

The Target Policy Portfolio for the Foundation is categorised under four broad Asset Groups according to the primary roles that each asset class plays in the portfolio:

- Growth Assets,
- Diversifying Assets,
- Inflation-Sensitive Assets,
- Deflation-Hedging Assets.

Exhibit 1 shows the Policy Target to each asset class adopted for the Foundation's Policy Portfolio:

Exhibit 1: Target Policy Portfolio Asset Allocation

Asset Class	Target
Growth Assets	**48%**
Global Equity	30
Emerging Markets Equity	8%
Private Investments	10%
Diversifying Assets	**15%**
Inflation Sensitive Assets	**12%**
Deflation Hedging Assets	**25%**
Fixed Interest	20%
Cash	5%
NZ Impact Investments	0%
Total	**100%**

7.1 Growth Assets include both global listed equities (an allocation to NZ/Trans-Tasman equities may be included in this allocation) and private investments. Equities have historically outperformed other asset classes and are therefore the Foundation's growth engine. It is recognised that a portfolio biased to Growth Assets could be severely impacted during periods of prolonged deflation or unanticipated inflation. The objective of the allocations to Diversifying Assets, Deflation Hedging Assets and Inflation Sensitive Assets is to protect the portfolio during such environments. These allocations should also offer portfolio diversification benefits that would moderate portfolio volatility.

7.2 Diversifying Assets are included to reduce the volatility inherent in an equity-biased portfolio. The returns from this asset class are not highly correlated to equity and fixed income markets, thereby reducing the variability of returns without sacrificing performance. This asset class consists of Hedge Funds.

7.3 Deflation Hedging Assets are included to provide insurance against a prolonged economic contraction. In order to fulfil its deflation hedging role, a significant proportion of the allocation to Fixed Interest (both global and New Zealand) will be in Sovereign Securities.

7.4 Inflation Sensitive Assets are included to provide insurance from an unexpected spike in inflation. This asset class consists of listed real assets such as Commodities, Listed Property/Real Estate Investment Trusts (REITs), Infrastructure, Inflation Linked Bonds, Listed Natural Resource Equities and unlisted real assets such as direct private Real Estate, Infrastructure, and Timberland. The Foundation may, in time, include an allocation to direct investments in New Zealand Real Estate. Any allocation will be subject to the terms of the approved NZ Direct Real Estate Investment Guidelines.

7.5 Impact investments are investments made into companies, organisations and funds with a view to achieving a measurable social or environmental impact alongside a commercial return. As noted in the Trust's Impact Investment Policy, Foundation North recognises that impact investment is an approach that can be used to enhance the lives of the people of Auckland and Northland. Impact investments include but are not limited to direct ownership of property, public or private equity, loans, shares or investments in social enterprises, cash investments with a specific purpose or guarantees.

7.6 To ensure sufficient liquidity is always available to the Foundation, the minimum level for cash will be 3% at all times.

7.7 The Target Policy Portfolio (Exhibit 1) serves as a guide to long-term target asset allocations. However, there may be times when the Foundation overweight's/ underweights certain asset classes relative to long-term target allocations or initiates exposure to other asset classes opportunistically on the basis of relative valuations and current investment opportunities. Any such exposures will be made within the approved Tactical Asset Allocation Policy Range for the asset class concerned (see Exhibit 2).

8. Rebalancing Policy

8.1 The objective of rebalancing is to keep the Portfolio's asset allocation at or near target policy weights in order to obtain the benefits of diversification and maintain an asset allocation that has been designed to help achieve the Foundation's investment objectives, without incurring additional unintended risks.

8.2 The allocation to each asset class should observe its Policy Target, unless a specific Tactical Target has been established for the asset class. Such allocations would be allowed to vary from the Policy Target within the Rebalancing Range for each asset class (see Exhibit 2). Once the allocation to any asset class exceeds the Policy Rebalancing Range, it should be rebalanced to its Policy Target.

8.3 Rebalancing transactions within SIPO guidelines has been delegated by the Investment Committee to the Foundation's Chief Executive Officer (with authority to sub-delegate to the Chief Financial Officer and Investment Staff) with advice from the Foundation's investment advisor. These transactions include partial manager redemptions and additions to meet operating cash needs and capital calls/distributions for private investments.

8.4 Whilst rebalancing of private investments is not possible due to illiquidity, the policy ranges serve as a guide for the commitment-pacing of private managers.

8.5 In order to avoid incurring unnecessary transaction costs, rebalancing actions should be timed to coincide with cash outflows (spending draw-downs) as far as practicable on a monthly basis.

Exhibit 2: Rebalancing and Tactical Asset Allocation Policy Ranges

Asset Classes	Policy Targets	Policy Ranges
Global Equity	30%	20 - 40%
Emerging Markets Equity	8%	5 -11%
Private Investments	10%	5 -15%
Diversifying Assets	15%	10 - 23%
Inflation Sensitive Assets	12%	7 - 20%
Fixed Interest	20%	10 - 30%
Cash	5%	3 - 10%
NZ Impact Investments	0%	0-2%

**Note: Global Equity includes allocation to New Zealand Equity*

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9. *Portfolio Benchmarks*

a. Level 1, Primary Objective Benchmark: The long-term return (over rolling 5 to 10 year periods) of the Portfolio is to achieve a real return target of 5% (CPI plus 5%).

b. Level 2, Total Portfolio Benchmark: A secondary objective in the portfolio benchmarking is to measure whether the Portfolio has performed in line with expectations given the allocation to each asset class in the portfolio. To evaluate this, the returns of the Foundation will be measured against a blended policy index composed of indices reflecting the allocation and benchmark of asset class in the Target Policy Portfolio (Exhibit 3) . This benchmark may also be referred to as a 'reference portfolio' as it represents a cheap, passive alternative implementation. The portfolio should be evaluated against portfolio benchmarks over rolling 3 to 5 year periods.

c. Level 3, Asset Class Benchmark: The actual asset class returns composed of the aggregate of the underlying manager returns, weighted by the actual weights of each manager, measured against the index return appropriate to that asset class (Exhibit 3). Asset classes should be evaluated against asset class benchmarks over rolling 3 to 5 year periods on a monthly basis (quarterly for non-marketable assets).

d. Level 4, Investment Managers' Benchmark: Fund managers' returns are measured against their chosen benchmarks over rolling 3 year periods on a monthly basis (quarterly for non-marketable assets).

Exhibit 3: Composition of the Target Policy Portfolio Benchmark or 'Reference Portfolio'

Asset Classes	**Policy Targets**	**Benchmark**
Global Equity	30%	MSCI World Index
Emerging Markets Equity	8%	MSCI Emerging Markets Index
Private Investments	10%	MSCI World Index
Diversifying Assets	15%	HFRI Fund of Funds Composite Index
Inflation Sensitive Assets	12%	Blend of Strategy Indices
Fixed Interest	20%	**75%** 85% Bloomberg NZ Bond Govt 0+ Year Index/15% Bloomberg NZ Bond Inflation 0+ Index, **25%** Citigroup World Government Bond Index
Cash	5%	ANZ NZ 90 day Bank Bill Index
Impact Investments	0%	ANZ NZ 90 day Bank Bill Index

**Note: Benchmarks are hedged in line with the Foundation's currency policy (Exhibit 4)*

10. *Currency Hedging*

Currency exposure introduces additional volatility to the portfolio, which is a source of risk for the globally-oriented portfolio. Currency hedging should primarily be used to manage the impact of currency fluctuations to portfolio returns over time.

1. Where possible hedging will be implemented at the manager level.
2. Emerging Markets Equity will be unhedged as the trading volume and liquidity of hedging instruments in these markets tend to be lower in addition to a higher overall cost of hedging.
3. Private Investments will be left unhedged due to the inability to estimate with any precision the timing or magnitude of cash distributions, in addition to valuation of private assets occurring with a quarter lag.
4. Global Fixed Interest will have a 100% hedge as the default unless an active manager is chosen whose strategy attempts to, and has shown the ability to, add value via currency selection, in which case that manager's exposure would not be hedged.
5. The Foundation's currency hedging policy is set out below as Exhibit 4.
6. Impact Investments will be unhedged.

Exhibit 4: Currency Hedging Policy

Asset Class	**Policy Target**	**Hedging Policy**
Global Equity	30%	75% Hedged
Emerging Markets Equity	8%	No Hedging
Private Investments	10%	No Hedging
Diversifying Assets	15%	50 – 100% Hedged
Inflation Sensitive Assets	12%	50% Hedged
Fixed Interest	20%	100% Hedged
Cash	5%	No Hedging

11. *Manager Concentration Limits*

To provide reasonable assurance that no single manager could have a disproportionately negative impact on the Foundation's aggregate results, exposure to any single *actively* managed fund should be limited to:

- 10% for a growth fund. These funds typically exhibit higher volatility which results in the potential to have bigger impact on portfolio returns.

- 20% for a defensive or multi-manager fund. These funds characteristically have lower risk and/or are more diversified which enables larger positions to be taken.

In addition, investments should not constitute more than 10% of a third-party pooled fund's assets under management*

The Committee may at its discretion make exceptions to these limits, for example, for the purposes of averaging in, testing a new asset class or manager, or building a relationship.

**Note: The limit applies at the strategy/fund level, not the individual investment vehicle level*

12. *Responsible Investment Policy*

The investment horizon of the Foundation is long-term.

The Foundation believes that Environmental, Social and Governance (ESG) issues affect the long- term performance (risk and return) of investment portfolios, and integrating ESG considerations into its investment decision-making and ownership practices is fundamental to exercising its fiduciary duty.

The Foundation's benchmark for responsible corporate behaviour is the United Nations Global Compact.

The Foundation takes a pragmatic approach to responsible investment and encourages further evolution in pursuit of continuous improvement.

The Foundation is a signatory to the United Nations Principles for Responsible Investment (UNPRI). The UNPRI embodies an internationally accepted framework for investors to manage ESG issues in a manner consistent with improving long-term investment returns.

As a signatory, Foundation North aligns its responsible investment approach to the following principles:

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a. Incorporate ESG issues into investment analysis and decision-making processes

The Foundation integrates ESG considerations into its investment decision-making as follows:

- All asset classes are considered eligible for responsible investment. There are no defined limits, or targets. The Foundation references a broad geography of both public and private opportunities and scope of responsible investment to increase its opportunity set.
- All investment managers engaged by the Foundation are expected to embed ESG considerations into their investment decision-making. Investment managers and products are selected by the Foundation with consideration given to their expected risk- adjusted return, net of fees, integration of ESG factors in their investment decision-making, portfolio exposure to any companies involved in activities of interest to the Foundation and their UNPRI signatory status.
- Where pooled funds are held as an efficient and cost-effective means of accessing investment opportunities, the Foundation recognises that it may have limited influence over the securities held in the fund.
- Changing companies' behaviour through engagement is considered a more effective way to assert the Foundation's values and core commitment to sustainability than a broad (and subjective) programme of systematically excluding individual companies or industries.

The Foundation **seeks** investment opportunities over time that:

- Produce climate change solutions such as carbon efficiencies or furthering the replacement of fossil fuels;
- Advance environmental conservation or efficient use of natural resources, including water and sustainable land management practices;
- Renewable energy;
- Clean technology;
- Deliver societal solutions in areas such as health, education and economic wellbeing.

The Foundation seeks to **avoid** investments:

- In activities that are illegal in New Zealand and internationally;
- In companies whose products cause harm regardless of quantity used;
- Where engagement with the company is expected to be futile;
- Where risk is not sufficiently compensated over intergenerational time horizons.

Accordingly, investments for **exclusion** include:

- Controversial and nuclear weapons;
- The manufacture of tobacco products.

b. Be active owners and incorporate ESG issues into its ownership policies and practices

The Foundation works collaboratively with its investment managers to:

- Engage with portfolio companies both directly and indirectly to change behaviours;
- Align with governance best-practice by exercising voting rights;
- Use the expertise of specialist providers of research and proxy voting services.

c. Seek appropriate disclosure on ESG issues by the entities in which it is invested

The Foundation works collaboratively with its advisor and investment managers to:

- Identify opportunities for engagement with entities in which it is invested;
- Assess the impact of its investments in the context of its ESG and overall investment objectives;
- Stay abreast of advances in ESG measurements and approaches as they emerge and integrate this into the Foundation's reporting.

d. Promote acceptance and implementation of the Principles within the investment industry

The Foundation will, both directly and through its advisor:

- Communicate its responsible investment expectations through its Statement of Investment Policy and Objectives (SIPO) to its investment managers and prospective investment managers;
- Make the SIPO publicly available via its website;
- Stay abreast of developing practices and monitor relevant literature and research.

e. Work together with other signatories to enhance its effectiveness in implementing the Principles

The Foundation encourages dialogue and explores opportunities for investment impact with:

- Other signatories of the UNPRI, particularly in New Zealand;
- Other signatories of the Carbon Disclosure Project;
- Other members of the Responsible Investment Association of Australasia.

f. Report on its activities and progress towards implementing the Principles

Regular reporting is required from the Foundations advisor and investment managers to enable:

- Measurement of performance against this responsible investment policy and the UNPRI principles.
- Measurement of the Foundation's ESG exposures, as available, against the total portfolio benchmark

- Enhancement of the responsible investment policy;
- Communication of the responsible investment policy.

13. *Version Control*

Version	Approved / Updated	Change from Preceding Version
1.	Approved 2002	Revised Asset Allocation Strategy.
2.	Approved Dec-05	Revised Asset Allocation Strategy.
3.	Approved Jun-06	Ethical inclusion to Investment Objectives.
4.	Approved Oct-06	Inclusion of Derivatives Policy.
5.	Approved Nov-06	Inclusion of Responsible Investment Policy. Inclusion of Absolute Return Funds Policy.
6.	Updated Jul-07	Updated to reflect changes in fund managers.
7.	Approved May-08	Inclusion of Performance Objective. Updated Responsible Investment Policy. Revised Asset Allocation Strategy. Inclusion of Benchmark Indices.
8.	Approved Oct-10	SIPO revised following Cambridge Associates (C|A) Investment Planning Review (IPR) concluded on 19-Jul-10.
9.	Approved Jun-13	SIPO revised following C|A IPR concluded on 29-May-13.
10.	Approved Mar-14	Benchmark for Global Fixed Interest revised.
11.	Approved Oct-14	Revised wording and order of Investment Beliefs.
12.	Approved Sep-15	Clause 7.4 amended to include; direct investments in NZ Real Estate.
13.	Approved Oct-15	Revised to reflect new name (Foundation North) including update of Nature of the Trusts section.

14.	Approved Mar-16	Clause 7.4 amended to include; Any allocation to direct investment in New Zealand Real Estate will be subject to the terms of the approved NZ Direct Real Estate Investment Guidelines.
15.	Approved Mar-17	Target Asset Allocation and Ranges revised.
16.	Approved May-17	SIPO revised (Responsible Investment Policy).
17.	Approved Mar-18	SIPO revised following C|A triennial review. Changes minor in nature – simplification of benchmarks, policy targets and policy ranges.
18.	Approved Aug-19	Impact Investment

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FUNDAMENTAL INVESTMENT PRINCIPLES

This Statement of Investment Policies and Objectives is based on certain investment principles the Investment Committee of the Foundation regards as fundamental and constant. The Investment Committee's intent is to manage the Foundation's Portfolio in accordance with these principles, regardless of cyclical ebbs and flows in the capital markets, and this documentation of these principles is intended to ensure continuity of purpose and implementation regardless of changes in the composition of the Investment Committee.

TIME HORIZON. On the one hand, the Foundation's Portfolio investment time horizon should be infinite, since the Foundation is expected to exist in perpetuity. On the other hand, the purpose of the Trust Fund is to provide, over time, a steady and sustainable distribution of funds to the community. The investment objectives and target policy portfolio of the Foundation seeks the appropriate balance between these conflicting time horizons.

SPENDING. The ideal spending policy ensures a balancing of priorities, whereby the current needs of the Foundation are not sacrificed in the interests of the future, nor are future needs sacrificed to those of the present. The Foundation's spending is defined as annual grants plus operational and capital expenditure.

ASSET ALLOCATION. Trustees regard the choice of asset allocation policy as the decision which has the most influence on the likelihood that it will achieve its investment objectives. The Trustees have retained responsibility for this decision which is made with the advice of the Foundation's investment advisor (Cambridge Associates), which has carried out an asset-allocation study to assess the likelihood of the Foundation's objectives being met.

ALLOCATION TO EQUITIES. A reasonably high allocation to equities is required to support spending while preserving the purchasing power of the Trust Fund. The Committee understands that a high commitment to equities, in all forms, may result in periods of diminished purchasing power and higher short-term volatility.

DIVERSIFICATION. By allocating funds to asset classes whose returns are not highly correlated over time, the Foundation aims to mitigate some of the volatility inherent in equities and thereby provide greater stability in spending distributions than might be possible with a more concentrated portfolio. Although such diversification means the Foundation may not reap all of the benefits of equity bull markets, it will also avoid the full brunt of bear markets.

REBALANCING. In order to obtain the benefits of diversification and maintain a relatively constant risk exposure, portfolio holdings will be rebalanced according to stipulated guidelines using normal cash outflows to ensure that the actual portfolio asset allocation ideally fluctuates within the exposure bands and does not deviate materially from target policy allocations. Rebalancing entails "selling high and buying low" in a disciplined manner. Disciplined rebalancing ensures that the Foundation does not chase "flavour of the month" asset classes – essentially avoiding market timing which has not been found to be a consistently exploitable strategy.

CASH ALLOCATION. To ensure sufficient liquidity is always available to the Foundation the minimum level for cash will be 3% at all times.

PURPOSE OF THE ALLOCATION TO FIXED INTEREST. The primary purpose of the fixed interest portfolio is to help maintain spending distributions from the Foundation during a period of prolonged economic contraction, without having to sell equities at depressed prices to do so. To realise this objective, the fixed interest portfolio should consist predominantly of high-quality, sovereign, longer-term issues. Credit maybe included in this allocation for increased yield and diversification purposes, with the recognition that credit will not provide as strong a hedge during a period of prolonged economic contraction.

PURPOSE OF THE ALLOCATION TO INFLATION-SENSITIVE ASSETS. The primary purpose of the allocations to inflation-sensitive assets is to hedge the portfolio against unanticipated inflation, which can dramatically decrease the Foundation's purchasing power and its ability to sustain spending. Portfolio diversification is an important secondary consideration.

CURRENCY HEDGING. Over the long term, currency fluctuations are expected to even out to zero. Over the short to medium term, currencies can introduce substantial volatility to various asset classes and the portfolio as a whole. While theoretically investors should be 100% hedged if all of their liabilities are denominated in their local currency, the practicality of the 100% default hedge is not ideal due to; the costs involved, the at times significant cash flows which can pose a serious administrative and operational risk to the Foundation, and the fact that most of the benefit is achieved prior to reaching the 100% hedge. The Foundation's currency hedging policy is implemented by asset class. The reduction in volatility (standard deviation) in addition to consideration of the aforementioned determines the most efficient hedging ratio for each asset class.

MANAGER STRUCTURE. The Foundation's portfolio will be predominantly managed in an active style using a core-satellite manager structure. By adopting a core-satellite structure the Foundation will achieve a well diversified, cost-effective passive or enhanced-passive core combined with a number of concentrated satellite portfolios with active mandates and niche/opportunistic strategies. The Foundation acknowledges that there are discrete periods that favour active or passive management, and allows flexibility to allocate between passive and active management.

MANAGER MONITORING AND EVALUATION. The Foundation's investment advisor will be responsible for the evaluation and monitoring of each manager in the portfolio. The investment advisor will be responsible for notifying investment staff and the committee of any material issues or concerns with underlying investments as they arise. The investment advisor will be responsible for recommending the hiring and terminating of managers. The Foundation will select an investment advisor with suitable resources, capabilities, and processes for due diligence, evaluation, and monitoring of managers. The investment advisor will be considered a fiduciary in this regard. Any investments within the portfolio that are not monitored by the investment advisor, for example, direct NZ property holdings, will be agreed upon in advance between the Foundation and advisor. The advisor will notify the Foundation on an annual basis of any managers in the portfolio that are not monitored as a part of the aforementioned process. The Foundation notes there may be certain regulated funds, such as passive index funds, where a formal due diligence report is not required.

HIRING MANAGERS. Investment managers are hired to fulfil specific roles in the portfolio. They are evaluated jointly by the Investment staff and the external investment advisor (Cambridge Associates). The hiring of investment managers has been delegated by the Investment Committee to the Foundation's CEO (with the authority to sub delegate to the Chief Financial Officer) in consultation with the Chair of the Investment Committee and two other members of the Investment Committee. The Investment Committee recognises that managers should not be selected on the basis of recent performance, but on their longer-term record and also on the basis of other dimensions, such as personnel, research capabilities, back office systems and fees. Prior to the hiring of an investment manager, extensive due diligence will be undertaken by the Foundation's Investment Adviser and investment staff.

TERMINATING MANAGERS. Similarly, managers should not be terminated for poor performance over a short time horizon by default. Terminations within a period of at least three years should normally be predicated on something other than performance; for example, fundamental changes in the manager's personnel or organisation; a failure to fulfil the mandate for which the manager was hired; evidence of illegal or unethical behaviour; or a decision by the Foundation to cease investing in the manager's asset class. The termination of investment managers will be evaluated jointly by the Investment staff and the external investment advisor (Cambridge Associates). The decision to terminate an investment manager has been delegated by the Investment Committee to the Foundation's CEO (with the authority to sub delegate to the Chief Financial Officer) in consultation with the Chair of the Investment Committee and two other members of the Investment Committee.

INVESTMENT POLICY REVIEW. It is expected that the Investment Committee will review the Foundation's investment policy annually. While it is not anticipated that the investment policy will be changed frequently, the Committee should review the policy periodically to ensure that the Foundation is capitalising on available market opportunities.

BEST PRACTICES. The Investment Committee commits itself to a process of continuous review and adoption, as appropriate, of global best practices in the oversight of the Foundation Portfolio.